

LGf SERVICES LIMITED

6th Annual Report 2009-10



Board of Directors

Paramesh Krishnaier

M. Ramaswamy

G. Sundararajan

Bankers

State Bank of Travancore

State Bank of Patiala

ICICI Bank

Auditors

M/s. Brahmayya & Co., Chennai

Chartered Accountants

Registered Office

21, Patullos Road

Chennai 600 002

LGF SERVICES LIMITED

A wholly-owned subsidiary of



SUNDARAM FINANCE LIMITED

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Directors' Report

Your Directors present the Sixth Annual Report and Audited Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS

Particulars	(Rs. in Lakhs)	
	Year ended March 31, 2010	Year ended March 31, 2009
Profit after tax	183.41	177.33
Add: Surplus of Previous Year	93.79	68.08
Amount available for appropriation	277.20	245.41
Transfer to General Reserve	20.00	20.00
Interim Dividend	—	37.50
Final Dividend	125.00	75.00
Dividend Tax	20.76	19.12
Surplus carried to Balance Sheet	111.44	93.79

BUSINESS REVIEW

In its sixth year of operation, your Company has earned a higher commission of Rs.558.73 lakhs through stepped-up efforts in the distribution of insurance products as against Rs.438.04 lakhs in the previous year. The profit after tax for the year was higher at Rs.183.41 lakhs as against Rs.177.33 lakhs in the previous year.

DIVIDEND

Your directors are happy to recommend a higher dividend of Rs. 50/- per share for the financial year 2009-10 on the paid-up capital of Rs.25.00 lakhs comprising 2,50,000 equity shares of Rs.10/- each. The dividend together with dividend tax of Rs.20.76 lakhs absorbs a sum of Rs.145.76 lakhs.

DIRECTORS

Sri M. Ramaswamy, Director, retires by rotation and being eligible offers himself for re-election. Necessary resolution is submitted for your approval.

DIRECTORS' RESPONSIBILITY STATEMENT

Your directors confirm that:

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

- 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
- they have prepared the annual accounts on a going-concern basis.

SECRETARIAL COMPLIANCE CERTIFICATE

In accordance with Section 383A of the Companies Act, 1956, the Secretarial Compliance Certificate is attached with this report.

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. Your Company did not have any foreign exchange earnings or outgo during the year.

PERSONNEL

Your Company has no employees on its payroll. The provisions of Section 217(2A) of the Companies Act, 1956 are not applicable.

DEPOSITS

Your Company has not accepted any public deposit during the period under review.

AUDITORS

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

ACKNOWLEDGEMENT

Your Directors thank the holding company, Sundaram Finance Ltd for its support.

For and on behalf of the Board

Paramesh Krishnaier

M Ramaswamy

G Sundararajan

Directors

Chennai 600 002

Date : 13th May 2010

Secretarial Compliance Certificate

Name of the Company : LGF SERVICES LIMITED
Registration No. : U67190TN2004PLC052384
Authorised Capital : Rs.25,00,000/-
Paid-up Capital : Rs.25,00,000/-

To
The Members
LGF Services Limited
21, Patullos Road
Chennai – 600 002

I have examined the registers, records, books and papers of **LGF SERVICES LIMITED** (the Company), as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended **31st March 2010**. In my opinion and to the best of information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid period:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company is a Public limited Company and has the minimum prescribed paid up capital.
4. The Board of Directors duly met Five (5) times on 15th May 2009, 31st July 2009, 5th October 2009, 25th December 2009 and 27th March 2010 in respect of which meetings proper notices were given and proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members during the financial year ended 31st March 2010.
6. The Fifth Annual General Meeting for the financial year ended 31st March 2009 was held on 26th June 2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No Extra-Ordinary General Meeting was held during the financial year ended 31st March 2010.
8. The Company has not advanced any loans or given any guarantees or provided any securities to its directors or persons or firms or companies referred to under Section 295 of the Act during the year ended 31st March 2010.
9. The Company has not entered into any contract falling within the purview of Section 297 of the Act.
10. The Company was not required to make any entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of directors, members or Central Government.
12. The Company has not issued any duplicate share certificates during the year ended 31st March 2010.
13. The Company:
 - i) has not effected any allotment / transfer / transmission of securities during the year ended 31st March 2010.

LGF SERVICES LIMITED



- ii) has deposited the amount of final dividend for the year 2008-09 in a separate bank account on 26.06.2009 which is within five days from the date of declaration of such dividend.
- iii) has paid dividends to the members within a period of 30 (Thirty) days from the date of declaration during the financial year ended 31st March 2010.
- iv) There was no unpaid dividend and hence the question of transfer of dividend to unpaid dividend account does not arise. The Company has not issued fresh shares or debentures and has not accepted any deposits and hence, the question of application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund does not arise.
- v) has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment to the Board has been duly made and registered.
15. The Company has not appointed any Managing Director / Whole-time Director / Manager during the year under review.
16. The Company has not appointed any sole selling agent during the year ended 31st March 2010.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director and / or such authorities prescribed under the various provisions of the Act during the year ended 31st March 2010.
18. The Directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares, debentures or other securities during the financial year ended 31st March 2010.
20. The Company has not bought back any shares during the year under review and hence the question of complying with the buy back provisions does not arise.
21. The Company has no preference share capital and has not issued debentures and hence the question of redemption of preference shares/ debentures during the year under review does not arise.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A during the year ended 31st March 2010.
24. The Company has not made any borrowings during the financial year ended 31st March 2010.
25. The Company has made loans to bodies corporate during the year ended 31st March 2010 in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose.
26. During the year under review, the Company has not altered the provisions of its Memorandum and its Articles of Association.
27. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the year ended 31st March 2010, for offences under the Act.
28. The Company has not received any money as security from its employees during the year ended 31st March 2010.
29. According to the information and explanations given to me, during the year under review, the provisions relating to contribution to Provident Fund did not apply to the Company.

Place: Chennai

MALINI SESHADRI, A.C.S.

Date: 27th April 2010

No. 5493 CP1323

Annexure A to Secretarial Compliance Certificate

Registers as maintained by the Company during the year ended 31st March, 2010

Sl. No.	Section Number	Name of the Register
1.	–	Share Transfer Register
2.	150	Register of Members
3.	193	Minutes of the meetings of Board of directors
4.	193	Minutes of the meetings of the Members
5.	303	Register of Directors
6.	307	Register of Directors' Shareholding
7.	372A	Register of Investments/Loans /Guarantees and Securities
8.	–	Board Meeting Attendance Register
9.	–	General Meeting Attendance Register
10.	–	Common Seal Register

Place: Chennai

Date: 27th April 2010

MALINI SESHADRI, A.C.S.

No. 5493 CP1323

Annexure B to Secretarial Compliance Certificate

Returns/Documents/forms filed with the Registrar of Companies, Regional Director,
Central Government or other authorities during the year ended 31st March 2010

REGISTRAR OF COMPANIES

Sl. No	Form No.	Relevant Section	Description
1.	66	383A	Compliance Certificate issued by Ms Malini Seshadri, Practising Company Secretary, for the financial year ended 31st March 2009.
2.	23AC & 23ACA	220	Balance Sheet and Profit & Loss Account for the financial year ended 31st March 2009.
3.	20 B	159	Annual Return made upto 30th June 2009 (Date of AGM).

REGIONAL DIRECTOR

NIL

CENTRAL GOVERNMENT & OTHER AUTHORITIES

NIL

Place: Chennai

Date: 27th April 2010

MALINI SESHADRI, A.C.S.

No. 5493 CP1323

Auditors' Report

To the Members of LGF Services Limited

1. We have audited the attached Balance Sheet of LGF Services Limited, (the Company) as at 31st March 2010, the Profit and Loss Account and the Cash Flow Statement of the Company 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 about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, (the Act) we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - iii) the Balance Sheet, Profit and Loss Account and the 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 the 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 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
 - vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
 - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For BRAHMAYYA & CO.,
Chartered Accountants
Firm Registration No.000511S

L. RAVI SANKAR

Partner

Membership No.25929

Place : Chennai

Date : 13th May 2010

Annexure to the Auditors' Report

Referred to in Paragraph 3 of Our Report of Even Date

1. In our opinion and according to the information and explanations given to us, the Company has not granted or taken loans to / from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of clauses iii(a) to iii(g) of Paragraph 4 of the Order are not applicable to the Company for the year.
2. 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 services rendered by the Company. During the course of our audit, no major weaknesses have been noticed in the internal controls and therefore the reporting of the same does not arise.
3. 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 have prima facie been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
4. The Company has not accepted deposits.
5. The Company has an internal audit system which in our opinion, is commensurate with the size and the nature of its business.
6. The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956.
7. a) According to the records of the Company and the information and explanations given to us, income tax and service tax was 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 and service tax which are outstanding as at 31st March, 2010 for a period of more than six months from the date they become payable.
8. According to the records of the Company and the information and explanations given to us, there are no dues of income tax and service tax which have not been deposited on account of any dispute.
9. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash loss during the current year.
10. The Company does not have any borrowing from financial institutions, banks or by issue of debentures.
11. According to the information and explanations given to us, the Company has not:
 - a) granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
 - b) given any guarantees for loan taken by others from banks or financial institutions.
 - c) availed any term loan during the year.
 - d) issued any debentures.
 - e) raised monies by public issue during the year.
12. The Company is not a chit fund / nidhi / mutual benefit fund or society.
13. Based on our examination of records and information and explanations given to us, proper records have been maintained of the transactions and contracts relating to dealing in securities and timely entries have been made therein. The securities have been held by the Company in its own name.
14. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.
15. In our opinion and according to the information and explanations given to us, the nature of the company's business/ activities during the period have been such that clauses i, ii, xiii, and xviii of paragraph 4 of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.

For BRAHMAYYA & CO.,
Chartered Accountants

Firm Registration No.000511S

L. RAVI SANKAR

Partner

Membership No.25929

Place : Chennai

Date : 13th May 2010

Balance Sheet

as at 31st March, 2010

		31.03.2010		31.03.2009	
	Schedule	Rs.		Rs.	
I SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Capital	1	25,00,000		25,00,000	
b) Reserves and Surplus	2	2,16,43,802	2,41,43,802	1,78,79,226	2,03,79,226
2. Loan Funds					
a) Secured Loans		-		-	
b) Unsecured Loans		-	-	-	-
Total		<u>2,41,43,802</u>		<u>2,03,79,226</u>	
II APPLICATION OF FUNDS					
1. Fixed Assets					
			-		-
2. Investments	3		60,39,233		42,55,558
3. Deferred Tax Asset			3,155		2,680
4. Current Assets, Loans and Advances					
a) Current Assets	4	69,49,929		94,65,852	
b) Loans and Advances	5	2,68,05,208		1,18,67,357	
	(A)	<u>3,37,55,137</u>		<u>2,13,33,209</u>	
Less: Current Liabilities and Provisions					
a) Current Liabilities	6	10,77,629		8,24,911	
b) Provisions	7	1,45,76,094		43,87,310	
	(B)	<u>1,56,53,723</u>		<u>52,12,221</u>	
Net Current Assets	(A-B)		1,81,01,414		1,61,20,989
5. Miscellaneous Expenditure					
(to the extent not written off or adjusted)	8		-		-
Total		<u>2,41,43,802</u>		<u>2,03,79,226</u>	
Notes to Accounts	12				

As per our report of even date attached

For **Brahmayya & Co.,**

Chartered Accountants

I Ravi Sankar

Partner

Membership No.25929

Chennai

13th May, 2010

Paramesh Krishnaier

M Ramaswamy

G Sundararajan

Directors

LGF SERVICES LIMITED



Profit and Loss Account

for the Year Ended 31st March, 2010

	Schedule	2009-10 Rs.	2008-09 Rs.
<u>INCOME</u>			
Income from Operations	9	5,58,73,064	4,38,03,662
Other Income	10	13,68,912	18,32,951
Total	(A)	<u>5,72,41,976</u>	<u>4,56,36,613</u>
<u>EXPENDITURE:</u>			
Administrative and other expenses	11	2,94,01,781	1,93,79,937
Preliminary expenses written off	8	-	1,538
Total	(B)	<u>2,94,01,781</u>	<u>1,93,81,475</u>
Profit Before Tax	(A-B)	<u>2,78,40,195</u>	<u>2,62,55,138</u>
Less:			
Provision for Income tax - Current		95,00,000	85,25,000
- Deferred		(475)	(2,680)
Profit After Tax		<u>1,83,40,670</u>	<u>1,77,32,818</u>
Balance Brought Forward from the previous year		93,79,226	68,08,348
Amount Available for Appropriation		<u>2,77,19,896</u>	<u>2,45,41,166</u>
<u>APPROPRIATIONS</u>			
Dividend			
- Interim		-	75,00,000
- Final (proposed)		1,25,00,000	37,50,000
- Dividend Distribution Tax		20,76,094	19,11,940
General Reserve		20,00,000	20,00,000
Surplus - Balance carried to Balance Sheet		<u>1,11,43,802</u>	<u>93,79,226</u>
		<u>2,77,19,896</u>	<u>2,45,41,166</u>
Notes to the Accounts	12		
Earnings per share (Basic and diluted)			
Number of Shares considered (Face Value of Rs.10/- per Share) -		2,50,000	2,50,000
Basic Earnings per Share		73.36	70.93

As per our report of even date attached

For **Brahmayya & Co.,**

Chartered Accountants

L Ravi Sankar

Partner

Membership No.25929

Chennai

13th May, 2010

Paramesh Krishnaier**M Ramaswamy****G Sundararajan**

Directors

SCHEDULES

	31.03.2010	31.03.2009
	Rs.	Rs.
1. Capital		
Authorised		
2,50,000 Equity shares of Rs.10/- each	<u>25,00,000</u>	<u>25,00,000</u>
Issued, Subscribed and fully paid up		
2,50,000 Equity shares of Rs.10/- each	<u>25,00,000</u>	<u>25,00,000</u>
(includes 2,00,000 Equity Shares of Rs.10/- each allotted as fully paid-up by way of bonus shares by capitalisation of General Reserve)		
(The shares are held by Sundaram Finance Ltd. and its nominees)		
2. Reserves and Surplus		
General Reserve		
Per Last Balance Sheet	85,00,000	65,00,000
Add: Transfer from Profit and Loss Account	<u>20,00,000</u>	<u>20,00,000</u>
	1,05,00,000	85,00,000
Surplus- Balance in Profit and Loss account	<u>1,11,43,802</u>	<u>93,79,226</u>
	<u>2,16,43,802</u>	<u>1,78,79,226</u>

**3. Investments**

(in Rs.)

	Face Value (FV)		
		31.03.2010	31.03.2009
Current Investments - At Cost			
In Trust Securities			
Unquoted			
Sundaram BNP Paribas Ultra Short Term Fund-Retail (Opening Balance 2,41,278 units, 10,74,328 units purchased during the year and 13,15,606 units were redeemed during the year)		–	24,18,854
Fortis Money Plus Fund (Opening Balance 1,83,615 units, 1,231 units purchased during the year and 1,84,846 units were redeemed during the year)		–	18,36,704
Birla Sunlife Floating Rate Fund (80,164 units were purchased during the year)	8,01,640	8,02,069	–
Religare Credit Opportunity Fund (299,640 units were purchased during the year)	29,96,400	30,09,192	–
Sundaram BNP Paribas Ultra Short Term Fund -Institutional (30,80,982 units were purchased and 28,66,635 units were redeemed during the year)	21,43,470	22,27,972	–
Total		60,39,233	42,55,558
Summary of Investments			
		31.03.2010	31.03.2009
In Trust Securities			
Unquoted - Current		60,39,233	42,55,558
Total		60,39,233	42,55,558

Mutual Fund units purchased and redeemed during the year

Scheme Name	Face Value (in Rs.)	Units	Amount (in Rs.)
Birla Sunlife Cash Plus	10	48,872	8,00,062
HDFC HIF - STP	10	94,282	10,08,721
LIC MF Savings Plus Weekly Div. Reinvest	10	4,99,785	50,16,318
Sundaram BNP Paribas Money Fund	10	42,79,219	4,32,04,127
Sundaram Ultra Fund Inst. Plan DDR	10	23,91,686	2,41,35,877
Tata Treasury Manager Fund - HIP	1,000	9,894	1,00,05,283
Tata Treasury Mgr. Fund - SHIP	1,000	10,005	1,00,31,085
Total			9,42,01,473

(in Rs.)

	31.03.2010	31.03.2009
4. Current Assets		
Cash and Bank Balances with Scheduled Bank in - Current Accounts	3,70,987	5,68,210
Income Receivable	65,78,942	88,97,642
	<u>69,49,929</u>	<u>94,65,852</u>
5. Loans and Advances		
Unsecured Loans		
Inter Corporate Loan	1,00,00,000	50,00,000
Inter Corporate Deposit	75,00,000	–
Advance Income Tax and Tax deducted at source (net of provision for Income Tax)	93,05,208	68,67,357
	<u>2,68,05,208</u>	<u>1,18,67,357</u>
6. Current Liabilities*		
Sundry Creditors		
– Expenses	9,75,057	7,81,020
– Others	1,02,572	43,891
	<u>10,77,629</u>	<u>8,24,911</u>
* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund		
7. Provisions		
Proposed Dividend	1,25,00,000	37,50,000
Dividend Distribution Tax	20,76,094	6,37,310
	<u>1,45,76,094</u>	<u>43,87,310</u>
8. Miscellaneous Expenditure		
Preliminary expenses	–	1,538
Less: Written off during the year	–	1,538
	<u>–</u>	<u>–</u>



	(in Rs.)	
	2009-10	2008-09
9. Income from Operations:		
Insurance Commission	3,91,65,447	3,47,50,454
Other Operational Income	1,67,07,617	90,53,208
	<u>5,58,73,064</u>	<u>4,38,03,662</u>
10. Other Income		
Interest	10,36,939	5,35,985
Dividend Income	2,87,289	6,80,240
Profit on Redemption of Investments	44,684	4,99,498
Miscellaneous Income	–	1,17,228
	<u>13,68,912</u>	<u>18,32,951</u>
11. Administrative and other expenses		
Outsourced Servicing Fees	2,93,07,875	1,92,99,962
Rates and Taxes	13,331	10,262
Loss on redemption of Investments	2,352	260
Diminution in value of Investment	1,397	–
Miscellaneous expenses	76,826	69,453
	<u>2,94,01,781</u>	<u>1,93,79,937</u>

SCHEDULES

12 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 relevant provisions of the Companies Act, 1956.

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:

Income in respect of Insurance agency commission is accounted on accrual basis.

- 1.3 Valuation of Investments:

Long Term investments are stated at cost. Provision for decline in value, other than temporary, is considered wherever necessary. Current Investments are valued at lower of Cost and Market Value/ Net Asset Value.

- 1.4 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 recognized on consideration of prudence.

- 1.5 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.

- 1.6 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.

- 1.7 Preliminary Expenses:

Preliminary Expenses incurred for the incorporation of the Company are written off in five equal instalments.

SCHEDULES

12 NOTES TO THE ACCOUNTS (Contd.)

2. BALANCE SHEET:

2.1 Loans and Advances include the following balances due from companies under the same Management:

Name of the Company	Balance as of 31st March 2010	Maximum Amount Due at any time during 2009-2010	Balance as of 31st March 2009	Maximum Amount Due at any time during 2008-2009
Infreight Logistics Solutions Limited	Rs.1,00,00,000/-	Rs.1,00,00,000/-	Rs.50,00,000/-	Rs.50,00,000/-

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

	31st March 2010	31st March 2009
Deferred Tax Asset Investments	Rs.3,155/-	Rs.2,680/-

2.3 Advance payment of Income Tax and tax deducted at source is net of provision for taxation of Rs.1,82,20,120/- (31/03/2009 – Rs.2,36,92,787/-).

3. PROFIT AND LOSS ACCOUNT

3.1 The operations of the Company are conducted by outsourced personnel.

3.2 Profit / Loss on Sale of Investments comprises of: (in Rs.)

Particulars	2009-10		2008-09	
	Profit	Loss	Profit	Loss
Long term Investments	–	–	4,73,720	–
Current Investments	44,684	2,352	25,778	260
Total	44,684	2,352	4,99,498	260

3.3 Miscellaneous expenses under “Administrative and Other Expenses” include Remuneration to Auditors towards:

(in Rs.)

	2009-10	2008-09
Statutory Audit	45,000	30,000
Tax Audit	15,000	10,000
Service Tax	6,180	4,120

SCHEDULES

12 NOTES TO THE ACCOUNTS (Contd.)

4. GENERAL

- 4.1 The company is engaged primarily in the business of Insurance Agency. There are no separate reportable segments as per Accounting Standard – AS 17 – Segment Reporting.
- 4.2 Related Party disclosures: In accordance with the Accounting Standard – AS 18 – Related Party Disclosures, the details of related parties and the transactions with related parties are given below:

Related Parties:

Holding Company:

Sundaram Finance Limited

Fellow Subsidiaries:

Sundaram BNP Paribas Home Finance Limited

Sundaram BNP Paribas Asset Management Company Limited

Sundaram BNP Paribas Trustee Company Limited

Sundaram Finance Distribution Limited

Sundaram Infotech Solutions Limited

Sundaram Business Services Limited

Infreight Logistics Solutions Limited

Professional Management Consultants Limited

Sundaram BNP Paribas Fund Services Limited

Associate:

Sundaram BNP Paribas Mutual Fund

SCHEDULES
12 NOTES TO THE ACCOUNTS (Contd.)
Related Party Transactions

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

(in Rupees)

Nature of Transactions	Holding Company	Fellow Subsidiaries	Associate	Total
Expenses				
Sundaram Finance Ltd.				
– Sourcing Fees	9,91,594 (9,85,915)	– (–)	– (–)	9,91,594 (9,85,915)
Income				
Infreight Logistics Solution Ltd.				
– Interest on Loan	– (–)	8,34,247 (5,35,985)	– (–)	8,34,247 (5,35,985)
Sundaram Finance Ltd.				
– Interest on Inter Corporate Deposit	2,02,692 (–)	– (–)	– (–)	2,02,692 (–)
Assets				
Sundaram BNP Paribas Mutual Fund				
– Investment in Trust Securities	– (–)	– (–)	11,00,65,758 (8,80,60,516)	11,00,65,758 (8,80,60,516)
– Disinvestment in Trust Securities	– (–)	– (–)	11,02,56,640 (9,15,36,920)	11,02,56,640 (9,15,36,920)
– Investment in Trust Securities at the end of the year	– (–)	– (–)	22,27,972 (24,18,854)	22,27,972 (24,18,854)
Inter Corporate Deposit				
Sundaram Finance Ltd.				
– Investment	75,00,000 (–)	– (–)	– (–)	75,00,000 (–)
– Disinvestment	– (–)	– (–)	– (–)	– (–)
– Outstanding	75,00,000 (–)	– (–)	– (–)	75,00,000 (–)
Inter Corporate Loan				
Infreight Logistics Solution Ltd.				
– Disbursement	– (–)	50,00,000 (50,00,000)	– (–)	50,00,000 (50,00,000)
– Repayment	– (–)	– (–)	– (–)	– (–)
– Outstanding	– (–)	1,00,00,000 (50,00,000)	– (–)	1,00,00,000 (50,00,000)

SCHEDULES

12 NOTES TO THE ACCOUNTS (Contd.)

(in Rupees)

Nature of Transactions	Holding Company	Fellow Subsidiaries	Associate	Total
Interest Receivable				
Infreight Logistics Solution Ltd.	–	2,46,576	–	2,46,576
	(–)	(1,54,109)	(–)	(1,54,109)
Liabilities				
Sundaram Finance Ltd.				
– Equity Shareholdings	25,00,000	–	–	25,00,000
	(25,00,000)	(–)	(–)	(25,00,000)
– Dividend Payable	1,25,50,000	–	–	1,25,50,000
	(37,50,000)	(–)	(–)	(37,50,000)
– Interim Dividend Paid	–	–	–	–
	(75,00,000)	(–)	(–)	(75,00,000)
– Sourcing Fees Payable	1,63,211	–	–	1,63,211
	(1,65,411)	(–)	(–)	(1,65,411)

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

Previous year figures are given in brackets.

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

4.4 Earnings per share (Basic and diluted):	For the year ended 31st March 2010	For the year ended 31st March 2009
A. Profit for the year after taxation (Rs.)	1,83,40,670	1,77,32,818
B. Total number of equity shares of Rs.10/- each outstanding at the end of the year (in numbers)	2,50,000	2,50,000
C. Basic earnings per share (Rs.) (A/B)	73.36	70.93

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

4.6 Figures have been rounded off to nearest rupee.

Signatures to Schedules 1 to 12

As per our report of even date attached

For **Brahmayya & Co.**,

Chartered Accountants

L Ravi Sankar

Partner

Membership No.25929

Chennai

13th May, 2010

Paramesh Krishnaier

M Ramaswamy

G Sundararajan

Directors

LGF SERVICES LIMITED



Balance Sheet Abstract and Company's General Business Profile

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

I Registration Details

Registration No.

5	2	3	8	4
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State Code

1	8
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Balance Sheet Date

3	1
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2	0	1	0
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Date Month Year

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

Public Issue <table border="1" style="width: 100%;"><tr><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td><td></td><td></td><td></td><td></td></tr></table>				N	I	L					Rights Issue <table border="1" style="width: 100%;"><tr><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td><td></td><td></td><td></td><td></td></tr></table>				N	I	L				
			N	I	L																
			N	I	L																
Bonus Issue <table border="1" style="width: 100%;"><tr><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td><td></td><td></td><td></td><td></td></tr></table>				N	I	L					Private Placement <table border="1" style="width: 100%;"><tr><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td><td></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 <table border="1" style="width: 100%;"><tr><td></td><td></td><td></td><td></td><td>3</td><td>9</td><td>7</td><td>9</td><td>8</td></tr></table>					3	9	7	9	8	Total Assets <table border="1" style="width: 100%;"><tr><td></td><td></td><td></td><td></td><td>3</td><td>9</td><td>7</td><td>9</td><td>8</td></tr></table>					3	9	7	9	8		
				3	9	7	9	8													
				3	9	7	9	8													
Sources of Funds																					
Paid up Capital <table border="1" style="width: 100%;"><tr><td></td><td></td><td></td><td></td><td>2</td><td>5</td><td>0</td><td>0</td></tr></table>					2	5	0	0	Reserves & Surplus <table border="1" style="width: 100%;"><tr><td></td><td></td><td></td><td></td><td>2</td><td>1</td><td>6</td><td>4</td><td>4</td></tr></table>					2	1	6	4	4			
				2	5	0	0														
				2	1	6	4	4													
Secured Loans <table border="1" style="width: 100%;"><tr><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td><td></td><td></td><td></td><td></td></tr></table>				N	I	L					Unsecured Loans <table border="1" style="width: 100%;"><tr><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td><td></td><td></td><td></td><td></td></tr></table>				N	I	L				
			N	I	L																
			N	I	L																
Applications of Funds																					
Net Fixed Assets <table border="1" style="width: 100%;"><tr><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td><td></td><td></td><td></td><td></td></tr></table>				N	I	L					Investments <table border="1" style="width: 100%;"><tr><td></td><td></td><td></td><td></td><td>6</td><td>0</td><td>3</td><td>9</td></tr></table>					6	0	3	9		
			N	I	L																
				6	0	3	9														
Net Current Assets <table border="1" style="width: 100%;"><tr><td></td><td></td><td></td><td></td><td>1</td><td>8</td><td>1</td><td>0</td><td>1</td></tr></table>					1	8	1	0	1	Misc. Expenditure <table border="1" style="width: 100%;"><tr><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td><td></td><td></td><td></td><td></td></tr></table>				N	I	L					
				1	8	1	0	1													
			N	I	L																

IV Performance of Company (Amount in Rs. Thousands)

Turnover <table border="1" style="width: 100%;"><tr><td></td><td></td><td></td><td></td><td>5</td><td>5</td><td>8</td><td>7</td><td>3</td></tr></table>					5	5	8	7	3	Total Expenditure <table border="1" style="width: 100%;"><tr><td></td><td></td><td></td><td></td><td>2</td><td>9</td><td>4</td><td>0</td><td>2</td></tr></table>					2	9	4	0	2
				5	5	8	7	3											
				2	9	4	0	2											
+ - Profit / (Loss) Before Tax <table border="1" style="width: 100%;"><tr><td><input checked="" type="checkbox"/></td><td></td><td></td><td></td><td>2</td><td>7</td><td>8</td><td>4</td><td>0</td></tr></table>	<input checked="" type="checkbox"/>				2	7	8	4	0	+ - Profit / (Loss) After Tax <table border="1" style="width: 100%;"><tr><td><input checked="" type="checkbox"/></td><td></td><td></td><td></td><td>1</td><td>8</td><td>3</td><td>4</td><td>1</td></tr></table>	<input checked="" type="checkbox"/>				1	8	3	4	1
<input checked="" type="checkbox"/>				2	7	8	4	0											
<input checked="" type="checkbox"/>				1	8	3	4	1											
(Please tick appropriate box + for profit, - for loss)																			
Earnings Per Share Rs. Ps. <table border="1" style="width: 100%;"><tr><td></td><td></td><td></td><td></td><td>7</td><td>3</td><td>.</td><td>3</td><td>6</td></tr></table>					7	3	.	3	6	Dividend Rate % <table border="1" style="width: 100%;"><tr><td></td><td></td><td></td><td></td><td>5</td><td>0</td><td>0</td></tr></table>					5	0	0		
				7	3	.	3	6											
				5	0	0													

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

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

N	A
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Product / Service Description

I	N	S	U	R	A	N	C	E		A	G	E	N	C	Y
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Cash Flow Statement

	2009-10 Rs.	2008-09 Rs.
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit	1,83,40,670	1,77,32,818
Add: Provision for Taxation	94,99,525	85,22,320
Preliminary expenses written off		<u>1,538</u>
	<u>2,78,40,195</u>	<u>2,62,56,676</u>
Less: Profit on sale of investments	(44,684)	(4,99,238)
Less: Dividend Income	(2,87,289)	(6,80,240)
Add: Diminution in value of investments	1,397	-
Add: Loss on sale of investments	2,352	<u>260</u>
Operating Profit Before Working Capital Changes	2,75,11,971	2,50,77,458
(Increase)/Decrease in receivables	(1,71,19,152)	(1,51,37,855)
Increase /(Decrease) in Current Liabilities	2,52,718	6,05,266
Cash generated from Operations	(1,68,66,434)	(1,45,32,589)
Direct Taxes Paid	<u>(50,00,000)</u>	<u>(15,00,000)</u>
NET CASH FROM OPERATING ACTIVITIES (A)	<u>56,45,537</u>	<u>90,44,869</u>
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Investments	(14,07,52,202)	(11,11,95,622)
Sale of Investments	13,89,67,131	11,93,66,397
Dividend Received	2,87,289	6,80,240
Profit on sale of investments	44,684	4,99,238
Loss on sale of investments	(2,352)	<u>(260)</u>
NET CASH FROM INVESTING ACTIVITIES (B)	<u>(14,55,450)</u>	<u>93,49,994</u>
C) CASH FROM FINANCING ACTIVITIES		
Dividend paid	(43,87,310)	(1,90,11,693)
Increase (Decrease) in Bank Borrowings		
NET CASH FROM FINANCING ACTIVITIES (C)	<u>(43,87,310)</u>	<u>(1,90,11,693)</u>
Net Increase in Cash and Cash Equivalents (A)+(B)+(C)	(1,97,223)	(6,16,830)
Cash and Cash Equivalents at the beginning of the year	5,68,210	11,85,040
Cash and Cash Equivalents at the end of the year	3,70,987	5,68,210
Components of cash and Cash Equivalents at the end of the year		
Current Account with Banks	3,70,987	5,68,210
Cash, Stamps and Stamp Papers on Hand	-	-

As per our report of even date attached

For **Brahmayya & Co.,**

Chartered Accountants

L Ravi Sankar

Partner

Membership No.25929

Chennai

13th May, 2010

Paramesh Krishnaier

M Ramaswamy

G Sundararajan

Directors

LGF SERVICES LIMITED