

Board of Directors

S Viji	Chairman
S Ram	
S Narayanan	
A Rangaswami	
S Padmanabhan	
T R Seshadri	
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	

Risk Management Committee

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

CFO & Secretary

S Venkatesan

Auditors

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

Information Security Assurance Services

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	Executive Director (Sundaram Infotech Solutions)
M Ramaswamy	Senior Vice President & Head – Treasury
Harsha Viji	Senior Vice President (Special Projects)
Malli J. Sivakumar	Senior Vice President (Sundaram Infotech Solutions)
S Ravindran	Vice President & Head – Northern Region
P Viswanathan	Vice President & Deputy Secretary
S Srinivasan	Vice President & Head – Leasing
S Sivakumar	Vice President (Operations)
M J Kulkarni	General Manager & Head – Western Region
S Ramachandran	General Manager (Audit)
Venkatesh Kumaraswami	General Manager (Sundaram Business Services)
K Sankarakumar	General Manager & Head – Distribution
Chandru Theagarajan	General Manager (Sundaram Business Services)
Rajesh Venkat	General Manager & Head (Projects)
V P R V P Varma	General Manager & Head – Andhra Region
H Venkatesan	General Manager (Audit)

Subsidiaries

Sundaram BNP Paribas Home Finance Limited	Sundaram Finance Distribution Limited
Sundaram BNP Paribas Asset Management Company Limited	LGF Services Limited
Sundaram BNP Paribas Trustee Company Limited	Sundaram Infotech Solutions Limited
Infreight Logistics Solutions Limited	Sundaram Business Services Limited
	Professional Management Consultants Private 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.
United Bank of India	The Hongkong and Shanghai Banking Corporation Limited

Debenture Trustees

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

CURRENCY EQUIVALENTS

Rs. One Million	=	Rs. 10 Lakhs	US\$ 1 = Indian Rs.39.97 *
Rs. One Billion	=	Rs. 100 Crores or	*RBI Reference Rate as on 31.03.2008
		Rs. 10,000 Lakhs	

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SUNDARAM FINANCE
Enduring values. New age thinking.

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International Finance & Leasing Association

Directors' Report

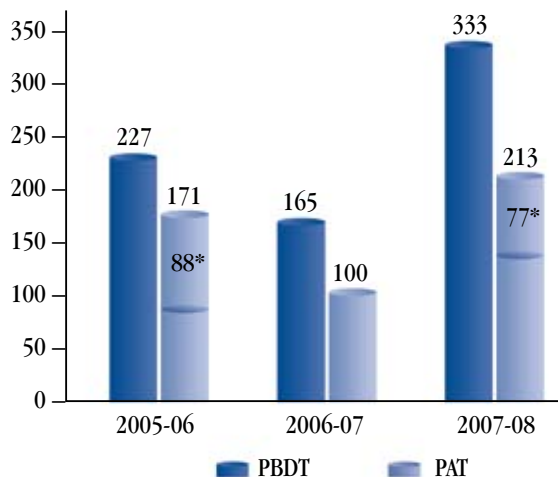
Your directors have pleasure in presenting the 55th Annual Report with audited accounts for the year ended 31st March 2008. The summarised financial results of the Company are given hereunder:

FINANCIAL RESULTS:

(Rs. in Cr.)

Particulars	Year ended March 31, 2008	Year ended March 31, 2007
Total Income	1023.30	671.89
Less: Total Expenditure	720.40	528.45
Profit before Tax	302.90	143.44
Profit after Tax	212.54	100.47
Surplus brought forward	29.70	28.78
Amount available for appropriation	242.24	129.25
Appropriations have been made as under:		
Transfer to Statutory Reserve	42.60	20.13
Transfer to Special Reserve	12.00	9.00
Transfer to General Reserve	93.00	37.00
Dividend – Interim (Proposed)	27.78	
Interim (Paid)		23.61
Final (Proposed)	13.89	5.56
Dividend Tax	5.83	4.25
Surplus carried to balance sheet	47.14	29.70
	242.24	129.25

Profit
(Rs. in Cr.)

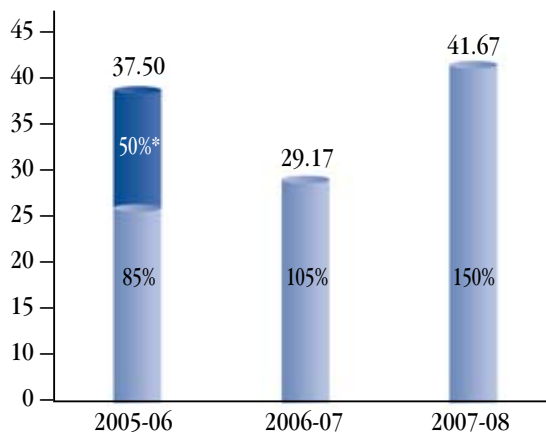


* Profit on sale of shares in subsidiary companies

DIVIDEND

Your Company paid a tax-free interim dividend of 100% on 19th May 2008. Your directors are now pleased to recommend a final dividend of 50%. This, together with the interim dividend, aggregates to a record total dividend of 150% for the financial year ended 31st March 2008, on the paid-up capital of Rs. 27.78 cr.

Dividend
(Rs. in Cr.)



* Special Dividend

ISSUE OF BONUS SHARES

Your Directors have great pleasure in recommending capitalisation of Rs. 27.78 cr. out of securities premium account and general reserve for issuing bonus shares in the proportion of one bonus share for every equity share held by the members. Necessary resolution is placed before the members for approval.

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 registered a growth of 9% during 2007-08, slightly lower than the 9.4% achieved in 2006-07, but topping the 9% mark for the third year in succession. However, some early signs of slowing momentum started to emerge towards the latter part of the financial year. Significantly, a higher than forecast 4.5% growth in agriculture helped partially offset a lower than expected growth in the industry and services sectors. Industrial growth, estimated at 8.1%, is significantly lower than the 10.6% achieved in 2006-07, with growth in the manufacturing sector, at 8.8%, being sharply lower than the 12.1% recorded in the previous year. Growth in the services sector is also estimated to have dropped to 10.7%, as against 11.2% in 2006-07. Worryingly, manufacturing growth dropped to 5.8% in the last quarter of the year.

The country's balance of payments position remained comfortable during the year. Exports are estimated to have increased by 22.9% in dollar terms, while imports grew by 30.2%. Notwithstanding the spurt in global oil prices and the widening current account deficit, India's foreign exchange reserves increased by US \$ 110.5 billion to US \$ 309.7 billion as at end-March 2008. The strengthening of the Rupee during the year has had an adverse impact on exports, but that situation has since reversed with the Rupee sliding by 7.3%, since the year end, in the wake of sharply rising oil prices.

Inflation, however, remains an area of genuine concern. Inflation, based on the wholesale price index (WPI) stood at 7.4% at end-March 2008 as compared with 5.9% at the end of the previous year and has since crossed 8%. The fiscal deficit has been estimated at 3.10% of GDP, lower than the budgeted level of 3.30%, helped mainly by buoyancy in tax revenues.

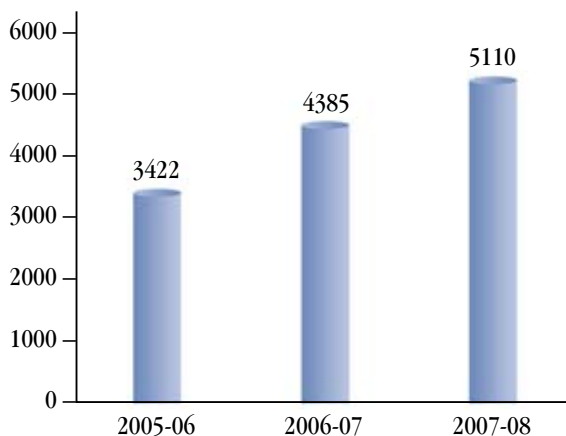
AUTOMOTIVE SECTOR

The automotive sector slipped into lower gear during 2007-08. Sales of medium and heavy commercial vehicles (M&HCV) registered a drop of 2%, as against a growth of 33% in the previous year, while sales of light commercial vehicles (LCV) registered a growth of 12% (Previous Year, 34%). Sales of cars and multi-utility vehicles grew by 12% during the year, as against 21% during the previous year. Growth in the M&HCV segment was driven primarily by tippers and buses. The haulage segment witnessed a sharp drop of 16% as compared to the previous year, a direct consequence of the excess capacity that has been building over the past few years.

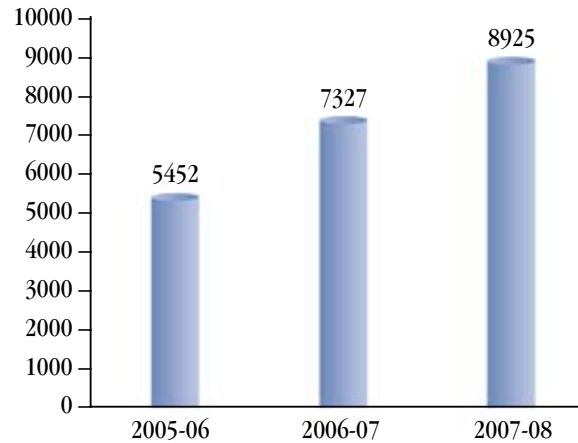
OPERATING & FINANCIAL PERFORMANCE

Your Company's hire purchase and loan disbursements at Rs.5110 cr., registered a growth of 16%, over Rs.4385 cr. in the previous year. This translates to a Compounded Annual Growth Rate of 29% over the last 3 years. It is noteworthy that your Company improved its market share in the M&HCV segment, as well as the

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



**Receivables Under Management
(Rs. in Cr.)**



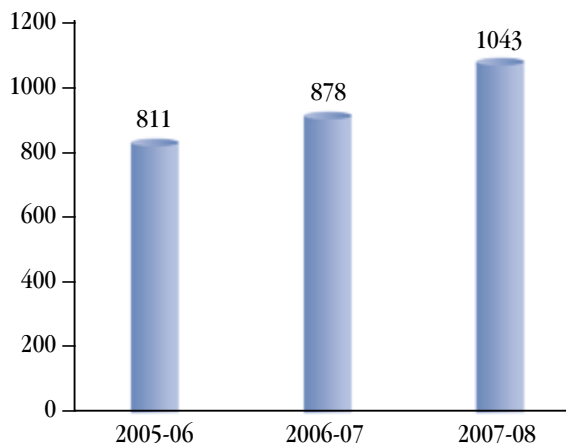
LCV and car segments. The gross receivables being managed by the Company, including assets sold or securitised, stood at Rs.8925 cr. as at 31st March 2008, as against Rs.7327 cr. in the previous year.

Outstanding asset quality remains at the core of your Company's operations. Gross and net NPAs as at 31st March, 2008 stood at 1.18% and 0.49% respectively, as against 1.16% and 0.54% in the previous year, making it one of the best performing portfolios in the industry.

Gross income for the year from hire purchase, hypothecation loans and leasing grew by 40% over last year. Significantly, your Company was able to improve its margins, notwithstanding intense competition, based on its ability to deliver a superior customer experience. 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. 135.73 cr. (excluding the one-time profit on the sale of shares in Sundaram Home Finance Limited) as against Rs.100.47 cr. in the previous year, registering a growth of 35%. The company's Net-Worth crossed a significant milestone and stood at Rs. 1043 cr. as on 31.3.2008, while Capital Adequacy (CRAR) at 14.20% was comfortably higher than the statutory requirement of 12%.

Own Funds (Rs. in Cr.)



RESOURCE MOBILISATION

a) Deposits

During 2007-08, your Company mobilised fresh deposits aggregating to Rs.223.17 cr. Renewal of deposits matured during the year amounted to Rs.214.10 cr. representing 78% of the matured deposits. Deposits outstanding at the year-end were at Rs.756.62 cr. and the number of depositors exceeded 231000.

As at 31st March 2008, 3069 deposits amounting to Rs.7.38 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 1878 and Rs.4.08 cr. respectively. Steps are continuously being taken to arrange for repayment/renewal of these deposits. Investor Relation Services - Deposits continue to enjoy the ISO 9001:2000 certification by Bureau Veritas Certification (India) Private Limited.

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.1600 cr., across various tenors.

c) 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.1090 cr., during the year. The maximum amount outstanding at any time was Rs.900 cr., and the amount outstanding at the end of the year was Rs.225 cr. The working capital credit limits of your Company were renewed at Rs.1650 cr.

d) Sell-down of Receivables

During the year, your Company sold hire purchase/hypothecation loan receivables to the extent of Rs. 880.05 cr.

CREDIT RATINGS

With the implementation of the New Capital Adequacy Framework (Basel II) for the banking system linking their capital requirement to the rating of borrowers' loan portfolios, your Company has obtained bank loan ratings. All the Medium and Short Term borrowings are rated "AAA"/"A1+"/"P1+" (highest ratings), while the Long term borrowings are rated "AA+". This will ensure that your Company continues to raise resources on competitive terms. The summary of ratings is furnished below:

NATURE OF BORROWING	RATING		
	ICRA	CRISIL	FITCH
Fixed Deposits	MAAA	FAAA	
Non-Convertible Debentures (NCDs)			
Medium Term NCDs	MAAA		
Long Term NCDs	LAA+	AA+	
Short Term Debt / Commercial Paper	A1+	P1+	
Subordinated Debt	LAA+	AA+	
Sanctioned Bank Limits	LAA+		
Long Term Bank Loans			AA+ (Ind)
Short Term Bank Loans			F1+ (Ind)

While ICRA and FITCH have assigned "Stable outlook" for their long term ratings, CRISIL have assigned "Negative outlook".

BUSINESS OUTLOOK

While the outlook for the Indian economy continues to remain positive, the growth trajectory is likely to moderate. Rising food and commodity prices across the world, volatile financial markets and a diminished risk appetite among international investors are bound to have their impact on the Indian economy. The recent developments in the stock markets have also dampened the earlier buoyancy and optimism in the economy. With inflation hovering around the 8% mark, liquidity is likely to be constrained and interest rates are unlikely to ease. In this backdrop, the prospects for the automotive sector are likely to be muted in 2008-09, with concerns around viability of commercial vehicle operations, especially in light of the hike in the price of petroleum products. Your Company's strategy, as in the past, will be to focus on profitable growth, leveraging its intimate knowledge of the market and customer relationships that have been built on a strong foundation of personalised service.

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 Information Security Assurance Service is also provided by independent qualified professionals. 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

Over the years, your Company has achieved an appropriate balance between risk and returns by setting up an efficient risk mitigation system to meet various forms of financial and other risks. The primary risks that the company is exposed to are, credit risk, market risk and operational risk. Deriving from the long years of experience in retail auto financing, your Company's credit policy framework is designed to provide the right balance between business growth and portfolio quality. The Company's philosophy of not outsourcing the credit appraisal process has ensured that credit filters are uniformly applied by experienced and well-trained employees. The consistently

low levels of delinquency and credit losses in the portfolio bear ample testimony to this. The Asset Liability Management Committee (ALCO), functioning under the supervision of the Audit Committee, lays down policies and tolerance levels that involve assessing of various types of risks and altering the asset-liability portfolio in a dynamic way, in order to manage such risks. Liquidity and interest rate risks, within the limits laid down by the board, are constantly monitored by the ALCO. The Risk Management framework is dynamic and will continue to evolve in line with the emerging risk perceptions.

During the year, your Company has constituted a Risk Management Committee, in accordance with the Guidelines on Corporate Governance issued by the Reserve Bank of India, to monitor the risk management framework on an ongoing basis with a view to ensuring that risk parameters are within defined limits. Consequently, the scope of the ALCO has been appropriately redefined.

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, is a critical input to ensure 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. With this end in view, the Company has undertaken a number of training initiatives covering junior and middle level managers, as well as Leadership Development Programmes for those in managerial roles.

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 BNP Paribas Home Finance Limited**

Consequent to the acquisition of 49.9% stake in Sundaram Home Finance Limited (Sundaram Home) by Union de Credit pour le Batiment SA (UCB), a wholly-owned subsidiary of BNP Paribas SA of France, during October 2007, the name of Sundaram Home has been changed to Sundaram BNP Paribas Home Finance Limited.

The company, in its ninth year of operation, approved loans aggregating Rs.721 cr., while disbursements amounted to Rs. 596 cr. The company earned a gross income of Rs.159.68 cr. as against Rs.118.60 cr. in the previous year and reported a profit after tax of Rs.22.10 cr. as against Rs.14.60 cr. in the previous year. The loan portfolio as at 31st March 2008 stood at Rs.1432.51 cr. as against Rs.1169.20 cr. in the previous year. The gross and net NPA stood at 0.3% and 0.07% respectively as of 31.03.08.

- **Sundaram BNP Paribas Asset Management Company Limited**

Sundaram BNP Paribas Asset Management Company Limited earned a gross income of Rs.85.18 cr. as against Rs.48.25 cr. in the previous year. The average Assets Under Management (AUM) of Sundaram BNP Paribas Asset Management Company Ltd. was Rs.12827 cr. for the year 2007-08, up 66% from Rs.7729 cr. for the previous year. After providing for depreciation and tax, the company reported a profit of Rs. 18.50 cr. as against Rs. 5.75 cr. in the previous year. The company recommended a higher dividend of 70% for the financial year ended 31st March 2008.

During the year, Sundaram BNP Paribas Mutual Fund launched (i) a fund of funds scheme viz., Sundaram BNP Paribas Global Advantage which invests 100% in overseas securities and (ii) Sundaram BNP Paribas – Select Thematic Funds – Energy Opportunities, a product designed to capture the wealth accretion from the energy sector in India, which mobilised a sum of Rs.2785 cr. from over 5,00,000 investors.

The commendable performance of the various Mutual Fund schemes managed by the company earned it widespread recognition. During the year, Lipper, a Reuters Company, evaluated the performance of 24,887 mutual funds across the globe (as of December 2007). Five among the Sundaram BNP Paribas equity funds featured in the global top 100. Further, Sundaram BNP Paribas S.M.I.L.E Fund, Sundaram BNP Paribas Select Focus and Sundaram BNP Paribas India Leadership Fund have been awarded Five Star Ratings by ICRA in the category of Open-End Diversified Equity – Defensive Funds for their 1 year and 3 year performances during the period ending December 31, 2007. Sundaram BNP Paribas Balanced Fund has also obtained Five Star Rating in the category of Open-End Balanced Fund for its 1 year performance during the same period.

- **Sundaram BNP Paribas Trustee Company Limited**

Sundaram BNP Paribas Trustee Company Limited earned a gross income of Rs. 102.20 lakhs as against Rs. 54.23 lakhs in the previous year and reported a profit after tax of Rs. 33.51 lakhs for the year, as against Rs.14.34 lakhs in the previous year. The company recommended a higher dividend of 300% for the financial year ended 31st March 2008.

- **Sundaram Finance Distribution Limited (SFDL)**

During the year, SFDL earned a gross income of Rs.363.97 lakhs, through distribution of insurance products, mutual funds and other financial products, as against Rs.205.75 lakhs in the previous year. The profit after tax was Rs.167.82 lakhs as against Rs.79.70 lakhs in the previous year. The company recommended a higher dividend of 200% for the financial year ended 31st March 2008.

- **LGF Services Limited**

In its fourth year of operation, LGF Services Limited earned a gross income of Rs.385.75 lakhs through distribution of

insurance products, as against Rs.474.72 lakhs in the previous year. The profit after tax was Rs. 143.88 lakhs as against Rs. 153.81 lakhs in the previous year. The company recommended a final dividend of 350% for the financial year ended 31st March 2008.

- **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.862.32 lakhs, as against Rs.682.98 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 earned a gross income of Rs.132.03 lakhs for the year ended 31.03.2008 and reported a profit after tax of Rs.16.48 lakhs as against a loss of Rs.8.99 lakhs in the previous year. During the year, SBSL increased its stake in Professional Management Consultants Private Limited (PMC), a domestic BPO with a proven record of operations, from 26% to 74%, consequent to which PMC became a subsidiary of SBSL with effect from 16th May 2007.

During the year, PMC earned a gross income of Rs.877 lakhs as against Rs.653.99 lakhs in the previous year. The company reported a profit after tax of Rs.92.72 lakhs as against Rs.50.46 lakhs in the previous year.

- **Infreight Logistics Solutions Limited (Infreight)**

During the year, Infreight earned a gross income of Rs.30.26 cr. as against Rs.11.29 cr. in the previous year. The company has embarked on a few initiatives such as building a trucker community and warehouse management and is poised for a higher growth trajectory.

JOINT VENTURE

- **Royal Sundaram Alliance Insurance Company Ltd (Royal Sundaram)**

Royal Sundaram registered 16% growth in Gross Written Premium at Rs.694.41 cr. as against Rs. 598.20 cr. in the

previous year and earned an investment income of Rs. 48.20 cr. as against Rs.32.88 cr. in the previous year. The company reported a lower net profit of Rs.4.71 cr. for the year as against Rs. 21.18 cr. in the previous year. This is to be viewed in the backdrop of the steep fall in premium rates industry wide, in the wake of de-tariffing. The company enjoys a strong position in motor insurance and aims to strengthen its presence in the other retail segments as well.

DIRECTORS

With profound sorrow, your Directors record the passing away of Sri G.K. Raman on 27th August 2007.

Sri G.K. Raman served the group for 50 years in various capacities, including 23 years as Director of your Company. His contribution to the growth and expansion of your Company was immense and it was during his 8 year tenure as Managing Director between 1995 and 2003 that the Company embarked on several new ventures, notably, Sundaram Mutual, Fiat Sundaram Auto Finance Limited, Sundaram Home Finance Limited and Royal Sundaram Alliance Insurance Company Limited.

He was the Chairman of Royal Sundaram Alliance Insurance Company Limited since inception, as well as a director on the Boards of Sundaram Home Finance Limited, Brakes India Limited and Turbo Energy Limited.

He was a life-long champion in the cause of the road transport sector, as well as the NBFC and insurance sectors. Sri G.K. Raman was a warm and generous human being who endeared himself to people from all walks of life.

Your Directors place on record their sincere appreciation of the valuable contributions made by him to the growth of the Company and the Group.

Your Board of Directors has re-appointed Sri T.T. Srinivasaraghavan as Managing Director for a further period of 5 years with effect from 1st April 2008.

Sarvasri S. Ram, A. Rangaswami and T.R. Seshadri retire by rotation and, being eligible, offer themselves for re-election. Necessary resolutions are submitted for your approval.

AUDITORS

M/s Brahmayya & Co., Chartered Accountants, Chennai, retire and are eligible for re-appointment. A certificate under Section 224(1B) of the Companies Act, 1956 has been 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 2007-08, expenditure in foreign currencies amounted to Rs. 3.72 cr., on account of interest and other charges. Foreign Currency earnings amounted to Rs. 4.01 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. 24.07.2008.

DIRECTORS' RESPONSIBILITY STATEMENT

Your directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed;

2. 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. 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. 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.

Above all, your directors place on record their appreciation of the dedication and commitment displayed by the employees of the Company, thus enabling it to report another year of strong performance.

For and on behalf of the Board

Chennai 600 002
27th May 2008

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	7327.02	165.01	100.47	105.00	29.17
2007-08	27.78	1015.15	756.62	8925.05	333.02	212.54\$	150.00	41.67

* includes 15% Special Golden Jubilee Dividend

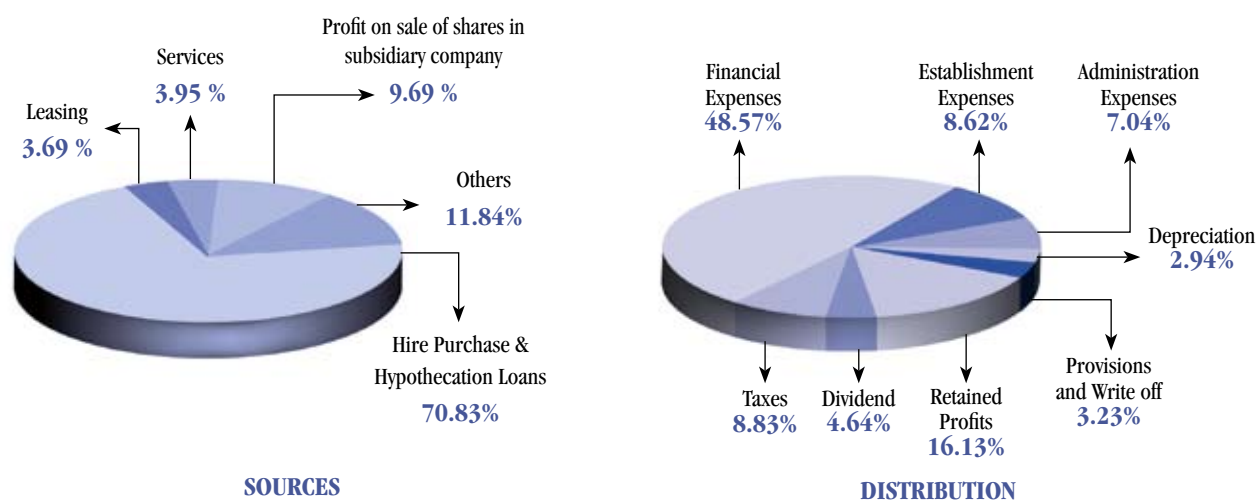
includes 50% Special Dividend

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

\$ includes Rs. 76.82 cr. - profit on sale of shares in subsidiary company

Sources and Distribution of Income (2007-08)

Rs. 1023.30 cr.



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 2008, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto, which we have signed under reference to this report. 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), and based on the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
 - 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 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2008 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 together with the notes thereon give the information required by the Act 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 2008;
 - 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.
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.

For BRAHMAYYA & CO.,
Chartered Accountants

PBABU

Partner

Place : Chennai

Date : 27th May, 2008

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) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the company during the year.
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. 4087.92 lakhs. The balance outstanding at the end of the year was Rs. 1729.75 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, value added 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, 2008 for a period of more than six months from the date they became payable.
9. According to the records of the company and the information and explanations given to us, there are no dues of 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 | 13.68 | 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 provisions of any special statute applicable to chit fund / nidhi / mutual benefit societies are not applicable to the company.
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
P.BABU

Place : Chennai
Date : 27th May, 2008

Partner
Membership No. 203358

Balance Sheet

as at 31st March, 2008

(Rs. in Lakhs)

		31.03.2008		31.03.2007	
I SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Capital	1	27,77.60		27,77.60	
b) Reserves and Surplus	2	1015,14.74	1042,92.34	850,10.45	877,88.05
2. Loan Funds					
a) Secured Loans	3	4317,16.93		3722,78.48	
b) Unsecured Loans	4	1763,79.89	6080,96.82	2013,38.13	5736,16.61
Total		7123,89.16		6614,04.66	
II APPLICATIONS OF FUNDS					
1. Fixed Assets	5				
a) Gross Block		480,88.75		541,05.53	
b) Less: Depreciation		303,00.36		381,63.00	
c) Net Book Value		177,88.39		159,42.53	
d) Add: Lease Adjustment Account		(5,24.09)		3,21.78	
e) Net Block			172,64.30		162,64.31
2. Investments	6		456,45.50		449,54.01
3. Deferred Tax Asset (Net)					
Deferred Tax Asset		42,63.67		26,86.44	
Less: Deferred Tax Liability		5,17.75	37,45.92	7,37.53	19,48.91
4. Current Assets, Loans and Advances					
a) Current Assets	7	561,87.53		1035,01.86	
b) Loans and Advances	8	6523,09.97		5348,50.02	
	(A)	7084,97.50		6383,51.88	
Less: Current Liabilities and Provisions					
a) Current Liabilities	9	530,34.57		355,32.18	
b) Provisions	10	97,29.49		45,82.27	
	(B)	627,64.06		401,14.45	
Net Current Assets	(A-B)	6457,33.44		5982,37.43	
Total		7123,89.16		6614,04.66	
Notes to the Accounts	17				

As per our report of even date attached

For Brahmaya & Co.,
Chartered Accountants

P. Babu
Partner

Chennai,
27th May, 2008

S. Viji
Chairman

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

SUNDARAM FINANCE LIMITED

Profit and Loss Account for the Year Ended 31st March, 2008

	Schedule	2007-08	(Rs. in Lakhs) 2006-07
<u>INCOME</u>			
Income from Operations	11	901,76.44	640,89.41
Profit on Sale of Shares in a Subsidiary Company		99,17.67	-
Other Income	12	22,36.04	30,99.15
Total	(A)	<u>1023,30.15</u>	<u>671,88.56</u>
<u>EXPENDITURE</u>			
Financial Expenses	13	496,99.52	374,66.28
Establishment Expenses	14	88,21.90	61,35.29
Administrative and Other Expenses	15	71,98.81	58,06.72
Provisions and Write Off	16	33,08.02	12,79.47
Depreciation		30,12.19	21,56.96
Total	(B)	<u>720,40.44</u>	<u>528,44.72</u>
Profit before Tax	(A) - (B)	<u>302,89.71</u>	<u>143,43.84</u>
Taxation			
- Current (Including Wealth Tax)		106,92.48	53,62.11
- Deferred		(17,97.01)	(11,75.03)
- Fringe Benefit Tax		1,40.00	1,10.00
Profit after Tax		<u>212,54.24</u>	<u>100,46.76</u>
Add:			
Balance brought forward from previous year		29,70.34	28,78.59
Amount available for Appropriation		<u>242,24.58</u>	<u>129,25.35</u>
<u>APPROPRIATIONS</u>			
Dividend			
- Interim (proposed)		27,77.60	23,60.96
- Final (proposed)		13,88.80	5,55.52
- Dividend Distribution Tax		5,83.55	4,25.53
Special Reserve		12,00.00	9,00.00
Statutory Reserve		42,60.00	20,13.00
General Reserve		93,00.00	37,00.00
Surplus - Balance carried to Balance Sheet		47,14.63	29,70.34
		<u>242,24.58</u>	<u>129,25.35</u>
Notes to the Accounts			
Earnings per Equity Share (Refer Note 4.4 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)		76.52	36.17

As per our report of even date attached

For Brahmaya & Co.,
Chartered Accountants

P. Babu
Partner

Chennai,
27th May, 2008

S. Viji
Chairman

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)

	31.03.2008		31.03.2007
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			
Per Last Balance Sheet	15,04.97		15,04.97
General Reserve			
Per Last Balance Sheet	507,00.00		470,00.00
Add: Transfer from Profit and Loss account	<u>93,00.00</u>	600,00.00	<u>37,00.00</u>
Statutory Reserve			
Per last Balance Sheet	185,55.50		165,42.50
Add: Transfer from Profit and Loss account	<u>42,60.00</u>	228,15.50	<u>20,13.00</u>
Special Reserve			
Per Last Balance Sheet	62,00.00		53,00.00
Add: Transfer from Profit and Loss account	<u>12,00.00</u>	74,00.00	<u>9,00.00</u>
Surplus - Balance in Profit and Loss account	47,14.63		29,70.34
	<u>1015,14.74</u>		<u>850,10.45</u>
3 Secured Loans			
Non - Convertible Debentures	2171,00.00		1354,00.00
From Scheduled Banks	1946,16.93		2168,78.48
From International Finance Corporation	200,00.00		200,00.00
	<u>4317,16.93</u>		<u>3722,78.48</u>
4 Unsecured Loans			
Fixed deposits			
From Public	751,60.02		655,38.23
From Directors	<u>5,01.82</u>	756,61.84	<u>3,08.78</u>
Non - Convertible Debentures		709,00.00	538,00.00
Subordinated Non Convertible Debentures		50,00.00	40,00.00
Short Term Loans and advances			
From Scheduled Banks		23,18.05	511,91.12
Commercial Paper		<u>225,00.00</u>	<u>265,00.00</u>
	<u>1763,79.89</u>		<u>2013,38.13</u>

SCHEDULES

(Rs. in Lakhs)													
DESCRIPTION	GROSS BLOCK AT COST				DEPRECIATION				Net Book Value	Balance in Lease Adjustment Account as at 31.03.2008	NET BLOCK		
	As at 31.03.2007	Additions	Deductions	As at 31.03.2008	Upto 31.03.2007	Additions*	Deductions	Impairment Reversal			Upto 31.03.2008	As at 31.03.2008	As at 31.03.2007
	5 Fixed Assets												
1 Freehold land and Buildings	63,83.90	2,21.72	-	66,05.62	8,78.29	1,49.21	-	-	10,27.50	55,78.12	-	55,78.12	55,05.61
2 Leasehold office / Residential Premises	13,16.81	2,38.13	-	15,54.94	6,10.49	37.30	-	-	6,47.79	9,07.15	-	9,07.15	7,06.32
3 Plant and Machinery	85,68.60	18,78.18	44,40.72	60,06.06	55,77.44	8,59.72	31,73.88	-	32,63.28	27,42.78	-	27,42.78	29,91.16
4 Vehicles	66,05.20	41,23.67	8,39.51	98,89.36	22,77.82	16,21.56	4,97.10	-	34,02.28	64,87.08	-	64,87.08	43,27.38
5 Furniture / Office Equipment	26,22.39	4,15.24	88.37	29,49.26	15,96.39	3,10.12	65.55	-	18,40.96	11,08.30	-	11,08.30	10,26.00
6 Assets on Finance Lease													
a) Plant and Machinery	83,53.99	-	7,82.91	75,71.08	74,85.90	1,40.33	6,72.84	-	69,53.39	6,17.69	(4,98.11)	1,19.58	3,48.91
b) Vehicles	199,16.12	-	68,22.01	130,94.11	194,66.88	1,54.01	67,58.57	-	128,62.32	2,31.79	(17.87)	2,13.92	13,01.26
c) Furniture / Office Equipment	92.63	-	4.86	87.77	79.66	1.75	3.37	-	78.04	9.73	(8.11)	1.62	1.91
7 Intangible Assets													
Computer Software	2,45.89	84.66	-	3,30.55	1,90.13	34.67	-	-	2,24.80	1,05.75	-	1,05.75	55.76
Total	541,05.53	69,61.60	129,78.38	480,88.75	381,63.00	33,08.67	111,71.31	-	303,00.36	177,88.39	(5,24.09)	172,64.30	162,64.31
Previous Year	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	162,64.31	

* Finance Lease Depreciation of Rs. 296.09 Lakhs has been netted off against Lease Income Depreciation on assets used for development of Computer Software amounting to Rs.0.39 lakhs taken to Advance for Purchase of Assets

SCHEDULES

(Rs. in Lakhs)

	Face Value (FV)	31.03.2008	31.03.2007
6 Investments			
Long Term - At Cost			
I In Government / Trust Securities			
Non Trade			
A Quoted:			
Government Securities			
Central Government Loans	7800.00	80,74.17	73,11.16
(Face Value of Rs.7700 lakhs purchased, Rs.200 lakhs redeemed and Rs.6543 lakhs sold during the year)			
State Government Loans		—	35.00
(Face Value of Rs.35 lakhs redeemed during the year)			
		80,74.17	73,46.16
B Unquoted:			
Trust Securities			
Investment in Mutual Funds		27,00.00	58,50.00
(Details as per annexure)			
II In Equity Shares - Fully paid			
Quoted:			
Wheels India Ltd.		8,38.14	8,38.14
13,33,741 Equity Shares of Rs.10/- each			
Sundaram-Clayton Ltd.		9.03	9.03
11,60,066 Equity Shares of Rs.10/- each			
India Motor Parts & Accessories Ltd.		2,79.26	2,79.26
7,35,392 Equity Shares of Rs.10/- each			
Techtran Polylenses Ltd.		32.13	5.00
2,50,000 Equity Shares of Rs.10/- each			
[Cost revised on reversal of diminution in value in an earlier year]			
Reliance Industries Ltd.		3,47.22	1,21.53
20,425 Equity Shares of Rs 10/- each			
[1,02,129 Equity Shares of Rs.10/- each in Indian Petrochemicals Corporation Limited [IPCL] converted into equity shares of Reliance Industries Limited [RIL] in the ratio of 1 share in RIL for every 5 shares in IPCL]			
[Cost revised on reversal of provision made in an earlier year]			
IDBI Ltd.		11.40	11.40
14,240 Equity Shares of Rs.10/- each			
		15,17.17	12,64.36
Unquoted:			
i) In Subsidiary Companies:			
Sundaram BNP Paribas Home Finance Ltd. *		61,39.10	107,01.61
4,01,56,296 Equity Shares of Rs 10/- each			
(2,98,43,704 Equity Shares sold during the year)			
Sundaram BNP Paribas Asset Management Co. Ltd.*		12,09.86	12,09.86
76,81,948 Equity Shares of Rs.10/- each			
Sundaram BNP Paribas Trustee Company Ltd.*		2.51	2.51
25,050 Equity Shares of Rs 10/- each			
		73,51.47	119,13.98
	Carried over		

* These shares are subject to a lock in period

SUNDARAM FINANCE LIMITED

SCHEDULES

(Rs. in Lakhs)

6 Investments (contd.)

	31.03.2008	31.03.2007
Brought over	73,51.47	119,13.98
Sundaram Finance Distribution Ltd. 5,00,000 Equity Shares of Rs.10/- each	65.18	65.18
Infreight Logistics Solutions Ltd. 44,10,000 Equity Shares of Rs 10/- each	4,41.00	4,41.00
LGF Services Ltd. 2,50,000 Equity Shares of Rs.10/- each	5.00	5.00
Sundaram Infotech Solutions Ltd. 40,00,000 Equity Shares of Rs.10/- each (Balance of Rs.7 per share paid on 30,00,000 Equity Shares of Face value Rs.10/- each subscribed during the previous year)	4,00.00	1,90.00
Sundaram Business Services Ltd. 85,00,000 Equity Shares of Rs.10/- each (Balance of Rs.6 per share paid on 71,00,000 Equity Shares of Face Value Rs.10/- each subscribed during the previous year and 10,00,000 Equity Shares of Face Value Rs.10/- each subscribed during the year on rights basis at par)	8,50.00	3,24.00
ii) In Other Companies		
Royal Sundaram Alliance Insurance Company Ltd. 8,41,50,000 Equity Shares of Rs.10/- each (1,48,50,000 Equity Shares of Rs.10/- each subscribed during the year on rights basis at par)	84,60.33	69,75.33
Brakes India Ltd. 1,59,460 Equity Shares of Rs.100/- each (79,730 Equity Shares of Rs.100/- each received as Bonus shares during the year)	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	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) 4,94,000 Equity Shares of value 1 Omani Riyal each (4,56,000 Equity Shares of value 1 Omani Riyal each subscribed during the year)	5,28.01	43.83
	189,49.32	208,06.65

SCHEDULES

(Rs. in Lakhs)

6 Investments (contd.)**III In Preference Shares****Unquoted:**

Axles India Ltd.

12%, 6,00,000 Redeemable Cumulative

Non-Convertible Preference Shares of Rs.100/- each allotted during the year

31.03.2008 31.03.2007

6,00.00 —

IV In Bonds / Debentures / Others**A) Non Trade - Quoted**

Reliance Industries Ltd.

1,29,880 Zero Coupon Secured Redeemable Non-Convertible

Debentures of Rs 100/- each

[The company was allotted 1,29,880 Debentures of Rs.100/- each in Reliance Industries Limited in lieu of 1,29,880 Debentures held in Indian Petrochemicals Corporation Limited]

1,30.05 1,30.05

B) 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 Limited

5.65%, 20,000 Non-Convertible Redeemable Taxable

Bonds Series V of Rs.10000/- each

20,00.00 20,00.00

Rural Electrification Corporation Limited

5.50%, 500 Non-Convertible Redeemable Taxable

Bonds Series VII of Rs.10000/- each subscribed during the year

50.00 —

Pass Through Certificate (net of provision)

IDBI - Sundaram Finance Ltd. - Pass Through

Certificates - July 2005

1.02 43.59

80,51.02 80,43.59**Current Investments**

In Trust Securities (Unquoted)

Sundaram BNP Paribas Capex Opportunities Fund - Growth

12,37,742.094 units of Rs.10/- each

(38,94,273.263 units redeemed during the year)

1,23.77 5,13.20

Sundaram BNP Paribas Rural India Fund - Growth

45,17,936.207 units of Rs.10/- each

5,00.00 5,00.00

Sundaram BNP Paribas Select Focus - Appreciation

8,71,148.435 units of Rs.10/- each

5,00.00 5,00.00

Reliance Interval Fund Quarterly Plan-Series I-Institutional - Growth

(2,33,81,311.785 units of Rs.10/- each purchased during the year)

25,00.00 —

Tata Fixed Income Portfolio Fund-1M-Scheme A2-Institutional - Growth

(2,00,00,000 units of Rs.10/- each purchased during the year)

20,00.00 —

56,23.77 15,13.20

SCHEDULES
6 Investments (contd.)

(Rs. in Lakhs)

SUMMARY OF INVESTMENTS
I In Government / Trust Securities

	31.03.2008	31.03.2007
A Quoted	80,74.17	73,46.16
B Unquoted - Long Term	27,00.00	58,50.00
C Unquoted - Current	56,23.77	15,13.20

II In Equity Shares

A Quoted	15,17.17	12,64.36
B Unquoted	189,49.32	208,06.65

III In Preference Shares - Unquoted

	6,00.00	—
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IV In Bonds / Debentures / Others

A Quoted	1,30.05	1,30.05
B Unquoted	80,51.02	80,43.59

GRAND TOTAL

	456,45.50	449,54.01
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Aggregate of quoted Investments - Long Term

	Cost 31.03.2008	MV* 31.03.2008
Government / Trust Securities	80,74.17	80,68.95
Equity Shares	15,17.17	111,83.32
Bonds / Debentures	1,30.05	1,30.05
(A)	97,21.39	193,82.32

Aggregate of unquoted Investments - Long Term

Government / Trust Securities	27,00.00	
Equity Shares	189,49.32	
Preference Shares	6,00.00	
Bonds / Debentures/Others	80,51.02	
(B)	303,00.34	

Aggregate of unquoted Investments - Current

Trust Securities	56,23.77	
(C)	56,23.77	
GRAND TOTAL [A + B + C]	456,45.50	

* 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 01/04/2007		Purchased during the year		Redeemed during the year		Closing Balance as on 31/03/2008	
		Units (Rs.)	Amount (in lakhs)	Units (in lakhs)	Amount (Rs.in lakhs)	Units (in lakhs)	Amount (Rs.in lakhs)	Units (in lakhs)	Amount (Rs.in lakhs)
Fixed Maturity Plan									
1 Prudential ICICI Mutual Fund	10	20	2,00	35	3,50	20	2,00	35	3,50
2 UTI Mutual Fund	10	20	2,00			20	2,00		
3 Birla Mutual Fund	10	60	6,00	35	3,50	60	6,00	35	3,50
4 Kotak Mutual Fund	10	30	3,00			30	3,00		
5 SBI Mutual Fund	10	30	3,00			30	3,00		
6 Reliance Mutual Fund	10	70	7,00	60	6,00	40	4,00	90	9,00
7 Grindlays Mutual Fund	10	1,00	10,00			1,00	10,00		
8 Sundaram BNP Paribas Mutual Fund	10	50	5,00	50	5,00	50	5,00	50	5,00
9 HSBC Mutual Fund	10	1,00	10,00	40	4,00	1,00	10,00	40	4,00
10 ABN AMRO Mutual Fund	10	40	4,00			40	4,00		
11 HDFC Mutual Fund	10	50	5,00			50	5,00		
12 Principal Mutual Fund	10	15	1,50			15	1,50		
Equity									
1 Sundaram BNP Paribas Mutual Fund (Energy Opportunities Fund-Growth)				20	2,00			20	2,00
TOTAL			58,50		24,00		55,50		27,00

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 AIG India Liquid fund - Super Instl. - Growth	1000	3	35,00
2 AIG India Treasury Plus Super IP-Growth	10	4,47	45,01
3 Birla Cash Plus - Institutional Premium - Growth	10	14,41	176,00
4 Birla Sunlife Cash Manager-Institutional - Growth	10	2,01	27,00
5 Birla MF - Quarterly Interval Fund - Series 1- Growth	10	2,50	25,00
6 DBS Chola MF - ST - FRF - Cumulative	10	2,36	28,00
7 DSP Merrill Lynch Cash Plus - Instl. - Growth	1000	8	81,00
8 DWS Insta Cash Plus Fund - IP - Growth	10	2,00	24,00
9 Fidelity Cash Fund - IP - Growth	10	3,40	36,00
10 Grindlays Floating Rate Fund - Long Term - Growth	10	4,69	55,00
11 HDFC Cash Management Fund - Savings Plan - Growth	10	2,65	43,82
12 HDFC - FRIF - STP - Wholesale option - Growth	10	6,00	79,04
13 HDFC Liquid Fund - Premium Plan - Growth	10	3,63	55,00
14 HDFC Liquid Fund - Premium Plus Plan - Growth	10	9,28	145,00
15 HDFC Short Term Plan - Growth	10	1,04	15,00
16 HSBC Cash Fund - Institutional Plus - Growth	10	5,00	60,00

SCHEDULES

Current Investments (Contd.)

Name of the Fund	Face Value (Rs.)	Units (in lakhs)	Amount (Rs.in lakhs)
17 HSBC Floating Rate Fund - Short Term Plan - IP- Growth	10	9,44	96,00
18 HSBC Liquid Plus Fund - IP Plus - Growth	10	11,71	125,00
19 ICICI Prudential Instl. Short Term Plan - Cumulative	10	1,62	25,03
20 ICICI Prudential Flexible Income Plan - Growth	10	1,02	15,00
21 ICICI Prudential Institutional Liquid Plan - Inst. plus - Growth	10	79	15,00
22 ICICI Prudential Institutional Liquid Plan - Super Instl. - Growth	10	79,88	898,00
23 ING Liquid Fund - Super IP - Growth	10	20,07	233,50
24 ING Liquid Plus Fund - Instl. - Growth	10	14,51	151,02
25 JM High Liquidity Fund - Super Instl. plan - Growth	10	2,80	35,00
26 JM Money Manager Fund Super Plus Plan - Growth	10	3,14	35,01
27 Kotak Flexi Debt Fund - Growth	10	7,35	88,00
28 Kotak Floater - Short Term - Growth	10	4,47	57,00
29 LIC MF Floating Rate Fund - STP - Growth	10	35,63	459,00
30 LIC MF Liquid Plus Fund - Growth	10	2,39	25,00
31 Lotus India FMP - 1 Month - Series VI - Instl. - Growth	10	5,00	50,00
32 Mirae Asset Liquid Fund - Instl. plan - Growth	1000	0.5	5,00
33 Principal Cash Mgt. Fund LO - I P Plan - Growth	10	6,86	83,00
34 Principal FRF - FMP - IP - Growth	10	6,15	75,01
35 Principal FRF - SMP - IP - Growth	10	2,53	31,00
36 Principal Liquid Plus Fund - Reg. Plan - Growth	10	1,76	18,00
37 Principal STP - Institutional - Growth	10	1,49	20,00
38 Reliance Liquidity Fund - Growth	10	9,97	118,00
39 Reliance Short Term Fund - Retail Plan - Growth	10	1,06	15,00
40 Reliance Monthly Interval Fund - Series I - Instl. - Growth	10	3,70	40,01
41 SBI MF-SDFS-90 Days - Instl Plan - Growth	10	2,00	20,00
42 Standard Chartered Liquidity Manager Plus-Growth	1000	5	53,00
43 Sundaram BNP Paribas - FRF - STIP- Growth	10	25,18	302,40
44 Sundaram BNP Paribas FTP Series XXXV-90 days - Growth	10	1,50	15,00
45 Sundaram FII Fund Qty. Series-Plan A-Instl. Plan - Growth	10	2,45	25,00
46 Sundaram BNP Paribas Liquid Plus Fund - Super IP - Growth	10	41,81	433,07
47 Sundaram BNP Paribas Money Fund - Super Instl. - Growth	10	7,80	130,00
48 TATA Floater Fund - Growth	10	9,46	110,02
49 TATA Floating Rate Short Term - Instl. Plan - Growth	10	6,80	86,00
50 TATA Liquid - Super High Invt. Plan - Appreciation	1000	7	100,00
51 TATA Treasury Manager SHIP Growth	1000	3	31,00
52 Templeton Floating Rate Income Fund - LTP - Super IP - Growth	10	18,92	194,00
53 Templeton FRIF - STP -IP- Growth	10	3,35	38,00
54 Templeton FRIF STL Super Instl. - Growth	10	2,11	24,00
55 Templeton India TMA - Super IP - Growth	1000	3	31,00
56 UTI Liquid Cash - Instl. Plan - Growth	1000	8	106,50

SCHEDULES

(Rs. in Lakhs)

	31.03.2008		31.03.2007	
7 Current Assets				
a) Stock-on-hire and bills purchased				
Net Investment in Stock-on-hire		274,30.43		291,86.63
Repossessed assets		8,24.41		9,31.14
Debtors on Securitisation		8.95		53.19
Trade bills purchased (unsecured, considered good)				
Outstanding for a period exceeding six months	2,16.00		2,20.00	
Others	7,94.45	10,10.45	1,84.45	4,04.45
Net Investment in lease		52,37.10		55,73.96
		345,11.34		361,49.37
b) Interest accrued on investments		5,13.32		4,92.68
c) Cash and bank balances				
With scheduled banks in				
Current Accounts		22,45.52		17,53.82
Unpaid dividend account		15.36		4,65.63
Deposit accounts		167,81.75		624,20.83
Cash on hand		11,00.62		11,74.72
Stamps and Stamp Papers on hand		45.21	201,88.46	70.40
				658,85.40
d) SFL Shares trust		9,74.41		9,74.41
		561,87.53		1035,01.86

SCHEDULES

	31.03.2008	31.03.2007
		(Rs. in Lakhs)
8 Loans and Advances		
Unsecured unless otherwise stated :		
Considered good:		
Secured Loans	6130,63.05	4889,73.45
Unsecured Loans – Subsidiary Companies	9,33.69	5,93.75
– Others	27,80.78	24,87.58
Advance Income Tax and Tax Deducted at Source (Net of Provision for Taxation)	62,22.28	64,45.87
Advance Fringe Benefit Tax (Net of Provision)	8.00	(2.00)
Advances and deposits recoverable in cash or kind or for value to be received		
– Subsidiary Companies	26.29	15.70
– Others	41,79.52	58,72.91
Advance for purchase of investments	3,96.90	6,00.00
Advance for purchase of assets		
– Business Assets	141,38.89	226,26.85
– Others	18,72.72	1,40.95
Income receivable	86,87.85	70,94.96
	<u>6523,09.97</u>	<u>5348,50.02</u>
9 Current Liabilities*		
Sundry Creditors		
– For expenses	33,07.21	24,39.69
– For other finance	280,11.70	194,57.36
Unpaid dividend	15.36	4,65.63
Interest accrued but not due	217,00.30	131,69.50
	<u>530,34.57</u>	<u>355,32.18</u>
* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund		
10 Provisions		
Non-performing assets	46,06.38	34,50.46
Investments	3,73.17	4,81.88
Dividend	41,66.39	5,55.52
Dividend Distribution Tax and Surcharge	5,83.55	94.41
	<u>97,29.49</u>	<u>45,82.27</u>

SCHEDULES

	2007-08	(Rs. in Lakhs) 2006-07
11 Income from Operations		
Hire Purchase / Hypothecation Loans (net) (tax deducted at source Rs.183.57 lakhs)	724,83.82	537,90.12
Lease (net) (tax deducted at source Rs.5.13 Lakhs)	37,72.07	22,67.74
Interest on Loans (tax deducted at source Rs.45.19 lakhs)	3,07.41	1,84.14
Bills Purchased	62.49	24.93
Investments (tax deducted at source Rs.448.55 lakhs)	52,25.35	26,47.69
Services (tax deducted at source Rs.355.05 lakhs)	40,40.67	22,98.09
Trading of Computer Accessories and Software	13.24	16.40
Recovery of Bad debts and Recovery of Loss on Sale of assets	8,98.00	7,04.23
Profit on Sale of Leased Assets	2,42.04	84.92
Others		
– Profit on Securitisation / Sell-down of Loans	31,24.86	20,46.44
– Others	6.49	24.71
	<u>901,76.44</u>	<u>640,89.41</u>
12 Other Income		
Interest receipts (tax deducted at source Rs.1.53 lakhs)	3,43.94	3,69.68
Dividend		
– Subsidiary Companies	1,17.73	1,20.00
– Others	7,58.31	17,61.20
Rent receipts (tax deducted at source Rs.201.37 lakhs)	7,51.08	5,68.93
Profit on sale of assets	37.31	11.20
Miscellaneous income	2,27.67	2,68.14
	<u>22,36.04</u>	<u>30,99.15</u>
13 Financial Expenses		
Interest - Fixed loans	217,73.30	212,73.76
– Debentures	232,57.44	128,67.41
– Others	2,10.92	2,61.93
Other financial expenses	44,57.86	30,63.18
	<u>496,99.52</u>	<u>374,66.28</u>

SCHEDULES

	2007-08	(Rs. in Lakhs) 2006-07
14 Establishment Expenses		
Salaries, allowances, commission and bonus	77,92.47	55,38.30
Company's contribution to Provident Fund, Gratuity, Superannuation and Employees' State Insurance schemes	6,63.51	3,62.41
Staff welfare expenses	3,65.92	2,34.58
	<u>88,21.90</u>	<u>61,35.29</u>
15 Administrative and Other Expenses		
Rent	4,70.44	3,12.33
Rates and taxes	3,40.54	2,17.65
Communication expenses	7,00.59	5,61.05
Electricity expenses	3,98.51	3,40.72
Travelling and conveyance (net)	6,95.41	8,13.13
Advertisement charges	3,31.25	3,34.16
Outsourcing cost	14,05.45	10,08.87
Directors' sitting fee	11.80	13.50
Insurance	1,20.02	1,01.88
Repairs		
– Buildings	47.17	41.96
– Others	9,08.07	5,69.95
Donations	2,19.58	2,59.78
Miscellaneous expenses	15,49.98	12,31.74
	<u>71,98.81</u>	<u>58,06.72</u>
16 Provisions and Write off		
Bad Debts	8,86.33	5,74.81
Loss on Assets sold/written off	11,34.02	7,38.13
Loss on sale of investments	4,50.90	1,42.18
Provision against non-performing assets	11,98.31	(66.48)
	<u>36,69.56</u>	<u>13,88.64</u>
Less: Reversal of provision against investments	3,61.54	1,09.17
	<u>33,08.02</u>	<u>12,79.47</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. Besides, the Company follows the directions prescribed by the Reserve Bank of India (RBI) for Non Banking Financial Companies.

The preparation of the financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amounts of revenues and expenses during the year and disclosure of contingent liabilities as at that date. The estimates and assumptions used in these financial statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of the financial statements.

1.2 Income recognition:

- a) Income from Hypothecation Loan and Hire Purchase 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.
- c) Income from Services is 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)". 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.

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

1.6 Employee Benefits:

A) Short Term Employee Benefits:

Short Term Employee Benefits for services rendered by employees are recognized during the period when the services are rendered.

B) Post employment benefits:

Defined Contribution Plan

i) Provident Fund

Contributions are made to the company's Employees Provident Fund Trust in accordance with the fund rules. The interest rate payable by the trust to the beneficiaries every year is notified by the Government. The company has an obligation to make good the shortfall, if any, between the return from the investment of the trust and the notified interest rate.

The company also contributes to a government administered pension fund and to Employees' State Insurance Schemes on behalf of its employees.

ii) Superannuation

The Company makes fixed contributions as a percentage on salary to the superannuation fund, which is administered by trustees and managed by the Life Insurance Corporation of India (LIC).

The above contributions are charged to the Profit and Loss Account.

Defined Benefit Plan

i) Gratuity

The Company makes an annual contribution to a Gratuity Fund administered by trustees and managed by LIC and SBI Life Insurance Company Limited (SBI Life). The company accounts its liability based on an actuarial valuation, as at the balance sheet date, determined every year by LIC and SBI Life using the Projected Unit Credit method.

ii) Leave Encashment

Liability on account of encashment of leave to employees is provided on the basis of an actuarial valuation.

The expenses and actuarial gain/ loss on account of the above benefit plans are recognised in the profit and loss account on the basis of an actuarial valuation.

C) Other Long Term Employee Benefits:

The estimated liability in respect of other long term benefits like Employee Assured Bonus Scheme, reimbursement of medical expenses and entitlement of sick leave has been provided on the basis of actuarial valuation.

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 amounts 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.

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

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
	31.03.2008	31.03.2007	
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 2 years and 356 days
27.05.2005	5000	5000	At par at the end of 2 years and 358 days
31.05.2006	1000	1000	At par at the end of 2 years and 346 days
31.05.2006	7500	7500	At par at the end of 1 year and 350 days
31.05.2006	2500	2500	At par at the end of 1 year and 351 days
30.06.2006	1000	1000	At par at the end of 1 year and 345 days
30.06.2006	1500	1500	At par at the end of 3 years
30.06.2006	6000	6000	At par at the end of 2 years
03.07.2006	13500	13500	At par at the end of 3 years
04.07.2006	3300	3300	At par at the end of 3 years
25.08.2006	12000	12000	At par at the end of 1 year and 345 days
25.08.2006	5000	5000	At par at the end of 2 years and 348 days
25.08.2006	10000	10000	At par at the end of 2 years and 358 days
25.08.2006	3000	3000	At par at the end of 2 years
25.08.2006	1500	1500	At par at the end of 3 years
08.09.2006	10000	10000	At par at the end of 2 years and 123 days
21.09.2006	2500	2500	At par at the end of 1 year and 364 days
22.09.2006	2000	2000	At par at the end of 2 years
28.09.2006	2000	2000	At par at the end of 3 years
15.03.2007	7200	7200	At par at the end of 1 year and 277 days
18.05.2007	11500	—	At par at the end of 2 years
30.05.2007	2500	—	At par at the end of 1 year and 305 days
30.05.2007	6500	—	At par at the end of 3 years
13.06.2007	2100	—	At par at the end of 3 years
22.06.2007	6000	—	At par at the end of 3 years
22.06.2007	5000	—	At par at the end of 2 years
25.06.2007	2500	—	At par at the end of 2 years and 183 days

SCHEDULES
17. NOTES TO THE ACCOUNTS (Contd.)

Date of Allotment / Re-issue	Amount (Rs. in Lakhs)		Redemption
	31.03.2008	31.03.2007	
03.07.2007	2500	—	At par at the end of 2 years
06.07.2007	2500	—	At par at the end of 2 years
09.07.2007	2500	—	At par at the end of 3 years
09.07.2007	2500	—	At par at the end of 2 years
11.07.2007	2500	—	At par at the end of 2 years
13.07.2007	2500	—	At par at the end of 3 years
18.07.2007	5000	—	At par at the end of 2 years
20.07.2007	6500	—	At par at the end of 3 years
07.08.2007	1000	—	At par at the end of 3 years
08.08.2007	2500	—	At par at the end of 2 years
14.08.2007	5000	—	At par at the end of 3 years
05.09.2007	3500	—	At par at the end of 3 years
06.09.2007	2500	—	At par at the end of 3 years
24.09.2007	2000	—	At par at the end of 2 years
28.09.2007	5000	—	At par at the end of 1 year and 174 days
04.10.2007	3500	—	At par at the end of 2 years
11.10.2007	2500	—	At par at the end of 2 years
12.10.2007	2500	—	At par at the end of 3 years
22.10.2007	2500	—	At par at the end of 2 years
23.10.2007	5000	—	At par at the end of 2 years
24.10.2007	2500	—	At par at the end of 2 years
25.10.2007	5000	—	At par at the end of 3 years
25.10.2007	2500	—	At par at the end of 3 years
29.10.2007	2000	—	At par at the end of 2 years
30.11.2007	5000	—	At par at the end of 4 years
29.04.2004	—	3000	Redeemed during the year
30.04.2004	—	2000	Redeemed during the year
25.02.2005	—	2000	Redeemed during the year
25.02.2005	—	2000	Redeemed during the year
27.05.2005	—	2500	Redeemed during the year
27.05.2005	—	4000	Redeemed during the year
27.08.2005	—	7500	Redeemed during the year
27.08.2005	—	2500	Redeemed during the year
27.08.2005	—	5000	Redeemed during the year
30.12.2005	—	2000	Redeemed during the year
27.01.2006	—	2900	Redeemed during the year
Total	217100	135400	

The debentures are secured by mortgage of two immovable properties ranking pari passu with charges created in favour of the debenture trustees 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)	
	31.03.2008	31.03.2007
Working Capital Demand Loans	953,27.43	1110,88.98
Term Loans	992,89.50	1057,89.50
Total	<u>1946,16.93</u>	<u>2168,78.48</u>

i) Rs.95327.43 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.1011.50 lakhs outstanding as on 31.03.2008 (31.03.2007 – Rs.Nil).

ii) Rs. 99289.50 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 up to 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
	31.03.2008	31.03.2007	
31.01.2007	2500	2500	At par at the end of 1 year and 106 days
31.01.2007	2500	2500	At par at the end of 1 year and 176 days
13.02.2007	500	500	At par at the end of 1 year and 85 days
19.02.2007	500	500	At par at the end of 1 year and 44 days
26.02.2007	1500	1500	At par at the end of 1 year and 181 days
27.02.2007	2500	2500	At par at the end of 1 year and 114 days
09.03.2007	4500	4500	At par at the end of 1 year and 38 days
30.04.2007	2500	–	At par at the end of 1 year
04.05.2007	2500	–	At par at the end of 361 days
04.05.2007	2500	–	At par at the end of 364 days
14.05.2007	6500	–	At par at the end of 1 year
30.05.2007	2500	–	At par at the end of 1 year
31.05.2007	2000	–	At par at the end of 1 year
19.06.2007	900	–	At par at the end of 1 year
29.06.2007	7500	–	At par at the end of 1 year and 58 days
18.07.2007	2000	–	At par at the end of 1 year

SCHEDULES
17. NOTES TO THE ACCOUNTS (Contd.)

Date of Allotment / Re-issue	Amount (Rs. in Lakhs)		Redemption
	31.03.2008	31.03.2007	
19.07.2007	2500	–	At par at the end of 1 year
23.07.2007	2500	–	At par at the end of 1 year
30.07.2007	3000	–	At par at the end of 336 days
04.10.2007	2000	–	At par at the end of 1 year
31.03.2008	3000	–	At par at the end of 364 days with a Put/ Call option on a daily basis.
31.03.2008	7500	–	At par at the end of 364 days with a Put/ Call option on a daily basis.
31.03.2008	2500	–	At par at the end of 364 days with a Put/ Call option on a daily basis.
31.03.2008	2000	–	At par at the end of 1 year with a Put/ Call option on a daily basis.
31.03.2008	2500	–	At par at the end of 1 year with a Put/ Call option on a daily basis.
27.01.2006	–	1000	Redeemed during the year
29.03.2006	–	1800	Redeemed during the year
03.04.2006	–	2500	Redeemed during the year
07.04.2006	–	3000	Redeemed during the year
10.04.2006	–	1500	Redeemed during the year
12.04.2006	–	2000	Redeemed during the year
17.04.2006	–	1500	Redeemed during the year
24.04.2006	–	2500	Redeemed during the year
27.04.2006	–	1000	Redeemed during the year
31.05.2006	–	5000	Redeemed during the year
30.06.2006	–	1000	Redeemed during the year
03.07.2006	–	3000	Redeemed during the year
13.07.2006	–	3000	Redeemed during the year
28.07.2006	–	7000	Redeemed during the year
28.07.2006	–	1000	Redeemed during the year
25.08.2006	–	2500	Redeemed during the year
Total	70900	53800	

The Company issued MIBOR linked debentures from time to time, aggregating Rs.17500 lakhs as on 31.03.2008, with a daily put/call option and with a right to re-issue the same. The outstanding MIBOR linked debentures as on 31.03.2008 was Rs.17500 lakhs (31.03.2007 – Rs.Nil). 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 trustees.

b) Subordinated Debentures:

The above 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.

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

c) Short Term Loans and Advances:

The maximum amount of commercial paper outstanding at any time during the period was Rs.90000 lakhs (2006-07 – Rs.54500 lakhs).

2.4 Derivative Contracts:

The details of derivative contracts outstanding as on 31.03.2008 are as under:

	31.03.2008	31.03.2007	Purpose
	Notional Amount (Rs.in lakhs)		
Interest Rate Swaps	62800	83800	To hedge against floating interest rates
Principal Only Swaps	NIL	1000	To hedge Rupee liabilities

2.5 Fixed Assets:

a) Buildings on leasehold land include Rs.1093.97 lakhs (31.03.2007 – 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 (31.03.2007 – Rs.1010.81 lakhs).

c) Plant and Machinery and Vehicles include assets costing Rs.10507.72 lakhs (gross block) on operating lease contracts (31.03.2007 – Rs.10258.59 lakhs).

d) Intangible Assets:

In accordance with Accounting Standard – AS 26 – Intangible Assets, software purchased amounting to Rs.84.66 lakhs (31.03.2007 – Rs.8.88 lakhs) is amortised based on a technical evaluation.

e) The details of assets on operating lease after 01.04.2001 are:

	Plant and Machinery	Vehicles	Computers	Plant and Machinery	Vehicles	Computers
	31.03.2008			31.03.2007		
Gross carrying amount (Cost)	11,18.44	85,50.86	8,07.66	6,45.68	53,24.69	1,92.91
Accumulated Depreciation	1,81.61	27,36.23	2,38.46	47.92	16,23.26	61.69
Depreciation recognised in Profit and Loss Account for the Year	1,33.69	13,82.05	1,84.81	45.58	8,62.62	45.84

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

	31.03.2008	31.03.2007
Less than 1 year	28,06.67	15,97.11
Later than 1 year and not later than 5 years	50,44.64	30,76.71
Total	<u>78,51.31</u>	<u>46,73.82</u>

2.6 Investments

In accordance with the Reserve Bank of India directives, the company has created a floating charge on the statutory liquid assets comprising of investment in Government Securities of face value Rs.7800 lakhs (cost – Rs. 8074.17 lakhs) and bank deposits of Rs.3411 lakhs (grouped under Schedule 7, Current Assets – Cash and Bank Balances) in favour of trustees representing the public deposit holders of the company.

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

2.7 Current Assets:

- a) During the year the Company realised Rs.72717.19 lakhs (Previous Year – Rs.72167.07 lakhs) on sell down of receivables. Credit enhancement in the form of bank deposits Rs.6559.95 lakhs (Previous Year – Rs.5710 lakhs) were given as collateral.

Cash and Bank balances - with scheduled banks in Deposit accounts includes collateral provided for Rs.13214.57 lakhs for which the lien has been noted.

- b) In accordance with Accounting Standard – AS 19 – Leases, the reconciliation between the total gross investment in the lease and the present value of minimum lease payments (MLP) as on 31.03.2008 and 31.03.2007 is as follows:

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

	(Rs. in lakhs)	
	31.03.2008	31.03.2007
Gross Investment	359,75.93	389,97.30
Less: Unearned Finance Charges	47,48.32	57,42.19
Net Investment	<u>312,27.61</u>	<u>332,55.11</u>

	(Rs. in Lakhs)			
	31.03.2008		31.03.2007	
	Gross	Net	Gross	Net
Less than 1 year	194,80.08	163,86.71	221,58.69	183,06.49
Later than 1 year and not later than 5 years	164,95.09	148,40.15	168,38.61	149,48.62
Later than 5 years	0.76	0.74	NIL	NIL
Total	<u>359,75.93</u>	<u>312,27.61</u>	<u>389,97.30</u>	<u>332,55.11</u>

Accumulated provision for un-collectible minimum lease payments receivable: Rs.132.47 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.3800.61 lakhs (31.03.2007 – Rs.2873.46 lakhs).

2.9 Loans and advances:

- a) Secured loans include Rs.20.89 lakhs (31.03.2007 – Rs.21.97 lakhs) due from a Director of the company. Maximum amount due at any time during the year Rs. 21.97 lakhs (Previous year – Rs.22.97 lakhs).
- b) Unsecured loans include Rs.0.84 Lakhs (31.03.2007 – Rs. 1.01 lakhs) due from officers of the company. Maximum amount due at any time during the year Rs 1.01 lakhs (previous year – Rs.1.39 lakhs).
- c) Advance income tax and tax deducted at source is net of provision for tax of Rs.26768.86 lakhs (31.03.2007 – Rs. 21755.98 lakhs) and includes Rs. 2845.74 lakhs (31.03.2007 – Rs.1844.61 lakhs) towards income tax paid under dispute.
Advance Fringe Benefit tax is net of provision for tax of Rs.380 lakhs(31.03.2007 – Rs.240 lakhs)
- d) Advances and deposits recoverable in cash or kind or for value to be received include Rs. 61.36 lakhs (31.03.2007 – Rs. 51.45 lakhs) towards sales tax paid under dispute in respect of which appeals are pending.

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

2.10 Current liabilities:

- a) Sundry creditors for expenses include Rs.169.00 lakhs (31.03.2007 – Rs. 121.50 lakhs) payable to directors.
b) Interest accrued but not due includes Rs.39.99 lakhs on deposits of Directors (31.03.2007 – Rs.20.22 lakhs).

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

(Rs. in lakhs)

	31.03.2008	31.03.2007
i) Deferred Tax Assets:		
Provision for Investments, Non-performing assets, etc.	28,14.09	17,64.16
Income deferment on Non-performing Assets	4,24.10	5,20.24
Depreciation	8,94.06	–
Others – timing differences	1,31.42	4,02.04
Total (A)	42,63.67	26,86.44
ii) Deferred Tax Liabilities:		
Depreciation	–	2,15.53
Hire Purchase Income	5,08.60	5,22.00
Others	9.15	–
Total (B)	5,17.75	7,37.53
(A – B)	<u>37,45.92</u>	<u>19,48.91</u>

3. PROFIT AND LOSS ACCOUNT

3.1 Income from operations –

- a) Hypothecation Loans / Hire Purchase is net of business origination cost of Rs. 3262.55 lakhs (previous year – Rs.1544.16 lakhs).

The Company has changed the method of accounting of Business Origination Cost during the year, by charging off the cost in the year in which it incurred for the current year and unamortized cost in respect of earlier years, instead of apportioning the cost over the tenure of the contract. Consequent to this change, the charge to the Profit and Loss account is higher by Rs. 1580.51 lakhs and profit before tax for the year is lower by Rs.1580.51 lakhs.

- b) Lease is net of depreciation of Rs.296.09 lakhs (Previous year – Rs.494.06 lakhs) and Lease Equalisation account Rs.1017.20 lakhs (Previous year – Rs 1323.71 lakhs).

3.2 Income from operations - Investments comprise:

(Rs. in lakhs)

	2007 - 08	2006 -07
i) Interest	30,39.34	19,62.80
ii) Profit on sale of investments:		
Long Term	10,89.12	4,75.76
Current	10,96.89	2,09.13

3.3 Profit on sale of shares in Subsidiary Company:

During the year, the Company sold 2,98,43,704 Equity shares of face value Rs.10/- each in Sundaram Home Finance Ltd. to Union de Credit pour le Batiment SA (UCB), a wholly owned subsidiary of BNP Paribas SA of France.

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

3.4 Income from Trading of Computer Accessories and Software: (Rs. in lakhs)

	2007-08	2006-07
The details relating to trading items are as under:		
Sales	88.30	17.39
Purchases	75.06	0.99

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.

3.5 Financial Expenses:

Interest – Fixed loans includes interest on fixed/cumulative deposits amounting to Rs.36.65 lakhs (previous year – Rs.25.32 lakhs) paid / credited to Directors.

3.6 Employee Benefits:

Defined Contribution Plans:

During the year, the Company has recognised the following amounts in the Profit and Loss account, which are included in Establishment expenses in schedule 14:

	2007-08	2006-07
Contribution to Superannuation fund	87.32	67.98
Contribution to Pension fund	1,54.84	1,12.59
Contribution to Employees' State Insurance – ESI	25.27	22.05
Contribution to Provident Fund	1,23.63	1,01.01

Defined Benefit Plans

(Rs. in lakhs)

Description of Benefits Plan	Funded Gratuity
A) Reconciliation of opening and closing balances of the present value of the defined benefit obligation	
Present value of obligation as at 01/04/2007	5,70.98
Current service cost	80.07
Interest cost	43.82
Benefits paid	51.65
Actuarial gain / (loss) on obligations	(1,33.88)
Present value of obligation as at 31/03/2008	7,77.11
B) Reconciliation of opening and closing balances of the fair value of plan assets	
Fair value of plan assets as at 01/04/2007	5,25.09
Expected return on plan assets	50.06
Contributions made	2,84.04
Benefits paid	51.65
Actuarial gain / (loss) on plan assets	(3.52)
Fair value of plan assets as at 31/03/2008	8,04.02

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

(Rs. in lakhs)

Description of Benefits Plan	Funded Gratuity
C) Reconciliation of present value of defined benefit obligation and fair value of plan assets to the assets and liabilities recognised in the Balance sheet Present value of obligation as at 31/03/2008 Fair value of plan assets as at 31/03/2008 Unrecognised past service cost Net Asset/(Liability) recognised in Balance Sheet (included under Loans & Advances in Schedule 8)	7,77.11 8,04.02 – 26.91
D) Expenses recognised in the Profit and Loss account Current service cost Interest cost Expected return on plan assets Net actuarial gain / (loss) recognised Total Expenses (included under Establishment expenses in Schedule 14)	80.07 43.82 50.06 (1,37.40) 2,11.24
E) Actual return on plan assets Expected return on plan assets Actuarial gain / (loss) on plan assets Actual return on plan assets	50.06 (3.52) 46.54
F) Actuarial assumptions * Discount rate Expected rate of return on plan assets Rate of increase in compensation levels	LIC – 8%,SBI Life – 8% LIC – 8%,SBI Life – 8% LIC - 6% and SBI Life - 6% for 1st five years and 5% thereafter

* The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors like supply and demand in the employment market.

The present value of obligation towards compensated absences, as per actuarial certificate, as on 31.03.2008 was Rs.309.40 lakhs (31.03.2007 – Rs. 231.99 lakhs) and is provided for in the books of accounts.

Other Long Term Benefits

The Company has provided the following amounts towards other long term benefits:

	(Rs. in lakhs)
• Employee Assured Bonus Scheme	1,81.73
• Staff Medical Scheme	96.99
• Retired Employee Medical Scheme	1,47.64

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

3.7 Remuneration to Directors:		(Rs. in lakhs)	
		2007 - 08	2006 - 07
i) Salary		42.99	42.60
ii) Commission			
– Wholetime Directors		1,45.00	1,12.50
– Non Wholetime Directors		24.00	9.00
iii) Sitting fees to Wholetime Directors		2.90	3.70
iv) Contribution to provident, superannuation and gratuity funds		13.44	12.47
v) Other allowances and perquisites		36.47	35.30
Total		<u>2,64.80</u>	<u>2,15.57</u>

3.8 Computation of net profit for calculation of commission to directors:		(Rs.in lakhs)	
Net Profit			212,54.24
Add:	Directors' Remuneration	2,64.80	
	Directors' Sitting Fee (other than Wholetime Directors)	8.90	
	Depreciation as per books	33,08.28	
	Lease Equalisation Account	10,17.20	
	Loss on sale of investments	4,50.90	
	Provision for Taxation (including Wealth Tax)	90,35.47	
	Provision for Non Performing Assets	11,98.31	
		<u>152,83.86</u>	
			365,38.10
Less:	Depreciation as per Sec.350 of the Companies Act, 1956	33,08.28	
	Profit on sale of investments	121,03.68	
	Provision for investments	3,61.54	
		<u>157,73.50</u>	
			207,64.60
	Net profit as per Section 198 of the Companies Act, 1956		<u>2,07.65</u>
	1% thereof		
	Commission to Managing Director, Deputy Managing Director and Wholetime Director		1,45.00
	Commission to Non Wholetime Directors		<u>24.00</u>

3.9 Miscellaneous expenses under "Administrative and other expenses" includes remuneration towards:		(Rs. in lakhs)	
		2007 - 08	2006 - 07
Statutory Audit		22.50	18.00
Tax Audit		7.50	4.00
Certification		18.80	16.25
Service Tax		6.03	4.73
Travelling Expenses		2.13	2.05

3.10 Provisions and Write offs -

Loss on sale of investments comprises Rs.450.90 lakhs (Previous year – Rs.142.18 lakhs) pertaining to long-term investments.

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

3.11 The exchange difference amounting to Rs.11.06 lakhs (net loss) (Previous year – Rs.0.37 lakhs – net gain) arising on account of foreign currency transactions has been accounted in the Profit and Loss account in accordance with Accounting Standard – AS 11 – Accounting for the effects of changes in foreign exchange rates.

4. GENERAL

4.1 Segment Reporting

Segment information is presented in the consolidated financial statements in terms of the Accounting Standard – AS 17 – Segment Reporting.

4.2 Related Parties Disclosures:

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

Related Parties:

Subsidiary Companies:

Sundaram Finance Distribution Ltd.
Sundaram BNP Paribas Home Finance Ltd.
Sundaram BNP Paribas Asset Management Co. Ltd.
Sundaram BNP Paribas Trustee Co. Ltd.
LGF Services Ltd.
Infreight Logistics Solutions Ltd.
Sundaram Infotech Solutions Ltd.
Sundaram Business Services Ltd.
Professional Management Consultants Pvt. Ltd.
(Associate till 16th May 2007)

Associates:

Axles India Ltd.
Turbo Energy Ltd.
Transenergy Ltd.
Sundaram Dynacast Pvt. Ltd.
Sundaram BNP Paribas Mutual Fund
Sundaram Medical Foundation

Joint Venture:

Royal Sundaram Alliance Insurance Co. Ltd.
Gulf Outsourcing Services Pvt. Ltd.

Key Management Personnel:

Mr. T.T.Srinivasaraghavan, Managing Director
Mr. G.K.Raman, Wholetime Director (till 16th Aug.2007)
Mr. Srinivas Acharya, Deputy Managing Director

Relatives of Key Management Personnel:

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

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

RELATED PARTY TRANSACTIONS FOR THE YEAR ENDED 31ST MARCH 2008

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 2007 - 08	Previous Year 2006 - 07
INCOME						
Income from Services rendered						
Sundaram BNP Paribas Home Finance Ltd.	3,94.11				3,94.11	2,93.77
Royal Sundaram Alliance Insurance Co. Ltd.		14,23.46			14,23.46	8,03.48
Sundaram BNP Paribas Mutual Fund		7,04.27			7,04.27	3,95.47
Others	39.98	72.12			1,12.10	1,49.02
Total	4,34.09	21,99.85			26,33.94	16,41.74
Dividend						
Sundaram BNP Paribas Asset Management Co. Ltd.	1,15.23				1,15.23	
Turbo Energy Ltd.		4,03.20			4,03.20	6,33.60
Others	2.50	35.95			38.45	1,81.25
Total	1,17.73	4,39.15			5,56.88	8,14.85
Rent Receipts						
Sundaram BNP Paribas Asset Management Co. Ltd.	1,37.83				1,37.83	1,00.39
Royal Sundaram Alliance Insurance Co. Ltd.		3,13.62			3,13.62	2,85.16
Sundaram Infotech Solutions Ltd.	1,27.17				1,27.17	81.20
Others	67.37	10.08			77.45	56.36
Total	3,32.37	3,23.70			6,56.07	5,23.11
Interest						
Sundaram Infotech Solutions Ltd.	47.25				47.25	27.40
Sale of Software Licenses						
Royal Sundaram Alliance Insurance Co. Ltd.		81.62			81.62	
Sundaram BNP Paribas Home Finance Ltd.	74.26				74.26	
Total	74.26	81.62			1,55.88	
Income from Lease						
Turbo Energy Ltd.		31.64			31.64	20.21
Other Income	26.02	42.66	1.57		70.25	30.55
EXPENSE						
Interest						
Royal Sundaram Alliance Insurance Co. Ltd.		97.54			97.54	
Others			4.06	17.21	21.27	21.35
Total		97.54	4.06	17.21	1,18.81	21.35
Remuneration						
			2,40.80		2,40.80	2,06.57
Purchase of Software & Licenses						
Sundaram Infotech Solutions Ltd.	1,28.53				1,28.53	
Dividend						
			1.31	4.71	6.02	72.14
Donation						
Sundaram Medical Foundation		3.00			3.00	2,00.00
Insurance Premium						
Royal Sundaram Alliance Insurance Co. Ltd.		28.80			28.80	19.56
Rent Paid						
Sundaram BNP Paribas Home Finance Ltd.	2.92				2.92	1.67
Other Expenses		2.12			2.12	

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

Nature of Transactions	Subsidiary Companies	Associates / Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	31.03.2008	31.03.2007
ASSETS						
Investment in Equity Shares						
Royal Sundaram Alliance Insurance Co. Ltd.		14,85.00			14,85.00	
Sundaram Business Services Ltd.	5,26.00				5,26.00	3,19.00
Sundaram Infotech Solutions Ltd.	2,10.00				2,10.00	90.00
Sundaram BNP Paribas Home Finance Ltd.						48,51.61
Others						4,01.00
Total	7,36.00	14,85.00			22,21.00	56,61.61
Disinvestment in Equity Shares						
Royal Sundaram Alliance Insurance Co. Ltd.						9,06.77
Sundaram BNP Paribas Home Finance Ltd.	146,98.02				146,98.02	
Intercorporate Loans Disbursed to						
Sundaram Infotech Solutions Ltd.	3,40.00				3,40.00	4,50.00
Infreight Logistics Solutions Ltd.	2,00.00				2,00.00	1,15.00
Total	5,40.00				5,40.00	5,65.00
Repayment of Intercorporate Loan by						
Infreight Logistics Solutions Ltd.						2,00.00
Sundaram Infotech Solutions Ltd.	2,00.06				2,00.06	6.25
Total	2,00.06				2,00.06	2,06.25
Investment in Trust Securities						
Sundaram BNP Paribas Mutual Fund		912,46.45			912,46.45	65,00.00
Disinvestment In Trust Securities						
Sundaram BNP Paribas Mutual Fund		921,84.39			921,84.39	112,57.78
Bonus Shares						
Issued by LGF Services Ltd.						20.00
Issued by Turbo Energy Ltd.						64.00
Total						84.00
Advance for Purchase of Preference Shares						
Axles India Ltd.						6,00.00
Outstanding Balances as on 31.03.2008						
Preference Shares Holdings						
Axles India Ltd.		6,00.00			6,00.00	
Equity Holdings						
Sundaram BNP Paribas Home Finance Ltd.	61,39.10				61,39.10	107,01.61
Royal Sundaram Alliance Insurance Co. Ltd.		84,60.33			84,60.33	69,75.33
Others	29,73.55	6,04.40			35,77.95	28,41.95
Total	91,12.65	90,64.73			181,77.38	205,18.89

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

Nature of Transactions	Subsidiary Companies	Associates / Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	31.03.2008	31.03.2007
Intercorporate Loans						
Sundaram Infotech Solutions Ltd.	7,33.69				7,33.69	5,93.75
Infreight Logistics Solutions Ltd.	2,00.00				2,00.00	
Total	9,33.69				9,33.69	5,93.75
Trust Securities						
Sundaram BNP Paribas Mutual Fund		18,23.77			18,23.77	20,13.20
Future Lease Receivables						
Axles India Ltd.		36.38			36.38	20.15
Turbo Energy Ltd.		93.07			93.07	72.14
Sundaram Infotech Solutions Ltd.	35.27				35.27	
Total	35.27	1,29.45			1,64.72	92.29
Future Receivables under Hire Purchase	11.94				11.94	
Fleet Card Balance Receivable	25.57				25.57	11.96
Other Assets	90.42	1,80.92	20.89		2,92.23	2,17.85
LIABILITIES						
Issue of Non Convertible Debentures						
Royal Sundaram Alliance Insurance Co. Ltd.		10,00.00			10,00.00	
Outstanding Balances as on 31.03.2008						
Deposits			24.27	61.58	85.85	2,34.40
Non Convertible Debentures						
Royal Sundaram Alliance Insurance Co. Ltd.		10,00.00			10,00.00	
Guarantee*						
Sundaram BNP Paribas Home Finance Ltd.						50,00.00
Other Liabilities	30.41	74.93			1,05.34	1,01.88

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

* Consequent to corresponding repayment of Liability

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

- 4.3 In compliance with the Accounting Standard relating to 'Financial Reporting of Interests in Joint Ventures' (AS 27), the Company has interests in the following jointly controlled entities:

(Rs.in lakhs)

Name of Companies	% age of Share Holding	Amount of Interest based on the Audited Accounts for the year ended 31st March 2008				
		Assets	Liabilities	Income	Expenditure	Capital Commitment and Contingent Liability
Royal Sundaram Alliance Insurance Company Limited	49.50 (49.50)	387,70.97 (286,68.83)	300,01.86 (216,18.07)	244,54.66 (99,02.29)	242,21.32 (91,36.72)	1,29.17 Nil
Gulf Outsourcing Services Private Limited	40.00 (40.00)	24.11 (27.96)	1.26 (2.71)	1.78 (Nil)	4.21 (3.55)	Nil Nil

Figures in brackets relate to Previous Year.

- 4.4 Earnings per Share (Basic and diluted)

	2007-08	2006-07
A Profit for the year after taxation (Rs in lakhs)	212,54.24	100,46.76
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.)	76.52	36.17

- 4.5 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.

- 4.6 The Commissioner of Customs, Tuticorin raised a demand of Rs. 500 lakhs towards penalty on the Company and Rs. 1824 lakhs (towards duty) 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.

- 4.7 Estimated amount of contracts remaining to be executed on capital account – Rs.1015.10 lakhs (net of advance of Rs.96.16 lakhs). (31.03.2007 – Rs 497.32 lakhs – net of advance of Rs.506.91 lakhs).
- 4.8 There are no amounts due to Small Scale Industries in terms of "The Micro, Small and Medium Enterprises Development Act, 2006".

SCHEDULES

17. NOTES TO THE ACCOUNTS (Contd.)

4.9 Contingent liabilities in respect of	As at 31.03.2008	As at 31.03.2007
		(Rs. in lakhs)
a) Liability –		
To Banks – on Cheques discounted	26,67.37	26,48.74
on Counter Guarantee	54.20	74.69
To Sales Tax Authorities	26.20	12.44
Uncalled Liability on partly paid up shares	NIL	6,36.00
On Guarantee given on behalf of a Subsidiary Company	NIL	50,00.00
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	2,97.64	2,66.22
4.10 CIF value of imports:		(Rs. in lakhs)
	2007-08	2006-07
Capital goods (on payment basis)	3,19.99	6,31.59
		(Rs. in lakhs)
4.11. Expenditure in foreign currency (on payment basis):	2007-08	2006-07
Interest	1,53.18	6,61.41
On other matters	2,18.70	3,61.78
		(Rs. in lakhs)
	2007-08	2006-07
4.12 Earnings in Foreign Currency	4,01.51	2,78.77
4.13 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,
27th May, 2008

S. Viji
Chairman

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
	Liabilities side:		
(1)	Loans and advances availed by the NBFCs @		
a	Debentures : Secured	2171,00.00	-
	: Unsecured	759,00.00	-
	(other than falling within the meaning of public deposits)		
b	Deferred Credits	-	-
c	Term Loans	947,89.50	-
d	Inter-corporate loans and borrowings	-	
e	Commercial paper	225,00.00	-
f	Public Deposits	745,59.96	7,37.94#
g	Other loans		
	- Bank Borrowing	1221,45.48	-
	- Deposits from Corporates	11,01.88	-
(2)	Break-up of 1 (f) above (Outstanding public deposits) @		
a	In the form of Unsecured debentures	-	-
b	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
c	Other public deposits	745,59.96	7,37.94#

@ Interest accrued but not paid - Nil

Represents unclaimed deposits

(Rs. in Lakhs)

	Particulars	Amount Outstanding
	Assets side:	
(3)	Break-up of Loans and Advances including bills receivables (other than those included in (4) below):	
a	Secured	817,04.02
b	Unsecured (including Advance for Business Assets)	189,69.16
(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	26,72.08
b	Operating Lease	70,45.79
(ii)	Net Stock on hire including hire charges under sundry debtors	
a	Assets on hire	322,92.86
b	Repossessed Assets	8.16
(iii)	Hypothecation loans counting towards EL / HP activities	
a	Loans where assets have been repossessed	8,16.25
b	Loans other than (a) above	5289,10.97

(Rs. in Lakhs)

	Particulars	Amount Outstanding	Market Value *
(5)	Break-up of Investments:		
	Current Investments:		
1.	Quoted:	–	–
2.	Unquoted:		
(i)	Units of mutual funds	56,23.77	61,22.83
	Long Term Investments:		
1.	Quoted:		
(i)	Equity Shares	15,17.17	111,83.32
(ii)	Debentures and Bonds	1,30.05	1,30.05
(iii)	Government Securities	80,74.17	80,68.95
2.	Unquoted:		
(i)	Shares		
a.	Equity	189,49.32	370,92.24
b.	Preference	6,00.00	6,00.00
(ii)	Government Securities	–	–
(iii)	Units of mutual funds	27,00.00	27,59.21
(iv)	Bonds	80,50.00	80,50.00
(v)	Others	1.02	1.02
	Total	456,45.50	740,07.62

* 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	72.77	9,59.98	10,32.75
b	Companies in the same group	–	–	–
c	Other related parties	1,29.45	–	1,29.45
2.	Other than related parties	6491,14.49	175,36.22	6666,50.71
	Total	6493,16.71	184,96.20	6678,12.91

(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	120,87.20	91,12.65
b	Companies in the same group	–	–
c	Other related parties	193,20.07	114,88.51
2.	Other than related parties	426,00.35	246,71.17
	Total	740,07.62	452,72.33

** As per Accounting Standard

(Rs. in Lakhs)

(8) Other Information		
	Particulars	Amount
(i)	Gross Non-Performing Assets	
a	Related Parties	Nil
b	Other than related parties	78,48.63
(ii)	Net Non-Performing Assets	
a	Related Parties	Nil
b	Other than related parties	32,42.25
(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.

0	2	4	2	9
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 State Code

1	8
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Balance Sheet Date

3	1
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0	3
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2	0	0	8
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Date Month Year

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

Public Issue	Rights Issue																		
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>				N	I	L				<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>				N	I	L			
			N	I	L														
			N	I	L														
Bonus Issue	Private Placement																		
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>				N	I	L				<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>				N	I	L			
			N	I	L														
			N	I	L														

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

	Total Liabilities		Total Assets																				
Sources of Funds	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>7</td><td>7</td><td>5</td><td>1</td><td>5</td><td>3</td><td>2</td><td>2</td></tr></table>		7	7	5	1	5	3	2	2	Applications of Funds	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>7</td><td>7</td><td>5</td><td>1</td><td>5</td><td>3</td><td>2</td><td>2</td></tr></table>		7	7	5	1	5	3	2	2		
	7	7	5	1	5	3	2	2															
	7	7	5	1	5	3	2	2															
	Paid up Capital		Reserves & Surplus																				
	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>2</td><td>7</td><td>7</td><td>7</td><td>6</td><td>0</td></tr></table>				2	7	7	7	6	0		<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>1</td><td>0</td><td>1</td><td>5</td><td>1</td><td>4</td><td>7</td><td>4</td></tr></table>		1	0	1	5	1	4	7	4		
			2	7	7	7	6	0															
	1	0	1	5	1	4	7	4															
	Secured Loans		Unsecured Loans																				
	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>4</td><td>3</td><td>1</td><td>7</td><td>1</td><td>6</td><td>9</td><td>3</td></tr></table>		4	3	1	7	1	6	9	3		<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>1</td><td>7</td><td>6</td><td>3</td><td>7</td><td>9</td><td>8</td><td>9</td></tr></table>		1	7	6	3	7	9	8	9		
	4	3	1	7	1	6	9	3															
	1	7	6	3	7	9	8	9															
	Net Fixed Assets		Investments																				
	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>1</td><td>7</td><td>2</td><td>6</td><td>4</td><td>3</td><td>0</td></tr></table>				1	7	2	6	4	3	0		<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>4</td><td>5</td><td>6</td><td>4</td><td>5</td><td>5</td><td>0</td></tr></table>				4	5	6	4	5	5	0
			1	7	2	6	4	3	0														
			4	5	6	4	5	5	0														
	Deferred Tax Asset (net)		Net Current Assets																				
	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>3</td><td>7</td><td>4</td><td>5</td><td>9</td><td>2</td></tr></table>				3	7	4	5	9	2		<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>6</td><td>4</td><td>5</td><td>7</td><td>3</td><td>3</td><td>4</td><td>4</td></tr></table>		6	4	5	7	3	3	4	4		
			3	7	4	5	9	2															
	6	4	5	7	3	3	4	4															
	Misc. Expenditure		Accumulated Loss																				
	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>				N	I	L					<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>				N	I	L					
			N	I	L																		
			N	I	L																		

IV Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenditure																		
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>1</td><td>0</td><td>2</td><td>3</td><td>3</td><td>0</td><td>1</td><td>5</td></tr></table>		1	0	2	3	3	0	1	5	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>7</td><td>2</td><td>0</td><td>4</td><td>0</td><td>4</td><td>4</td></tr></table>			7	2	0	4	0	4	4
	1	0	2	3	3	0	1	5											
		7	2	0	4	0	4	4											
+ - Profit / (Loss) Before Tax	+ - Profit / (Loss) After Tax																		
<input checked="" type="checkbox"/> <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>3</td><td>0</td><td>2</td><td>8</td><td>9</td><td>7</td><td>1</td></tr></table>		3	0	2	8	9	7	1	<input checked="" type="checkbox"/> <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>2</td><td>1</td><td>2</td><td>5</td><td>4</td><td>2</td><td>4</td></tr></table>		2	1	2	5	4	2	4		
	3	0	2	8	9	7	1												
	2	1	2	5	4	2	4												
(Please tick appropriate box + for profit, - loss)																			
Earnings Per Share Rs. Ps.	Dividend Rate %																		
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>7</td><td>6</td><td>.</td><td>5</td><td>2</td></tr></table>				7	6	.	5	2	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>1</td><td>5</td><td>0</td></tr></table>		1	5	0						
			7	6	.	5	2												
	1	5	0																

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

Item Code No. (ITC Code) Not Applicable

Product / Service Description

H	I	R	E		P	U	R	C	H	A	S	E					
L	E	A	S	I	N	G											
H	Y	P	O	T	H	E	C	A	T	I	O	N		L	O	A	N

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

(Rs. in Lakhs)

1 Name of the Subsidiary Company	Sundaram BNP Paribas Home Finance Ltd.	Sundaram BNP Paribas Asset Management Company Ltd.	Sundaram BNP Paribas Trustee Company Ltd.	Sundaram Finance Distribution Ltd.	IGF Services Ltd.	Sundaram Infotech Solutions Ltd.	Sundaram Business Services Ltd.	Professional Management Consultants Private Ltd.	Infreight Logistics Solutions Ltd.
2 Financial year of the Subsidiary ended on	31.03.2008	31.03.2008	31.03.2008	31.03.2008	31.03.2008	31.03.2008	31.03.2008	31.03.2008	31.03.2008
3 Holding Company's interest in the Subsidiary	4,01,56,296 Equity shares of Rs 10/- each (50.10%)	76,81,948 Equity shares of Rs 10/- each (50.10%)	25,050 Equity shares of Rs 10/- each (50.10%)	5,00,000 Equity shares of Rs 10/- each (100%)	2,50,000 Equity shares of Rs 10/- each (100%)	40,00,000 Equity shares of Rs 10/- each (100%)	85,00,000 Equity shares of Rs 10/- each (100%)	1,63,244 Equity shares of Rs 10/- each (74%)	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 Holding Company's accounts a) For the financial year of the Subsidiary Company b) For the previous financial years since it became a Subsidiary Company	1107.23 1899.59	926.61 164.65	16.79 7.29	167.82 198.55	143.88 91.57	-583.26 -484.18	16.48 -9.33	68.61 83.98	(Rs. in lakhs) -184.43 -278.46
5 Net aggregate amount of the profits of the subsidiary dealt with in the Holding Company's accounts by way of dividends on the shares held in Subsidiary Company a) For the financial year of the Subsidiary Company b) For the previous financial years since it became a Subsidiary Company	Nil Nil	Nil 115.23	Nil 2.50	Nil 82.50	Nil 142.50	Nil Nil	Nil Nil	Nil Nil	Nil Nil

S. Viji
Chairman

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

Chennai,
27th May, 2008

Cash Flow Statement

(Rs. in Lakhs)

	2007-08	2006-07
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit	212,54.24	100,46.76
Add: Lease Equalisation Account	10,17.20	13,23.71
Provision for Taxation (Including Wealth Tax)	90,35.47	42,97.08
	313,06.91	156,67.55
Add: Financial Expenses	496,99.52	374,66.28
Depreciation	810,06.43	531,33.83
Reversal of provision against Investments	33,08.28	26,51.02
Provision (Reversal) against Non - Performing assets	(3,61.54)	(1,09.17)
(Profit) loss on sale of assets	11,98.31	(66.48)
(Profit) loss on sale of Investments	(69.71)	(27.89)
Interest / Dividend Income	(116,52.79)	(5,42.69)
Effect of Foreign Exchange rates on Cash and Cash Equivalents, net	(13,46.75)	(23,33.20)
	(0.02)	(0.68)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	720,82.21	527,04.74
(Increase) Decrease in Net Stock on hire	18,20.54	71,25.35
(Increase) Decrease in Leased assets - net of sales	(33,20.04)	(28,11.63)
(Increase) Decrease in Trade Bills purchased	(6,06.00)	(12.09)
(Increase) Decrease in Net Investment in Lease	3,36.86	(7,95.48)
(Increase) Decrease in Loans and Advances	(1182,51.39)	(1010,97.33)
(Increase) Decrease in Other Receivables	23.89	7,79.24
(Increase) Decrease in Bank Deposits (net)	456,39.08	(461,46.69)
(Increase) Decrease in SLR Investments - net of sales	(10,67.88)	3,27.27
Increase (Decrease) in Current Liabilities	89,71.59	46,93.58
	(664,53.35)	(1379,37.78)
Cash generated from Operations	56,28.86	(852,33.04)
Financial Expenses paid	(411,68.72)	(318,50.68)
Direct Taxes Paid	(100,16.42)	(65,13.63)
	(511,85.14)	(383,64.31)
NET CASH FROM OPERATING ACTIVITIES	(A) (455,56.28)	(1235,97.35)
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(20,55.44)	(16,01.96)
Sale of Fixed Assets	1,19.34	98.66
Purchase of Investments	(5417,95.81)	(939,43.83)
Purchase of Investments in Subsidiaries/Joint Venture	(22,21.00)	(56,61.61)
Sale of Investments	5517,36.31	1012,14.64
Sale/Redemption of Investments in Subsidiaries/Joint Venture	45,62.51	9,12.70
Interest Received	4,70.41	1,16.40
Dividend Received	8,51.80	18,81.20
	116,68.12	30,16.20
NET CASH FROM INVESTING ACTIVITIES	(B) 116,68.12	30,16.20
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Debentures	3975,00.00	2607,00.00
Debentures Redeemed	(2977,00.00)	(1762,00.00)
Increase (Decrease) in Long Term Borrowings	(222,61.55)	126,23.45
Increase (Decrease) in Fixed Deposits	98,14.83	30,48.55
Increase (Decrease) in Short Term Loans and Advances	(528,73.07)	259,95.72
Dividend paid (including Corporate Dividend Tax)	(6,49.93)	(69,67.74)
	338,30.28	1191,99.98
NET CASH FROM FINANCING ACTIVITIES	(C) 338,30.28	1191,99.98
D) Effect of Foreign Exchange rates on Cash and Cash Equivalents, net	(D) 0.02	0.68
NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)+(D)	(57.86)	(13,80.49)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	34,64.57	48,45.06
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	34,06.71	34,64.57
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Current Account with Banks	22,60.88	22,19.45
Cash, Stamps and Stamp Papers on Hand	11,45.83	12,45.12
	34,06.71	34,64.57

Note:

1. Cash and Cash equivalents includes balance in Unpaid Dividend account of Rs.15.36 lakhs (31.03.2007 Rs.4,65.63 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 Brahmaya & Co.,
Chartered Accountants

S. Viji
Chairman

T.T. Srinivasaraghavan
Managing Director

S. Ram

S. Narayanan

P. Babu
Partner

Srinivas Acharya
Deputy Managing Director

A.Rangaswami

S.Padmanabhan

Chennai,
27th May, 2008

S.Venkatesan
CFO & Secretary

T.R.Seshadri
Directors

SUNDARAM FINANCE LIMITED

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 and efficient, safe and trusted financial policies. It continues to maintain the highest standards of integrity through excellence in service to all stakeholders.

The Company follows the “Know Your Customer” (KYC) guidelines, “fair-practices code”, which lays down detailed guidelines for dealing with customers, including an appropriate dispute resolution mechanism and has also constituted a Risk Management Committee in accordance with the Reserve Bank’s initiatives towards improving transparency in operations and strengthening Corporate Governance standards of NBFCs.

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 eight members, of which six are Non-Executive Directors. The Executive Directors are Sri T.T. Srinivasaraghavan, Managing Director and Sri Srinivas Acharya, Deputy Managing 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, 12 meetings of the Board of Directors were held.

27/04/2007	30/07/2007	29/10/2007	28/01/2008
30/05/2007	31/08/2007	30/11/2007	01/03/2008
29/06/2007	28/09/2007	31/12/2007	28/03/2008

The details of attendance at Board Meetings and details of other directorships, committee chairmanships/memberships held by the Directors 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	12	1	8	–	3
Sri S. Ram	12	2	7	1	3
Sri S. Narayanan	11	2	2	2	–
Sri A. Rangaswami	12	–	1	–	–
Sri S. Padmanabhan	12	–	–	–	–
Sri T.R. Seshadri	8	–	–	–	–
Sri G.K. Raman* (till 27/08/07)	3	1	3	1	1
Sri T.T. Srinivasaraghavan	12	1	6	2	–
Sri Srinivas Acharya	12	–	8	1	5

* Passed away on 27th August 2007.

All the Directors of the Company attended the 54th Annual General Meeting held on 25th July 2007.

III. AUDIT COMMITTEE

The Audit Committee reviews the financial accounting policies, adequacy of internal control systems and systems audit and interacts 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 6 times on 28th May, 27th June, 24th July, 26th October in 2007 and on 25th January and 24th March in 2008.

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

Name of the Director		No. of Meetings Attended
Sri S. Padmanabhan	Chairman	6
Sri S. Viji	Member	6
Sri A. Rangaswami	Member	6

IV. REMUNERATION OF DIRECTORS

Directors of the Company are paid a sitting fee of Rs. 10,000/- each for every meeting of the Board, Audit Committee and 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)	Number of Shares held individually (as on 31.03.2008)	Relationship with other Directors
Sri S. Viji	1.80	5.00	335600 ⁽¹⁾	Brother of Sri S. Ram
Sri S. Ram	1.20	3.00	123395	Brother of Sri S. Viji
Sri S. Narayanan	1.10	3.00	400 ⁽²⁾	—
Sri A. Rangaswami	2.00	5.00	65	—
Sri S. Padmanabhan	2.00	5.00	— ⁽³⁾	—
Sri T.R. Seshadri	0.80	3.00	—	—

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

The Executive Directors of the Company are appointed on contractual basis, on terms approved by the shareholders. Their remuneration comprises salary, allowances, commission 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:

Nature of Payment	(Rs. in lakhs)		
	Sri T.T. Srinivasaraghavan Managing Director	Sri Srinivas Acharya Deputy Managing Director	Sri G.K. Raman * Wholtime Director (till 16/08/2007)
Salary	22.80	16.80	3.39
Commission	90.00	50.00	5.00
Sitting Fees	1.40	1.20	0.30
Contributions to Provident, Superannuation and Gratuity Funds	7.40	5.45	0.59
Other allowances and perquisites	16.46	12.80	7.20

* Relinquished office as wholtime director with effect from 16.08.2007.

Amount of deposits placed by the Non-Executive Directors in the Company aggregated to Rs.464.67 lakhs as on March 31, 2008. The interest on these deposits paid/credited during the year 2007-08 amounted to Rs.33.89 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 21st September in 2007 and 19th February in 2008. Besides, transfers of shares were approved by resolutions passed in circulation on 10 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 15 communications from shareholders, which were attended to. Two investor complaints were received and resolved during the year. None was pending unresolved as on 31st March, 2008.

VI. GENERAL BODY MEETINGS

Details relating to last three Annual General Meetings:

Year	Date	Time	Location	No. of Special Resolutions Passed
2007	25/07/2007	11.00 AM	The Music Academy, 306 TTK Road, Chennai 600 014	One
2006	03/08/2006	11.00 AM	The Music Academy, 306 TTK Road, Chennai 600 014	One
2005	28/07/2005	10.30 AM	The Music Academy, 306 TTK Road, Chennai 600 014	Nil

No special resolution was passed through postal ballot during the last year.

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 30th May 2007 for dissemination of audited results.

IX. GENERAL SHAREHOLDER INFORMATION

- Annual General Meeting

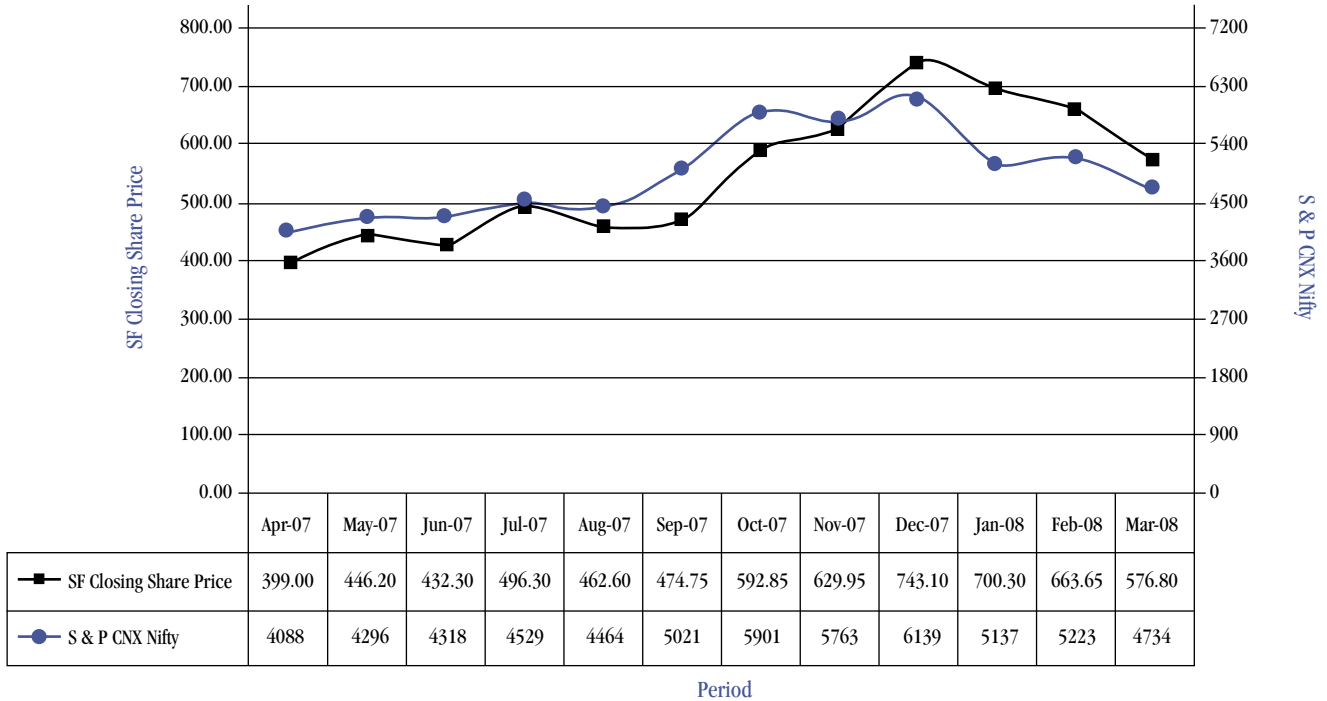
Date	Time	Venue
24/07/2008 (Thu)	11.00 AM	The Music Academy, 306 TTK Road, Chennai 600 014

- Financial Year – 1st April 2008 to 31st March 2009
- Book Closure dates – 10th July 2008 to 24th July 2008 (both days inclusive)
- Date of payment of dividend
 - Interim Dividend – 19th May 2008
 - Final Dividend – 25th July 2008
- 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 2007-08 to the above stock exchange.
- NSE Stock Code: SUNDARMFN • ISIN : INE660A01013

MARKET PRICE DATA

Month	April-07	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan-08	Feb	March	
NSE	High	419.00	461.00	464.00	540.00	515.00	530.00	657.00	799.00	760.00	949.00	745.00	674.40
	Low	373.10	375.50	410.00	425.00	437.00	447.00	427.30	594.00	610.00	593.00	616.20	530.30

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 continue 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 0390 Fax: 044 2846 0129

Email: investor@cameoindia.com

Contact Persons: Mr. R.D. Ramasamy, Director
 Mr. D. Narasimhan, Senior Executive (Shares)

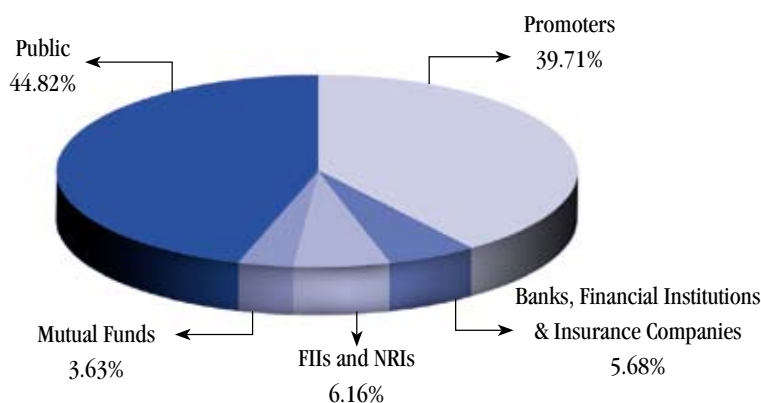
DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2008

No. of Equity Shares Held	Total Shareholders	Total Shares	Total % to Capital
Upto 250	8156	692162	2.49%
251 to 500	1355	525321	1.89%
501 to 1000	876	670553	2.41%
1001 to 5000	1144	2398336	8.64%
5001 to 10000	186	1342622	4.83%
10001 to 50000	251	5495802	19.79%
50001 to 100000	49	3468190	12.49%
100001 and above	48	13182979	47.46%
Total	12065	27775965	100.00%

Total shares held in dematerialised form 51.39%

Public shareholding in dematerialised form 72.16%

SHAREHOLDING PATTERN AS ON 31.03.2008



For your queries / grievances / complaints, please contact:

Sri P N Srikant
 Assistant Secretary & Compliance Officer
 Sundaram Finance Limited
 21 Patullos Road, Chennai 600 002
 Phone : 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, 2008, 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 : 27th May, 2008

*Consolidated
Financial
Statements*

Consolidated Balance Sheet

as at 31st March, 2008

(Rs. in Lakhs)

Schedule	31.03.2008	31.03.2007			
I SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Capital	1	27,77.60	27,77.60		
b) Reserves and Surplus	2	<u>1115,76.27</u>	<u>1143,53.87</u>	<u>910,86.43</u>	938,64.03
2. Minority Interest					
		113,32.04			12,84.25
3. Loan Funds					
a) Secured Loans	3	5388,60.77		4762,51.01	
b) Unsecured Loans	4	<u>2059,21.67</u>	<u>7447,82.44</u>	<u>2119,85.91</u>	<u>6882,36.92</u>
Total		<u>8704,68.35</u>		<u>7833,85.20</u>	
II APPLICATIONS OF FUNDS					
1. Fixed Assets					
a) Gross Block	5	526,59.94		573,29.73	
b) Less: Depreciation		<u>329,09.49</u>		<u>401,30.47</u>	
c) Net Book Value		<u>197,50.45</u>		<u>171,99.26</u>	
d) Add: Lease Adjustment Account		<u>(5,24.09)</u>		<u>3,21.78</u>	
e) Net Block			192,26.36		175,21.04
2. Investments					
	6		720,47.12		568,63.24
3. Deferred Tax Asset (Net)					
Deferred Tax Asset		49,95.80		29,39.13	
Less: Deferred Tax Liability		<u>9,30.01</u>	40,65.79	<u>9,55.23</u>	19,83.90
4. Current Assets, Loans and Advances					
a) Current Assets	7	688,73.25		1157,40.82	
b) Loans and Advances	8	<u>8051,86.93</u>		<u>6571,78.70</u>	
	(A)	<u>8740,60.18</u>		<u>7729,19.52</u>	
Less: Current Liabilities and Provisions					
a) Current Liabilities	9	883,74.32		607,24.63	
b) Provisions	10	<u>105,56.78</u>		<u>51,77.87</u>	
	(B)	<u>989,31.10</u>		<u>659,02.50</u>	
Net Current Assets	(A-B)	<u>7751,29.08</u>		<u>7070,17.02</u>	
Total		<u>8704,68.35</u>		<u>7833,85.20</u>	
Notes to the accounts	17				

As per our report of even date attached

For Brahmayya & Co.,
Chartered Accountants

P. Babu
Partner

Chennai,
27th May, 2008

S. Viji
Chairman

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

SUNDARAM FINANCE LIMITED

Consolidated Profit and Loss Account

for the Year Ended 31st March, 2008

	Schedule	2007-08	(Rs. in Lakhs) 2006-07
INCOME			
Income from Operations	11	1430,68.01	1078,49.65
Profit on Sale of Shares		99,17.67	—
Other Income	12	16,33.54	23,65.96
Total	(A)	1546,19.22	1102,15.61
EXPENDITURE			
Financial Expenses	13	604,53.84	457,68.18
Insurance claims incurred (net)		147,58.40	152,04.78
Establishment Expenses	14	151,36.34	109,57.97
Administrative and Other Expenses	15	212,58.28	162,22.36
Provisions and Write Off	16	35,72.27	14,71.82
Depreciation		37,29.59	26,80.45
Total	(B)	1189,08.72	923,05.56
Profit before Tax	(A) - (B)	357,10.50	179,10.05
Taxation			
— Current (Including Wealth Tax)		129,25.38	62,82.00
— Deferred		(20,83.31)	(9,95.29)
— Fringe Benefit Tax		2,43.54	1,94.81
Net Profit (before adjustment for minority interest)		246,24.89	124,28.53
Less: Minority Interest		15,10.72	8,34.99
		231,14.17	115,93.54
Add: Share of Profit in Associates		21,01.88	24,26.83
Profit after Tax		252,16.05	140,20.37
Less: Provision for Income Tax relating to earlier year		—	1.20
Profit after Tax and Prior Period Items		252,16.05	140,19.17
Add: Balance brought forward from previous year		98,67.53	73,55.92
Amount available for Appropriation		350,83.58	213,75.09
APPROPRIATIONS			
Dividend			
— Interim (proposed)		27,77.60	23,60.96
— Final (proposed)		13,88.80	5,55.52
— Dividend Distribution tax		5,83.55	4,25.53
Special Reserve		16,50.00	13,00.00
Statutory Reserve		42,60.00	20,13.00
General Reserve		112,34.36	48,52.55
Surplus - Balance carried to Balance Sheet		131,89.27	98,67.53
		350,83.58	213,75.09
Notes to the Accounts	17		
Earnings per Equity Share (Refer Note 2.7 Schedule 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)		90.78	50.48

As per our report of even date attached

For Brahmayya & Co.,
Chartered Accountants

P. Babu
Partner

Chennai,
27th May, 2008

S. Viji
Chairman

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)

	31.03.2008		31.03.2007	
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	14,73.42		38,58.99	
Add/(Less): Changes in the value of holding in Subsidiaries / Associates	<u>5,23.19</u>	19,96.61	<u>(23,85.57)</u>	14,73.42
Securities Premium Account				
Per Last Balance Sheet	15,04.97			
Received during the year	<u>16,96.97</u>	32,01.94		15,04.97
General Reserve				
Per Last Balance Sheet	521,40.01		474,05.67	
Less: Adjustment for Change in holdings in Subsidiaries	10,56.34		17.13	
Less: Adjustment for previous year's profit in Associates	3,44.40		14.26	
Less: Dividend tax on distribution of profit by Subsidiaries	1,24.53		50.86	
Less: Transitional adjustment on account of Retirement Benefits (Net of Deferred tax)	–		35.96	
Add: Transfer from Profit and Loss account	<u>112,34.36</u>	618,49.10	<u>48,52.55</u>	521,40.01
Statutory Reserve				
Per last Balance Sheet	185,55.50		165,42.50	
Add: Transfer from Profit and Loss account	<u>42,60.00</u>	228,15.50	<u>20,13.00</u>	185,55.50
Special Reserve				
Per Last Balance Sheet	75,45.00		62,45.00	
Add: Transfer from Profit and Loss account	16,50.00		13,00.00	
Less: Adjustment for Change in holdings in Subsidiaries	<u>(6,71.15)</u>	85,23.85	–	75,45.00
Surplus - Balance in Profit and Loss account	<u>131,89.27</u>		<u>98,67.53</u>	
	<u>1115,76.27</u>		<u>910,86.43</u>	

	(Rs. in Lakhs)	
	31.03.2008	31.03.2007
3 Secured Loans		
Non - Convertible Debentures	2241,05.00	1479,00.00
From Scheduled Banks	2928,80.77	3056,42.68
From International Finance Corporation	218,75.00	227,08.33
	<u>5388,60.77</u>	<u>4762,51.01</u>
4 Unsecured Loans		
Fixed deposits		
From Public	915,81.28	701,68.74
From Directors	6,29.71	3,10.38
	<u>922,10.99</u>	<u>704,79.12</u>
Non - Convertible Debentures	709,00.00	538,00.00
Subordinated Non - Convertible Debentures	100,00.00	90,00.00
Foreign currency loan from a scheduled bank	9,89.73	-
Short Term Loans and advances		
From Scheduled Banks	23,20.95	522,06.79
Commercial Paper	295,00.00	265,00.00
	<u>2059,21.67</u>	<u>2119,85.91</u>

SCHEDULES

DESCRIPTION	GROSS BLOCK AT COST										DEPRECIATION				NET BLOCK	
	As at 31.03.2007	Adjustments on consolidation	Additions	Deductions	As at 31.03.2008	Upto 31.03.2007	Adjustments on consolidation	Additions*	Deductions	Impairment Reversal	Upto 31.03.2008	Net Book Value	Balance in Lease Adjustment Account as at 31.03.2008	As at 31.03.2008	As at 31.03.2007	
	(Rs. in Lakhs)															
5 Fixed Assets																
1 Freehold land and Buildings	63,85.82	-	2,21.72	-	66,07.54	8,78.29	-	1,49.21	-	-	10,27.50	55,80.04	-	55,80.04	55,07.53	
2 Leasehold office / Residential Premises	13,16.81	-	2,38.13	-	15,54.94	6,10.49	-	37.30	-	-	6,47.79	9,07.15	-	9,07.15	7,06.32	
3 Plant and Machinery	99,50.52	24.91	25,07.07	45,36.82	79,45.68	65,71.70	4.05	11,84.95	32,41.32	-	45,19.38	34,26.30	-	34,26.30	33,78.82	
4 Vehicles	67,79.09	9.90	41,77.26	8,92.04	100,74.21	23,62.88	-	16,52.01	5,27.62	-	34,87.27	65,86.94	-	65,86.94	44,16.21	
5 Furniture / Office Equipment	37,77.15	50.57	8,76.88	92.23	46,12.37	22,05.94	19.13	5,29.81	66.51	-	26,88.37	19,24.00	-	19,24.00	15,71.21	
6 Assets taken on lease																
a) Computer	-	-	34.29	-	34.29	-	-	4.22	-	-	4.22	30.07	-	30.07	-	
b) Office equipment	-	-	3.02	-	3.02	-	-	0.37	-	-	0.37	2.65	-	2.65	-	
7 Assets on Finance Lease																
a) Plant and Machinery	83,53.99	-	-	7,82.91	75,71.08	74,85.90	-	1,40.33	6,72.84	-	69,53.39	6,17.69	(4,98.11)	1,19.58	3,48.91	
b) Vehicles	199,16.12	-	-	68,22.01	130,94.11	194,66.88	-	1,54.01	67,58.57	-	128,62.32	2,31.79	(17.87)	2,13.92	13,01.26	
c) Furniture / office Equipment	92.63	-	-	4.86	87.77	79.66	-	1.75	3.37	-	78.04	9.73	(8.11)	1.62	1.91	
8 Intangible Assets																
Computer Software	7,57.60	-	2,79.86	-	10,37.46	4,68.73	-	1,72.11	-	-	6,40.84	3,96.62	-	3,96.62	2,88.87	
Total	573,29.73	85.38	83,38.23	131,30.87	526,22.47	401,30.47	23.18	40,26.07	112,70.23	-	329,09.49	197,12.98	(5,24.09)	191,88.89	175,21.04	
Work in Progress	-	-	37.47	-	37.47	-	-	-	-	-	-	37.47	-	37.47	-	
Grand Total	573,29.73	85.38	83,75.70	131,30.87	526,59.94	401,30.47	23.18	40,26.07	112,70.23	-	329,09.49	197,50.45	(5,24.09)	192,26.36	175,21.04	
Previous Year	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	3,21.78	175,21.04		

* Finance Lease Depreciation of Rs. 296.09 Lakhs has been netted off against Lease Income

Depreciation on assets used for development of Computer Software amounting to Rs.0.39 lakhs taken to Advance for Purchase of Assets

SCHEDULES

	(Rs. in Lakhs)	
	31.03.2008	31.03.2007
6 INVESTMENTS		
Long Term - At cost		
A. In Government / Trust Securities		
Quoted	142,12.02	122,03.15
Unquoted	40,22.68	73,80.08
B. In Equity Shares		
Quoted	18,50.78	12,64.36
Unquoted - Associates	78,42.30	65,62.20
Unquoted - Others	8,09.46	3,25.28
C. In Preference Shares	6,00.00	-
D. In Bonds / Debentures		
Quoted	85,23.32	67,92.01
Unquoted	80,66.80	80,20.80
E. Others	5,83.19	8,95.91
Current Investments		
A. In Government / Trust Securities		
Quoted	61,17.16	41,76.66
Unquoted	119,49.79	21,82.11
B. In Bonds / Debentures	49,41.43	47,60.34
C. Others		
Unquoted	25,28.19	23,00.34
Total	<u>720,47.12</u>	<u>568,63.24</u>

SCHEDULES

	31.03.2008		(Rs. in Lakhs) 31.03.2007	
7 Current Assets				
a) Stock-on-hire and bills purchased				
Net Investment in Stock-on-hire		274,30.43		291,86.63
Repossessed assets		8,24.41		9,31.14
Debtors on Securitisation		8.95		53.19
Trade bills purchased (unsecured, considered good)				
Outstanding for a period exceeding six months	2,16.00		2,20.00	
Others	7,94.45	10,10.45	1,84.45	4,04.45
Net Investment in lease		52,01.83		55,73.96
		344,76.07		361,49.37
Inventories		13.14		32.00
Sundry Debtors		9,47.48		3,01.31
b) Interest accrued on investments		6,22.15		5,08.62
c) Cash and bank balances				
With scheduled banks in				
Current Accounts	63,82.18		31,31.26	
Unpaid dividend account	15.36		4,65.63	
Deposit accounts	236,78.71		725,29.63	
Cash on hand	17,18.32		15,78.19	
Stamps and Stamp Papers on hand	45.43	318,40.00	70.40	777,75.11
d) SFL Shares Trust		9,74.41		9,74.41
		688,73.25		1157,40.82

SCHEDULES

	(Rs. in Lakhs)	
	31.03.2008	31.03.2007
8 Loans and Advances		
Unsecured unless otherwise stated:		
Considered good:		
– Secured Loans	7565,38.10	6062,05.38
– Unsecured Loans	27,99.85	25,14.73
Advance Income Tax and Tax Deducted at Source (Net of Provision for Taxation)	77,05.01	72,37.55
Advances and deposits recoverable in cash or kind or for value to be received	75,65.53	83,63.87
Advance for purchase of investments	4,07.83	6,00.00
Advance for purchase of assets		
– Business Assets	141,38.89	226,26.85
– Others	18,72.72	1,40.95
Income receivable	141,59.00	94,89.37
	<u>8051,86.93</u>	<u>6571,78.70</u>
9 Current Liabilities*		
Sundry Creditors		
– For expenses	193,78.80	137,14.96
– For other finance	299,68.55	211,37.60
– For Unexpired Insurance Risk	148,05.13	104,87.27
Unpaid dividend	15.36	4,65.63
Interest accrued but not due	242,06.48	149,19.17
	<u>883,74.32</u>	<u>607,24.63</u>
* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund		
10 Provisions		
Non-performing assets	50,21.89	39,43.46
Standard Assets - Non Housing Loans	1,40.00	20.00
Investments	4,28.13	5,24.54
Dividend	41,66.39	5,55.52
Dividend Distribution Tax and Surcharge	8,00.37	1,34.35
	<u>105,56.78</u>	<u>51,77.87</u>

SCHEDULES

(Rs. in Lakhs)

	2007-08	2006-07
11 Income from Operations		
Hire Purchase / Hypothecation Loans (net) (tax deducted at source Rs.183.57 lakhs)	724,82.45	537,90.10
Insurance Premium Earned (net)	220,07.98	240,97.87
Interest on Loans (tax deducted at source Rs.142.50 lakhs)	149,53.75	106,59.58
Lease (net) (tax deducted at source Rs.5.13 lakhs)	37,68.94	22,66.99
Investments (tax deducted at source Rs.460.17 lakhs)	78,62.28	53,69.17
Investment Management and advisory fee (tax deducted at source Rs.911.32 lakhs)	83,05.43	46,78.84
Bills Purchased	62.49	24.93
Loan Processing and other fees	5,69.43	4,83.47
Sale of Products	35.97	99.85
Services (tax deducted at source Rs.550.73 lakhs)	83,47.83	32,34.97
Recovery of Bad debts and Recovery of Loss on Sale of assets	9,06.13	7,09.66
Profit on Sale of Leased Assets	2,42.04	84.92
Others		
– Profit on Securitisation / Selldown of loans	35,09.14	23,49.30
– Others (tax deducted at source Rs. 0.11 lakhs)	14.15	–
	<u>1430,68.01</u>	<u>1078,49.65</u>
12 Other Income		
Interest receipts (tax deducted at source Rs.15.24 lakhs)	3,62.17	4,16.56
Dividend	7,41.88	15,30.11
Rent receipts (tax deducted at source Rs.201.37 lakhs)	2,74.57	1,13.79
Profit on sale of assets	38.45	12.77
Miscellaneous income	2,16.47	2,92.73
	<u>16,33.54</u>	<u>23,65.96</u>
13 Financial Expenses		
Interest – Fixed loans	259,44.40	251,65.06
– Debentures	244,46.01	147,31.79
– Others	51,06.52	27,76.38
Other financial expenses	49,56.91	30,94.95
	<u>604,53.84</u>	<u>457,68.18</u>

SCHEDULES

	(Rs. in Lakhs)	
	2007-08	2006-07
14 Establishment Expenses		
Salaries, allowances, commission and bonus	134,79.52	98,39.54
Company's contribution to Provident Fund, Gratuity, Super-annuation and Employees' State Insurance schemes	10,58.29	6,30.40
Staff welfare expenses	5,98.53	4,88.03
	<u>151,36.34</u>	<u>109,57.97</u>
15 Administrative and Other Expenses		
Rent	10,93.61	7,27.04
Rates and taxes	4,15.20	2,77.09
Communication expenses	13,04.59	10,24.23
Electricity expenses	5,43.72	4,28.23
Travelling and conveyance (net)	14,60.60	14,28.78
Advertisement charges	8,91.93	11,27.31
Marketing and related expenses	41,55.41	34,46.33
Outsourcing Cost	34,76.28	26,67.92
Directors' sitting fee	27.30	28.47
Insurance	2,07.62	1,49.69
Repairs		
– Buildings	1,19.85	81.58
– Others	15,49.00	11,71.74
Donations	2,31.08	2,59.78
Miscellaneous expenses	57,82.09	34,04.17
	<u>212,58.28</u>	<u>162,22.36</u>
16 Provisions and Write off		
Bad Debts	10,88.73	7,29.78
Loss on Assets sold/written off	11,35.92	7,41.05
Loss on sale of investments	4,56.06	1,42.42
Provision against Standard Assets-Non Housing Loans	1,20.00	20.00
Provision against non-performing assets	11,20.81	(66.48)
	<u>39,21.52</u>	<u>15,66.77</u>
Less: Reversal of provision against Investments	3,49.25	94.95
	<u>35,72.27</u>	<u>14,71.82</u>

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 BNP Paribas 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.

The preparation of the financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amounts of revenues and expenses during the year and disclosure of contingent liabilities as at that date. The estimates and assumptions used in these financial statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of the financial statements.

1.1.2 Income Recognition:

- a) Income from Hypothecation loan transactions, Hire Purchase 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.
- c) Income from Services is 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.

Revenues from software development, which are generally time bound fixed price are recognised over the life of the 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)". 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, 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.

SCHEDULES

17 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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.

1.1.6 Employee Benefits:

a) Short Term Employee Benefits:

Short Term Employee Benefits for services rendered by employees are recognized during the period when the services are rendered.

b) Post employment benefits:**Defined Contribution Plan**

i) Provident Fund

Contributions are made to the company's Employees Provident Fund Trust in accordance with the fund rules. The interest rate payable by the trust to the beneficiaries every year is notified by the Government. The company has an obligation to make good the shortfall, if any, between the return from the investment of the trust and the notified interest rate.

The company also contributes to a government administered pension fund and to Employees' State Insurance Schemes on behalf of its employees.

ii) Superannuation

The Company makes fixed contributions as a percentage on salary to the superannuation fund, which is administered by trustees and managed by the Life Insurance Corporation of India (LIC).

The above contributions are charged to the Profit and Loss Account.

Defined Benefit Plan

i) Gratuity

The Company makes an annual contribution to a Gratuity Fund administered by trustees and managed by LIC and SBI Life Insurance Company Limited (SBI Life). The company accounts its liability based on an actuarial valuation, as at the balance sheet date, determined every year by LIC and SBI Life using the Projected Unit Credit method.

ii) Leave Encashment

Liability on account of encashment of leave to employees is provided on the basis of an actuarial valuation.

The expenses and actuarial gain/ loss on account of the above benefit plans are recognised in the profit and loss account on the basis of an actuarial valuation.

c) Other Long Term Employee Benefits:

The estimated liability in respect of other long term benefits like Employee Assured Bonus Scheme, reimbursement of medical expenses and entitlement of sick leave has been provided on the basis of actuarial valuation.

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.

SCHEDULES

17 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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 amounts 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.

1.3 Basis of Consolidation:

- a) The financial statements of the following subsidiary companies have been consolidated as per Accounting Standard – AS 21 – on Consolidated Financial Statements.

Name of the Subsidiary	Country of incorporation	Proportion of ownership interest (%)
Sundaram BNP Paribas Home Finance Limited	India	50.10
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
LGF Services Limited	India	100.00
Sundaram Infotech Solutions Limited	India	100.00
Sundaram Business Services Limited	India	100.00
Infreight Logistics Solutions Limited	India	88.02
Professional Management Consultants Private Limited (from 16th May 2007)	India	74.00

- b) The company has the following investments in Associates for which the required treatment as per Accounting Standard – AS 23 – on 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
Professional Management Consultants Private Limited (till 16th May 2007)	India	26.00

* Considered on the basis of Unaudited financial statements.

SCHEDULES**17 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

- c) The company has the following investments in Joint Venture for which the required treatment as per Accounting Standard – AS 27 – on 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	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 for the subsidiaries, Professional Management Consultants Private Limited and Royal Sundaram Alliance Insurance Co. Ltd., which depreciate 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 31.12.2007 and the Financial statements as on that date have been considered for the purpose of preparation of Consolidated Financial Statements.

2. GENERAL

- 2.1 Profit on sale of shares:
2,98,43,704 Equity shares of face value of Rs.10/- each in Sundaram Home Finance Limited were sold to Union de Credit pour le Batiment SA (UCB), a wholly owned subsidiary of BNP Paribas SA of France.
- 2.2 Sundaram BNP Paribas Home Finance Limited, 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.
- 2.3 During the year, the Company acquired 48% stake in Professional Management Consultants Private Limited, consequent to which, the Company's shareholding in Professional Management Consultants Private Limited has increased from 26% to 74%. For the purpose of preparation of Consolidated Financial Statements, Professional Management Consultants Private Limited has been considered as an Associate till 30th Apr 2007, and as a Subsidiary Company thereafter.
- 2.4 Change in allocating investment income by Royal Sundaram Alliance Insurance Company Limited:
During the year Royal Sundaram Alliance Insurance Company Limited allocated investment income arising from pool accounts directly to the respective Revenue Accounts, while up to previous year it was allocated to the Revenue Accounts and also to the Profit and Loss Account in the ratio of average "Shareholders' Funds" and "Technical Funds".
However, there is no change in the profit for the year as per the Profit and Loss Account, consequent to the said change in the basis of allocation.

SCHEDULES

17 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

2.5 Segmental Reporting

(Rs. in Lakhs)

Business Segments	Asset Financing		Insurance		Other Operations		Eliminations		Consolidated Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
REVENUE										
Segment Revenue	1006,86.18	731,78.71	244,08.08	264,71.63	179,73.75	81,99.31	-	-	-	-
Inter segment sales	5,91.57	41.95	46.58	75.11	34,14.93	37,64.14	40,53.08	38,81.20	-	-
Total Revenue	1012,77.75	732,20.66	244,54.66	265,46.74	213,88.68	119,63.45	40,53.08	38,81.20	1430,68.01	1078,49.65
RESULT										
Segment Result	230,19.42	146,35.74	2,36.10	17,07.45	33,33.05	10,92.37	4,83.11	5,00.89	270,71.68	179,36.45
Unallocated income (net of expense)	-	-	-	-	-	-	-	-	86,38.82	(26.40)
Profit before tax	-	-	-	-	-	-	-	-	357,10.50	179,10.05
Less: Income tax	-	-	-	-	-	-	-	-	110,85.61	54,81.52
Add: Share of Profit in Associates	-	-	-	-	-	-	-	-	21,01.88	24,26.83
Less: Minority Interest	-	-	-	-	-	-	-	-	15,10.72	8,34.99
Profit after Tax	-	-	-	-	-	-	-	-	252,16.05	140,20.37
OTHER INFORMATION										
Segment Assets	9097,70.72	8055,19.16	381,96.01	286,29.91	88,56.83	51,84.35	13,23.22	7,76.61	9555,00.34	8385,56.81
Unallocated Assets	-	-	-	-	-	-	-	-	138,99.10	107,30.89
Total Assets	-	-	-	-	-	-	-	-	9693,99.44	8492,87.70
Segment Liabilities	8071,17.71	7307,80.75	299,70.29	216,18.07	34,48.62	18,67.27	17,89.85	7,76.61	8387,46.77	7534,89.49
Unallocated Liabilities	-	-	-	-	-	-	-	-	49,66.76	6,49.93
Total Liabilities	-	-	-	-	-	-	-	-	8437,13.53	7541,39.42
Capital Expenditure	68,10.20	48,05.50	6,04.03	3,02.90	9,61.47	2,71.50	-	-	83,75.70	53,79.90
Depreciation	28,89.76	21,59.39	3,79.70	3,44.88	4,60.13	1,76.18	-	-	37,29.59	26,80.45
Non-cash expenses other than depreciation	35,50.23	14,71.01	-	-	3.39	0.81	-	-	35,53.62	14,71.82

SCHEDULES

17 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

2.6 Related Parties Disclosures

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

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. (till 16th May 2007)

Key Management Personnel:

Mr. T.T.Srinivasaraghavan, Managing Director

Mr. G.K.Raman, Wholetime Director (till 16th Aug.2007)

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.)

RELATED PARTY TRANSACTIONS FOR THE YEAR ENDED 31ST MARCH 2008

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 2007-08	Previous Year 2006-07
INCOME					
Income from Services rendered					
Sundaram BNP Paribas Mutual Fund	7,04.27			7,04.27	4,51.04
Others	63.12			63.12	8.20
Total	7,67.39			7,67.39	4,59.24
Dividend					
Turbo Energy Ltd	4,03.20			4,03.20	6,33.60
Others	35.95			35.95	61.25
Total	4,39.15			4,39.15	6,94.85
Rent Receipts					
Turbo Energy Ltd	10.08			10.08	7.25
Income from Lease					
Turbo Energy Ltd	31.64			31.64	20.21
Axles India Ltd	12.57			12.57	6.91
Total	44.21			44.21	27.12
Interest Receipts					
Axles India Ltd	18.41			18.41	
Trusteeship Fees & Investment Management Advisory Fees					
Sundaram BNP Paribas Mutual Fund	77,25.57			77,25.57	44,94.67
Other Income		1.60		1.60	9.02
EXPENSE					
Scheme Expenses					
Sundaram BNP Paribas Mutual Fund	30.00			30.00	15.00
Rebate on Lease Paid					
Turbo Energy Ltd	1.12			1.12	
Donation					
Sundaram Medical Foundation	3.00			3.00	2,00.00
Advertisement					
Sundaram Medical Foundation	1.00			1.00	
Interest		4.06	17.21	21.27	21.35
Remuneration		2,40.80		2,40.80	2,06.57
Dividend		1.31	4.71	6.02	72.14

SCHEDULES

17 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(Rs. in Lakhs)

Nature of Transactions	Associates	Key Management Personnel	Relatives of Key Management Personnel	31.03.2008	31.03.2007
ASSETS					
Investment in Equity Shares					
Professional Management Consultants Pvt. Ltd.					2,00.52
Investment in Trust Securities					
Sundaram BNP Paribas Mutual Fund	1167,48.64			1167,48.64	183,90.16
Disinvestment in Trust Securities					
Sundaram BNP Paribas Mutual Fund	1167,72.44			1167,72.44	239,79.40
Bonus Shares					
Issued by Turbo Energy Ltd					64.00
Advance for Purchase of Preference Shares					
Axles India Ltd					6,00.00
Outstanding Balances as on 31.03.2008					
Preference Shares Holdings					
Axles India Ltd	6,00.00			6,00.00	
Equity Holdings					
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	30.00
Total	6,04.40			6,04.40	6,04.40
Trust Securities					
Sundaram BNP Paribas Mutual Fund	39,57.14			39,57.14	31,85.25
Investment Management Fee receivable	5,74.54			5,74.54	3,34.54
Future Lease Receivables					
Axles India Ltd	36.38			36.38	20.15
Turbo Energy Ltd	93.07			93.07	72.14
Total	1,29.45			1,29.45	92.29
Other Assets	39.32	20.89		60.21	27.38
LIABILITIES					
Outstanding Balances as on 31.03.2008					
Deposits		24.27	61.58	85.85	2,34.40

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

SCHEDULES**17 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

2.7 Earnings per Share (Basic and diluted)	2007-08	2006-07
A. Profit for the year after taxation (Rs. in lakhs)	252,16.05	140,20.37
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.)	90.78	50.48
2.8 Contingent liabilities in respect of		(Rs. in lakhs)
	As at 31.03.2008	As at 31.03.2007
a) Liability –		
To Banks – on Cheques discounted	26,67.37	26,48.74
on Counter Guarantee	77.20	74.69
To Sales Tax Authorities	26.20	12.44
Uncalled Liability on partly paid up shares	Nil	6,36.00
b) Claims against the company not acknowledged as debts	3,45.78	3,60.68
2.9 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 Brahmayya & Co.,
Chartered Accountants

P. Babu
Partner

Chennai,
27th May, 2008

S. Viji
Chairman

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)

	2007-08	2006-07
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit	252,16.05	140,19.17
Add: Lease Equalisation Account	10,17.20	13,23.71
Provision for Taxation (Including Wealth Tax)	110,85.61	54,81.52
	373,18.86	208,24.40
Add: Financial Expenses	604,53.84	457,68.18
Dividend received from Associates /Subsidiaries	977,72.70	665,92.58
Depreciation	5,56.88	8,14.85
Profit attributable to Minority Interests	40,25.68	31,74.51
Provision (Reversal) against Investments	15,10.72	8,34.99
Provision (Reversal) against Non - Performing assets	(3,49.25)	(94.95)
Provision against Standard Assets -Non Housing Loans	11,20.81	(66.48)
(Profit) loss on sale of assets	1,20.00	20.00
(Profit) loss on sale of Investments	(69.65)	(26.54)
Interest / Dividend Received	(118,60.14)	(8,13.90)
Effect of foreign exchange rate changes	(40,62.40)	(43,17.20)
Less: Share of Profits from Associates	-	1.22
Adjustment for change in holdings in subsidiaries	(21,01.88)	(24,26.83)
	19.52	(6,14.09)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	866,82.99	630,78.16
(Increase) Decrease in net stock on hire	18,20.54	71,25.35
(Increase) Decrease in leased assets - net of sales	(33,20.04)	(28,11.63)
(Increase) Decrease in Trade Bills purchased	(6,06.00)	(12.09)
(Increase) Decrease in Net Investment in Lease	3,36.86	(7,95.48)
(Increase) Decrease in Loans and Advances	(1489,84.03)	(1192,20.84)
(Increase) Decrease in Inventories	18.86	(31.13)
(Increase) Decrease in Other Receivables	(7,38.97)	4,93.32
(Increase) Decrease in Bank Deposits (net)	456,39.08	(461,36.69)
(Increase) Decrease in SLR Investments - net of sales	(10,67.88)	3,27.27
Increase (Decrease) in Current Liabilities	159,66.40	101,55.12
Cash generated from Operations	(909,35.18)	(1509,06.80)
Financial Expenses	(42,52.19)	(878,28.64)
Direct Taxes Paid	(495,23.07)	(384,02.91)
NET CASH FROM OPERATING ACTIVITIES (A)	(612,97.69)	(73,15.52)
CASH FLOW FROM INVESTING ACTIVITIES	(655,49.88)	(1335,47.07)
Purchase of Fixed Assets	(33,97.65)	(22,05.44)
Sale of Fixed Assets	1,42.40	1,10.28
Purchase of Investments	(6489,95.10)	(1871,33.26)
Sale of Investments	6476,45.75	1871,49.60
Sale/Redemption of Investments	45,62.51	-
Interest Received	25,84.66	18,66.95
Dividend Received	11,68.78	22,24.91
NET CASH FROM INVESTING ACTIVITIES (B)	37,11.35	20,13.04
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of debentures	3970,05.00	2607,00.00
Debentures Redeemed	(2977,00.00)	(1762,00.00)
Increase (Decrease) in long term borrowings	(186,00.50)	312,48.01
Increase (Decrease) in Fixed Deposits	217,10.88	40,75.16
Increase (Decrease) in short term loans and advances	(458,70.18)	261,42.30
Dividend paid (including Corporate Dividend Tax)	(8,18.84)	(71,04.44)
Increase in Share capital /premium	50,00.00	-
NET CASH FROM FINANCING ACTIVITIES (C)	607,26.36	1388,61.03
Effect of Foreign Exchange rates on Cash and Cash Equivalents, net	-	(1.22)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)+(D)	(11,12.17)	73,25.78
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	149,88.45	93,40.45
Add: Adjustment for change in holdings in subsidiaries	1.95	(16,77.78)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	138,78.23	149,88.45
Current Account with Banks	63,97.54	35,96.89
Cash, Stamps and Stamp Papers on Hand	17,63.74	16,48.59
Short Term Deposit	57,16.95	97,42.97

Notes:

- Cash and Cash equivalents includes balance in Unpaid Dividend account of Rs.15.36 lakhs (31.03.07 – Rs.465.63 lakhs)
- 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

P. Babu
Partner

Chennai,
27th May, 2008

S. Viji
Chairman

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

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, 2008, 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 which we have signed under reference to this report. 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 joint venture companies reflecting total assets of Rs. 79,416.52 lakhs as at 31st March, 2008, total revenue of Rs. 52,535.79 lakhs and net cash inflows amounting to Rs. 3,162.64 lakhs for the year ended on that date, the financial statements of an associate company reflecting total assets of Rs. 950.55 lakhs as at 31st December, 2007 and total revenue of Rs. 1,761.21 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 financial statements of associate companies reflecting total assets of Rs. 50,531.64 lakhs as at 31st March, 2008 and total revenue of Rs. 84,323.50 lakhs for the year ended on that date are based on their unaudited financial statements as on 31st March, 2008.

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, 2008.
- 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, 2008 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, 2008.

For BRAHMAYYA & CO.,
Chartered Accountants

P.BABU
Partner

Place : Chennai
Date : 27th May, 2008

Membership No. 203358

FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31.03.2008

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

Description	(Rs. in Lakhs)									
	Sundaram BNP Paribas Home Finance Ltd.	Sundaram BNP Paribas Asset Management Company Ltd.	Sundaram BNP Paribas Trustee Company Ltd.	Sundaram Finance Distribution Ltd.	IGF Services Ltd.	Sundaram Infotech Solutions Ltd.	Sundaram Business Services Ltd.	Professional Management Consultants Private Ltd.	Infreight Logistics Solutions Ltd.	
Share Capital	80,15.23	15,33.32	5.00	50.00	25.00	4,00.00	8,50.00	22.06	5,01.00	
Reserves	105,86.40	13,36.00	30.51	2,49.37	1,33.08	(10,67.44)*	7.15	2,06.21	(5,25.90)*	
Total Assets	1596,08.40	55,82.56	55.27	4,26.33	2,62.65	3,04.68	9,19.10	3,58.76	11,35.43	
Total Liabilities	1410,06.77	27,13.24	19.76	1,26.96	1,04.57	9,72.12	61.95	1,30.49	11,60.33	
Investment	73,15.70	16,89.70	24.00	2,50.03	1,24.26	—	7,12.38	45.51	—	
Turnover	159,67.65	85,17.56	1,02.21	3,86.59	3,89.95	8,62.32	1,32.03	8,77.00	30,25.77	
Profit / (Loss) Before Taxation	31,44.05	27,33.69	50.63	2,46.82	2,17.38	(5,82.33)	24.68	1,44.68	(2,05.13)	
Provision for Taxation	9,34.01	8,84.16	17.12	79.00	73.50	0.93	8.20	51.96	4.40	
Profit / (Loss) After Taxation	22,10.04	18,49.53	33.51	1,67.82	1,43.88	(5,83.26)	16.48	92.72	(2,09.53)	
Proposed Dividend	—	10,73.33	15.00	1,00.00	87.50	—	—	—	—	

* Represents Debit balance in P&L account

The Sundaram Finance Branch Network

TAMIL NADU	: Chennai (Adyar, Ambattur, Anna Nagar, Ashok Nagar, Chromepet, Kilpauk, Maraimalai Nagar, Manapakkam, Mylapore, Pammal, Parry's Corner, Perungudi, Whites Road - two branches, T. Nagar, Tambaram, Trustpuram, Velacherry), Attur, Arantangi, Arni, Ariyalur, Chengalpattu, Coimbatore (Avanashi Road, R S Puram, Vadavalli), Cuddalore, Dharapuram, Dharmapuri, Dindigul, Erode (two branches), Gobichettipalayam, Gudiyattam, Hosur, Kallakurchi, Kancheepuram, Karaikal, Karaikudi, Karur, Katpadi, Kovilpatti, Krishnagiri, Kumbakonam (two branches), Madurai (four branches), Mayiladuthurai, Mettur, Mettupalayam, Nagercoil, Namakkal, Nanganallur, Ooty, Pappakurichi kattur, Pattukottai, Perambalur, Pollachi, Pudukkottai, Rajapalayam, Ramnad, Ranipet, Rasipuram, Saibaba Colony, Salem, Salem city, Sankari, Sivakasi, Sriperumpudur, Srirangam, Tenkasi, Thanjavur, Theni, Thiruvannamalai, Tirupattur, Tiruvannamalai, Tiruvarur, Tiruchengode, Tiruchy, Tirunelveli, Tiruppur, Tiruttani, Tiruvellore, Turaiyur, Tiruturaipundi, Tuticorin, Valasarawakkam, Vellore, Villupuram, Virudhachalam.
PONDICHERRY	: Pondicherry.
ANDHRA PRADESH	: Adoni, Amalapuram, Anakapalle, Anantapur, A S Rao Nagar, Bhimavaram, Bobbili, Chirala, Chittoor, Cuddapah, Dharmavaram, Gadwal, Gudivada, Gudur, Guntakal, Guntur, Hanuman Junction, Hindupur, Hyderabad (L B Nagar, Raj Bhavan Road, Somajiguda (two branches)), Jagtial, Jangareddygudem, Kakinada, Kanchikacherala, Karimnagar, Khammam, Kothagudem, Kukatpally, Kurnool, Machilipatnam, Madanapalle, Mahabubabad, Mahabubnagar, Mancheril, Mandapeta, Mehidipatnam, Miriyalguda, Nalgonda, Nallakunta, Nandyal, Narsaraopet, Narsapur, Nellore (Dargamitta, Ravulla Shopping Arcade), Nirmal, Nizamabad, Ongole, Palasa, Proddutur, Rajahmundry, Ramagundam, Samalkot, Sathupalli, Secunderabad (Bowenpally), Shamshabad, Siddipet, Singarayakonda, Srikakulam, Tadipatri, Tanuku, Tenali, Tirupathi, Vijayawada – (Chandramouliapuram (two branches), Benz Circle), Tuni, Visakhapatnam (Dwaraka Nagar, CBM Compound, Gajuwaka, Waltair Uplands), Vikarabad, Vizianagaram, Warangal, Zaheerabad.
KARNATAKA	: Bangalore – (Bannerghatta Road, Electronics City, Fraser Town, J P Nagar, Hosakerahalli, Wilson Garden (four branches), Yelehanka), Bagalkot, Bidar, Basavakalyan, Belgaum, Bellary, Bijapur, Chikodi, Chickmagalur, Chitradurga, Davengere, Dharwad, Gokak, Gadag, Gonikoppal, Gulbarga, Hassan, Hospet, Hubli, Karwar, Kundapura, Mangalore, Marathahalli, Mysore, Raichur, Ranibennur, Shahapur, Sindhanur, Shimoga, Udipi, Tiptur, Tumkur, Yeshwantpur.
KERALA	: Alapuzha, Adur, Angamaly, Attingal, Ernakulam (Irimbanam, P T Usha Road, Chittoor Road, Vytilla), Irinjalakuda, Kanhangad, Kannur (two branches), Kattapana, Kayamkulam, Kollam (two branches), Kottakal, Kottarakara, Kottayam (two branches), Kozhikode (three branches), Kunnamkulam, Manjeri, Mavelikara, Muvattupuzha, Neyyattinkara, Nilambur, Pala, Palakkad, Pathanamthitta, Perinthalmanna, Sulthan Bathery, Thalassery, Thiruvananthapuram (two branches), Thrissoor (two branches), Tirur, Tiruvalla, Vadakara.
MAHARASHTRA	: Mumbai - R.O (Carnac Bunder, Chembur, Nariman Point, Santa Cruz, Vashi (Navi Mumbai)), Ahmednagar, Akola, Amaravathi, Aundh, Aurangabad, Baramati, Dhule, Gondia, Jalna, Jalgaon, Kalyan, Karad, Khar, Kolhapur, Nagpur, Nanded, Nasik, Pimpri, Pune, Ratnagiri, Sangamner, Sangli, Sindhudurg, Sholapur, Thane, Vasai, Yavatmal.
GOA	: Madgaon, Mapusa, Panjim.
GUJARAT	: Ahmedabad (two branches), Anand, Baroda, Bharuch, Bhuj, Bhavnagar, Gandhidham, Gandhi Nagar, Himatnagar, Jamnagar, Junagadh, Mehsana, Kadi, Morbi, Palanpur, Rajkot, Surat, Surendra Nagar.
MADHYA PRADESH	: Bhopal – RO (M P Nagar), Aastha, Ashok Nagar, Betul, Chhindwara, Datia, Dewas, Dhar, Guna, Gwalior, Hoshangabad, Indore (South Tukoganj, Geetha Bhavan Square), Jabalpur, Katni, Khargaon, Khandwa, Kukshi, Mandsaur, Morena, Narsingpur, Ratlam, Sagar, Sendhwa, Shahdol, Shajapur, Shivpuri, Ujjain, Vidisha.
NEW DELHI	: New Delhi - R.O (Central Delhi, East Delhi & Punjabi Bagh), Dilshad Garden, Dwarka, Rohini
HARYANA	: Ambala, Faridabad, Gurgaon, Hisar, Jind, Kurukshetra, Rohtak, Sirsa, Sonapat, Yamunanagar.
PUNJAB	: Amritsar, Bhatinda, Faridkot, Hoshiarpur, Jullundhar, Ludhiana, Moga, Pathankot, Sangrur.
CHANDIGARH	: Chandigarh, Mohali.
RAJASTHAN	: Ajmer, Alwar, Banswara, Baran, Beawar, Bijainagar, Bhilwara, Boondi, Chittorgarh, Dungarpur, Jaipur, Jhalawar, Jhunjunu, Jodhpur, Kishangarh, Kota, Kotputli, Mertacity, Pali, Rajsamand, Sawai Madhopur, Sikar, Sirohi, Udaipur.
UTTAR PRADESH	: Agra, Aligarh, Allahabad, Bareilly, Kanpur, Lucknow, Mathura, Meerut, Noida, Varanasi.
WEST BENGAL	: Asansol, Durgapur, Howrah, Kharagpur, Kolkatta (two branches), Siliguri.
JARKHAND	: Jamshedpur.
UTTARANCHAL	: Dehra Dun, Haldwani, Kashipur, Rudarpur, Sittarganj.
ORISSA	: Angul, Balasore, Berhampur, Cuttack, Bhubaneswar, Jeypore, Jharsuguda, Paradip, Rourkela, Sambalpur.
HIMACHAL PRADESH	: Mandi, Solan
JAMMA & KASHMIR	: Jammu