

*SUNDARAM TRUSTEE
COMPANY LIMITED*

7

*ANNUAL REPORT
2010-11*

Board of Directors

K V Ramanathan

Chairman

S Viji

R Rajamani

Audit Committee

R Rajamani

Chairman

K V Ramanathan

Secretary

T S Sritharan

Bankers

IDBI Bank Ltd

Auditors

M/s. Sundaram & Srinivasan, Chennai

Chartered Accountants

Registered Office

No. 21, Patullos Road,

Chennai - 600 002

Corporate Office

SUNDARAM TOWERS

II Floor, 46, Whites Road, Chennai - 600 014.

Tel: 28583362, Fax: 28583156

Home Page

Website : www.sundarammutual.com

SUNDARAM TRUSTEE COMPANY LIMITED

A subsidiary of



SUNDARAM FINANCE

Enduring values. New age thinking.

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Sponsors



Sundaram Finance Limited
Registered Office,
21, Pattulos Road
Chennai 600 002.

Directors' Report

To the Members

Your Directors have pleasure in presenting the Seventh Annual Report with the audited financial statement of accounts for the year ended 31st March 2011. The summarized financial results of the Company are given hereunder:

Financial Results:

(Rs. In lakhs)

| Particulars | Year ended March 31, 2011 | Year ended March 31, 2010 |
|---|------------------------------|------------------------------|
| Total Income | 129.18 | 124.10 |
| Total Expenditure | 70.92 | 62.95 |
| Profit Before Taxation | 58.27 | 61.15 |
| Provision for Taxation | 17.37 | 19.00 |
| Profit After Tax | 40.90 | 42.15 |
| Surplus Brought Forward | 32.06 | 29.26 |
| Amount available for appropriation | 72.96 | 71.41 |
| Less : Appropriations: | | |
| Dividend Proposed (Final) | 40.00 | 30.00 |
| Dividend Distribution Tax | 6.49 | 5.10 |
| Written Back General Reserves | (0.12) | - |
| Transfer to General Reserves | 4.10 | 4.25 |
| Surplus carried to Balance sheet | 22.48 | 32.06 |

Financial Performance

During the year under review, your Company earned a gross income of Rs.129.18 lakhs by way of trusteeship fees and other income as against Rs. 124.10 lakhs in the previous year 2009-10, recording a growth of 4.10%. Your company reported a Profit after tax of Rs.40.90 lakhs for the year ended March 31, 2011 as against Rs. 42.15 lakhs in the previous year, recording a marginal decline of 2.97 %. After taking into account a sum of Rs. 32.06 lakhs brought forward from the previous year as surplus, a sum of Rs. 72.96 lakhs is available as surplus for the financial year 2010-11. Your Directors are happy to recommend a dividend of 800 % on the paid up capital of the company. The dividend together with dividend tax absorbs a sum of Rs 46.49 lakhs. A sum of Rs. 4.10 lakhs was

transferred to General Reserves. The balance of Rs 22.48 lakhs will be retained as surplus in the profit and loss account tightening liquidity.

Snapshot of the Mutual Fund Industry

Gross mobilization by the mutual fund industry during the year amounted to Rs. 88,59,515 Crores as against Rs. 1,00,19,023 Crores in the previous year, registering a decline of 11.57 %. The industry also witnessed a gross redemption of Rs. 89,08,921 Crores representing 10.34% decrease from the previous year's figure of Rs. 99,35,942 Crores. On a net basis, there was an outflow of Rs.49,406 Crores in 2010-11 as against the Net Inflow of Rs. 83,081 Crores recorded in the previous year.

Sundaram Mutual Fund - Performance

Trend in flows: Your Directors report that during 2010-11, Sundaram Mutual Fund schemes mobilized a sum of Rs. 49,788 Crores (Rs. 60,712 Crores in 2009-10). This represented a decrease of 18% in the amount mobilized.

During the year 2010-11 the gross redemption from the schemes was Rs. 49,557 Crore as against the previous year's redemption amount of Rs. 62,113 Crores. This represents a decline of 20.21% from the corresponding figure in the previous year. Net Inflow during the year 2010-11 was Rs.231 Crores.

State of AUM: The Average Assets Under Management of Sundaram Mutual Fund for the year ended March 31, 2011 was Rs. 13,945.54 Crores, as compared to Rs. 13,877.91 Crores for the previous year ended March 31, 2010. This represents a growth of 0.48 % from the previous year. The closing AUM of Rs. 13,237.11 Crores of Sundaram Mutual Fund as at March 31, 2011 represented a share of 2.23 % of the Industry AUM of Rs.5,92,250 Crores.

During the year 2010-11 the Fund house launched Sundaram Capital Protection Oriented Fund Series 2-3 years. The Fund successfully mobilized Rs.299 Crores from 23,845 investors.

Performance of Scheme

The performance of Sundaram Mutual Fund schemes received critical acclaim from independent fund intelligence outfits. During the year, the Equity and Fixed Income schemes distributed dividends to the unitholders.

Change in Control

Sundaram Finance Limited and BNP Paribas Asset Management, Paris, the sponsors of Sundaram BNP Paribas Mutual fund decided to disengage themselves from the joint ventures of the AMC and your company. After approval from SEBI, Sundaram Finance Limited on, 1st October 2010, acquired the 49.90% shares held by BNP Paribas Asset Management Paris in the Asset Management Company and in your company. After the acquisition, your company and the AMC became wholly owned subsidiaries of Sundaram Finance Limited.

Board of Directors

The Board of Directors of the company is vested with general power of superintendence, direction and management of the affairs of the Mutual Fund. Sundaram Asset Management Company acts as the Investment Manager of the Schemes of the Mutual Fund. The Board of Directors monitor and review the functions of the Asset Management Company in order to ensure that it fulfills the tasks assigned to it under the investment management agreement and complies with SEBI Regulations and other laws in force. During the year under review, Eight Board Meetings were held.

Mr. Francois Mouzay and Mr. Martial Godet resigned their directorship after the exit of BNP Paribas Asset Management from the joint venture.

Mr. K V Krishnamurthy relinquished his directorship of the company due to health reasons. Your Board of Directors place on record their sincere appreciation of the valuable contribution made by Mr. Francois Mouzay, Mr. K. V. Krishnamurthy and Mr. Martial Godet to the growth of the Mutual Fund and the Trustee Company.

Mr. M.S. Sundara Rajan, former Chairman and Managing Director of Indian Bank, is proposed to be appointed as an additional Director of your company upon receipt of approval from SEBI. Mr. M. S. Sundara Rajan, aged 61 years, holds a Masters Degree in Economics from Madras University. Besides he has Professional qualification as a Member of the Indian Institute of Bankers and the Institute of Company Secretaries of India. Mr. Sundara Rajan has over four decades of experience in the Banking and Financial Services Sector. His knowledge and expertise in the banking and financial services industry will immensely benefit your company and mutual fund. Your Company received a notice from a Member proposing his appointment as a Director of your company.

Mr. R. Rajamani retires at the ensuing General Meeting and offers himself for re-appointment.

Necessary resolutions are submitted for your approval.

Audit Committee

The Audit committee of the Board consists of Mr. R Rajamani and Mr. K V Ramanathan. The Managing Director and Deputy Managing Director of Sundaram Asset Management Company Ltd. (AMC), the Statutory Auditor, Internal Auditor, Head of Compliance, Operations and Risk Management were invited on a regular basis to the meetings of the Committee. During the year under review, the Committee met three times. The Committee reviewed the financial accounts/policies and adequacy of internal control systems and interacted with the Statutory Auditor and Internal Auditor. Besides, the Committee reviewed audit plans, unaudited/audited financial results, the observations of the Auditors and responses and follow-up reports of the management.

Public Deposits

Your company has not accepted any deposits from the public.

Particulars of Employee Remuneration

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

Information under Section 217 (1) (e) of the Companies Act, 1956

Your Company has no activity relating to conservation of energy or technology absorption. The Company has no foreign exchange earnings.

A sum of Rs. 14,97,000/- was paid as dividend for the year 2009-10, as against Rs.12,47,500 /- paid as dividend for the previous year 2008-09 to a Non Resident Shareholder BNP Paribas Asset Management, France.

The Directors' responsibility statement pursuant to Section 217(2AA) of Companies Act, 1956

The Directors confirm:

1. That, in the preparation of the annual accounts, the applicable accounting standards have been followed;
2. That they selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, as would give a true and fair view of the state of affairs of the

Company at the end of the financial year and the profit or loss for that period;

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

Auditors

M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai, Statutory Auditors of your Company hold office until the conclusion of the Seventh Annual General Meeting and are recommended for re-appointment. The Company has received a certificate from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

Acknowledgement

Your Directors wish to place on record their deep appreciation of the professional support and guidance received from Sundaram Finance Limited, BNP Paribas Asset Management, Paris, Sundaram Asset Management Company Ltd (AMC), Securities and Exchange Board of India and Association of Mutual Funds In India. Your Directors also acknowledge the support and co-operation extended by investors, bankers, Registrars, the Custodian and other service providers and look forward to their continued support. Your Directors place on record their appreciation of the dedication and commitment displayed by the employees of the AMC.

For and On behalf of the Board of Directors

Place: Chennai
Date : April 21, 2011

K V Ramanathan
Chairman

Auditors' Report

TO THE MEMBERS OF M/S. SUNDARAM TRUSTEE COMPANY LIMITED

1. We have audited the attached Balance Sheet of M/s. Sundaram Trustee Company Limited as at March 31, 2011, the Profit & Loss Account for the year ended March 31, 2011 and cash flow statements of the company for the said year annexed hereto. 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.
 - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - (d) In our opinion the Balance Sheet and Profit and Loss account dealt with by this report comply with the Accounting Standards referred to in sub-section 3(c) of Section 211 of the Companies Act, 1956;
 - (e) As per information furnished to us, no director is disqualified as on March 31, 2011 from being appointed as a director of the company under clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and gives a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
 - (ii) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) In the case of cash flow statement, of the cash flows for the year ended on that date.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also 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 and on the basis of such checks of the books and records of the Company as we considered appropriate and the information and explanations given to us during the course of our audit, we enclose in the Annexure a statement on the matters specified in the said Order.
4. Further to our comments in the Annexure referred to above we report that
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit;
 - (b) 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 these books;

For **Sundaram & Srinivasan**
Chartered Accountants
Firm Registration No.004207S

S Usha

Partner

Place: Chennai
Dated:21.04.2011

Membership No. 211785

Annexure to the Auditors' Report

- i. (a) The company is maintaining proper records showing full particulars including quantitative details and the situation of fixed assets.
- (b) These fixed assets were physically verified by the management at reasonable intervals. We are informed that no material discrepancies were noticed on such verification.
- (c) The company has not disposed off substantial part of fixed assets during the year.
- ii. The company does not hold any inventory. Hence clauses (a), (b), (c) of paragraph (ii) of the Order are not applicable.
- iii. The company has neither granted nor taken any loans, secured or unsecured to/and from companies, firms or other parties covered in the register maintained under section 301 of the Act. Hence the clauses (iii) (b) to (g) of the Order are not applicable.
- iv. There is adequate internal control system commensurate with the size of the company and nature of its business for purchase of Fixed Assets. There are no major weaknesses in internal control system.
- v. (a) The Transactions that are needed to be entered into the register maintained under section 301 of the Act have been so entered.
- (b) Each of these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The company has not accepted any deposits from the public.
- vii. As the company is not a listed company or the company's paid up capital and free reserves do not exceed Rs. 50 lakhs or its average annual turnover does not exceed Rs. 5 crores, the requirement of separate internal audit system is not applicable to the company.
- viii. The Central Government has not prescribed maintenance of cost records under clause (d) of sub section (1) of section 209 of the Act.
- ix. (a) The company is regular in depositing Income-tax and Service Tax with the appropriate authorities. The other statutory dues are not applicable to the company.
- (b) There are no disputed statutory dues by the company.
- x. The company has no accumulated losses and has not incurred cash losses during this financial year and in the immediately preceding financial year.
- xi. The company has not availed any loans from any financial institutions or bank or debenture holders and hence the clause (xi) of the Order is not applicable to the company.
- xii. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The company is not a Chit Fund or Nidhi/ Mutual Benefit Fund/ Society. Therefore clause (xiii) of the Order is not applicable to the company.
- xiv. The company is not dealing or trading in Shares, Securities, Debentures and other investments.
- xv. The company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. The company had not availed any Term Loans during the year.
- xvii. The company had not raised any funds during the year.
- xviii. The company has not made any preferential allotment of shares during the year.
- xix. The company has not issued any debentures during the year.
- xx. The company has not raised any money by way of public issues during the year.
- xxi. No fraud on or by the company has been noticed or reported during the year.

For **Sundaram & Srinivasan**
Chartered Accountants
Firm Registration No.004207S

Place: Chennai
Dated:21.04.2011

S Usha
Partner
Membership No. 211785

Balance Sheet

as at 31st March 2011

| | Schedule | 31.03.11 | 31.03.10 |
|--|----------|------------------|------------------|
| | | Rs. | Rs. |
| <u>SOURCES OF FUNDS</u> | | | |
| Shareholder's funds | | | |
| Share Capital | 1 | 5,00,000 | 5,00,000 |
| Reserves and Surplus | 2 | 39,28,381 | 44,75,683 |
| Deferred Tax Liability (Depreciation) | | 10,862 | 14,296 |
| TOTAL | | 44,39,243 | 49,89,979 |
| <u>APPLICATION OF FUNDS</u> | | | |
| Fixed Assets | 3 | | |
| Gross Block | | 4,28,118 | 4,28,118 |
| Less: Accumulated Depreciation | | 3,30,700 | 2,89,870 |
| | | 97,418 | 1,38,248 |
| Investments | 4 | 93,76,671 | 71,07,059 |
| Current Assets, Loans and Advances | | | |
| (a) Sundry Debtors | 5 | 10,13,433 | 10,61,215 |
| (b) Cash and Bank Balances | 6 | 56,466 | 16,70,208 |
| (c) Other Current Assets | 7 | - | 24,317 |
| (d) Loans and Advances | 8 | 6,25,763 | 5,58,342 |
| | (A) | 16,95,642 | 33,14,082 |
| Less: | | | |
| Current Liabilities and Provisions | | | |
| - Current Liabilities | 9 | 20,81,588 | 20,59,560 |
| - Provisions | 10 | 46,48,900 | 35,09,850 |
| | (B) | 67,30,488 | 55,69,410 |
| Net Current Assets | (A)-(B) | (50,34,846) | (22,55,328) |
| TOTAL | | 44,39,243 | 49,89,979 |
| Significant Accounting Policies and Notes forming part of accounts | 14 | | |

As per our report of even date attached

For **Sundaram & Srinivasan**
Chartered Accountants
Firm Registration No.004207S

S Usha
Partner
Membership No. 211785

Chennai
April 21, 2011

For Sundaram Trustee Company Limited

K V Ramanathan
Chairman

R Rajamani
Director

S Viji
Director

T S Sriharan
Secretary

Profit and Loss Account

for the year ended 31st March 2011

| INCOME | Schedule | 2010-11 | 2009-10 |
|---|----------|--------------------|--------------------|
| | | Rs. | Rs. |
| Trusteeship Fee | | 1,25,55,374 | 1,20,19,241 |
| [Tax Deducted at source - Rs.13,84,960/- (Previous year Rs.13,97,760/-)] | | | |
| Other Income | 11 | 3,55,687 | 3,90,913 |
| Diminution in value of investments written back | | 7,246 | - |
| | | 1,29,18,307 | 1,24,10,154 |
| EXPENDITURE | | | |
| Administrative and Other Expenses | 12 | 35,50,900 | 27,06,671 |
| Depreciation | 3 | 40,830 | 64,027 |
| Diminution in value of investments written off | | - | 24,557 |
| Scheme Expenses Absorbed | 13 | 35,00,000 | 35,00,000 |
| | | 70,91,730 | 62,95,255 |
| Profit before Taxation | | 58,26,577 | 61,14,899 |
| Provision for Taxation | | 17,40,000 | 19,00,000 |
| Deferred Tax Liability/(Asset) | | (3,434) | (79) |
| | | 17,36,566 | 18,99,921 |
| Profit after tax | | 40,90,011 | 42,14,978 |
| Balance in Profit and Loss Account brought forward from the previous year | | 32,05,683 | 29,25,555 |
| Amount available for appropriation | | 72,95,694 | 71,40,533 |
| APPROPRIATIONS | | | |
| - Dividend (Proposed) | | 40,00,000 | 30,00,000 |
| - Dividend Distribution tax | | 6,48,900 | 5,09,850 |
| - Excess provision towards Dividend Distribution tax relating to previous year written back | | (11,587) | |
| | | 46,37,313 | 35,09,850 |
| - General Reserve | | 4,10,000 | 4,25,000 |
| Balance Carried to Balance Sheet | | 22,48,381 | 32,05,683 |
| Basic and diluted Earnings per Share (Refer Note no.2.5 on Schedule 14) | | 81.80 | 84.30 |
| Significant Accounting Policies and Notes forming part of accounts | 14 | | |

As per our report of even date attached

For **Sundaram & Srinivasan**

Chartered Accountants
Firm Registration No.0042075

S Usha

Partner
Membership No. 211785

Chennai
April 21, 2011

For Sundaram Trustee Company Limited

K V Ramanathan

Chairman

S Viji

Director

R Rajamani

Director

T S Sriharan

Secretary

Schedules forming part of the Balance Sheet as at March 31, 2011

SCHEDULE 1**Share Capital****Authorised**

2,50,000 Equity Shares of Rs.10/- each

Issued, Subscribed and Paid up50,000 Equity Shares of Rs.10/-
each fully paid up[50000 shares (previous year 25050 shares)
are held by Sundaram Finance Ltd, the
holding company and its nominees]

| | 31.03.11 | 31.03.10 |
|--|------------------|------------------|
| | Rs. | Rs. |
| | <u>25,00,000</u> | <u>25,00,000</u> |
| | 5,00,000 | 5,00,000 |
| | <u>5,00,000</u> | <u>5,00,000</u> |

SCHEDULE 2**Reserves and Surplus**

1. General Reserve

As per the last Balance Sheet

Add: Addition during the year

2. Surplus

Balance in Profit and
Loss Account

| | 31.03.11 | | 31.03.10 | |
|--|-----------------|------------------|-----------------|------------------|
| | Rs. | Rs. | Rs. | Rs. |
| | 12,70,000 | | 8,45,000 | |
| | <u>4,10,000</u> | 16,80,000 | <u>4,25,000</u> | 12,70,000 |
| | | 22,48,381 | | 32,05,683 |
| | | <u>39,28,381</u> | | <u>44,75,683</u> |

SCHEDULE 3**Fixed Assets**

(in Rupees)

| Description | Gross Block at Cost | | | | Depreciation | | | | Net Block | |
|-------------------------------------|---------------------|----------|------------|-------------------|------------------|---------------|------------|-------------------|-------------------|-------------------|
| | As at 01.04.10 | Addition | Deductions | As at 31.03.11 | As at 1.04.10 | Addition | Deductions | As at 31.03.11 | As at 31.03.11 | As at 31.03.10 |
| Computers | 3,41,400 | - | - | 3,41,400 | 2,59,559 | 32,736 | - | 2,92,295 | 49,105 | 81,841 |
| Furniture and Fixtures | 13,906 | - | - | 13,906 | 7,988 | 1,071 | - | 9,059 | 4,847 | 5,918 |
| Office Equipments | 72,812 | - | - | 72,812 | 22,323 | 7,023 | - | 29,346 | 43,466 | 50,489 |
| Total | 4,28,118 | - | - | 4,28,118 | 2,89,870 | 40,830 | - | 3,30,700 | 97,418 | 1,38,248 |
| Previous year figures (31.03.10) | 4,28,118 | - | - | 4,28,118 | 2,25,843 | 64,027 | - | 2,89,870 | 1,38,248 | |

Schedules forming part of the Balance Sheet as at March 31, 2011

SCHEDULE 4**Investments (At Cost)****Current Investments**

Trust Securities

Investments in Sundaram Mutual Fund

Sundaram Ultra Short Term Fund- Daily Dividend

Reinvestment Option: Invested during the year Rs.81,23,627/- (809368.040 units of Rs.10/- each) [Previous year Rs.93,48,384/- (931392.324 units of Rs.10/- each)] and redeemed during the year Rs.62,02,727/- (617986.150 units of Rs.10/- each) [Previous year Rs.80,73,141/- (804523.263 units of Rs.10/- each)] -- 473075.818 units of Rs.10/- each as on 31st March 2011(Previous year 281693.928 units of Rs.10/- each).

47,48,262

28,27,362

Scheme:- Sundaram Bond Saver - Quarterly Dividend

Option at cost: Invested during the year Nil (Previous year Nil) and Redeemed during the year Nil (Previous year Nil) --26875.700 units of Rs.10/- each as on 31st March 2011 [Previous year 26875.700 units of Rs.10/- each].

2,82,689

2,75,443

Scheme:- Sundaram Fixed Term Plan Quarterly Interval

Fund Plan A - Growth Option at cost: Invested during the year Rs.5,00,000/- (39837.463 units of Rs.10/- each) (Previous year Nil) & Redeemed during the year Nil (Previous year Nil)

5,00,000

-

Scheme:- Sundaram Fixed Term Plan Quarterly Interval

Fund Plan B - Dividend Option at cost: Invested during the year Rs.3,05,448/- (30544.770 units of Rs.10/- each) (Previous year Nil) & Redeemed during the year Nil (Previous year Nil)

3,05,448

-

Scheme:- Sundaram Fixed Term Plan Quarterly Interval

Fund Plan E - Dividend Option at cost: Invested during the year Rs.10,40,272/- (104027.225 units of Rs.10/- each) (Previous year Nil) & Redeemed during the year Nil (Previous year Nil)

10,40,272

-

Scheme:- Sundaram Fixed Term Plan 18 months

Series R -Dividend Option at cost: Invested during the year Nil [Previous year Rs.15,00,000 (150000 units of Rs.10/- each)] & Redeemed during the year Nil (Previous year Nil) - 150000 units (Previous year 150000 units) of Rs.10/- each as on 31st March 2011.

15,00,000

15,00,000

Schedules forming part of the Balance Sheet as at March 31, 2011

| SCHEDULE 4 (Continued...) | 31.03.11 | 31.03.10 |
|---|------------------|------------------|
| Investments (At Cost) | Rs. | Rs. |
| Current Investments | | |
| Trust Securities | | |
| Investments in Sundaram Mutual Fund | | |
| Sundaram Flexible Short Term Fund- Monthly Dividend Reinvestment Option: Invested during the year Rs.6,611/- (642.535 units of Rs.10/- each) [Previous year Rs.5,04,254/- (49,003.597 units of Rs.10/- each)] & redeemed during the year Rs.5,10,865/-(49646.132 units of Rs.10 each) (Previous year Nil). | - | 5,04,254 |
| Scheme:- Sundaram Fixed Term Plan 367 days Series S - Dividend Option at cost: Invested during the year Nil ((Previous year Rs.20,00,000/- (200000 units of Rs.10/- each)) & Redeemed during the year Rs.20,00,000/- (200000 units of Rs.10/- each) (Previous year Nil). | - | 20,00,000 |
| Scheme:- Sundaram Fixed Term Plan 367 days Series AN - Growth Option at cost: Invested during the year Rs.5,00,000/-[50000 units of Rs.10/- each) (Previous year Nil) & Redeemed during the year Nil (Previous year Nil). | 5,00,000 | - |
| Scheme:- Sundaram Fixed Term Plan 367 days Series AO - Dividend Option at cost: Invested during the year Rs.5,00,000/- (50000 units of Rs.10/- each) (Previous year Nil) & Redeemed during the year Nil (Previous year Nil). | 5,00,000 | - |
| Total | 93,76,671 | 71,07,059 |
| Aggregate value of unquoted Investments - Current | | |
| Trust Securities - Investments in units of Sundaram Mutual Fund | 93,76,671 | 71,07,059 |
| (Net asset value - Rs.94,91,960/- (Previous year Rs.71,60,734/-) | | |
| | 93,76,671 | 71,07,059 |

Schedules forming part of the Balance Sheet as at March 31, 2011

SCHEDULE 5**Sundry Debtors**

Sundry Debtors (unsecured, considered good and due for less than six months)

| 31.03.11 | 31.03.10 |
|------------------|------------------|
| Rs. | Rs. |
| 10,13,433 | 10,61,215 |
| 10,13,433 | 10,61,215 |

SCHEDULE 6**Cash and Bank Balances**

Balance with Scheduled Banks

- In Current Accounts

- In Term Deposits

| 31.03.11 | 31.03.10 |
|---------------|------------------|
| Rs. | Rs. |
| 56,446 | 1,70,208 |
| - | 15,00,000 |
| 56,446 | 16,70,208 |

SCHEDULE 7**Current Assets**

Accrued Interest on Term Deposits with Scheduled Banks

Dividend Receivable

| 31.03.11 | 31.03.10 |
|----------|---------------|
| Rs. | Rs. |
| - | 771 |
| - | 23,546 |
| - | 24,317 |

SCHEDULE 8**Loan and Advances (Unsecured Considered Good)**

Advance Income Tax and Tax Deducted at Source less Provision for taxation

Advances recoverable in cash or in kind or for value to be received

| 31.03.11 | 31.03.10 |
|-----------------|-----------------|
| Rs. | Rs. |
| 6,09,448 | 5,53,880 |
| 16,315 | 4,462 |
| 6,25,763 | 5,58,342 |

Schedules forming part

of the Balance Sheet as at March 31, 2011

SCHEDULE 9

Current Liabilities

Sundry Creditors
Sundaram AMC Ltd
Others

| | 31.03.11 | 31.03.10 |
|--|------------------|------------------|
| | Rs. | Rs. |
| | 20,06,588 | 20,23,560 |
| | 75,000 | 36,000 |
| | 20,81,588 | 20,59,560 |

SCHEDULE 10

Provisions

Dividend (Proposed)
Add: Dividend Distribution Tax

| | 31.03.11 | 31.03.10 |
|--|------------------|------------------|
| | Rs. | Rs. |
| | 40,00,000 | 30,00,000 |
| | 6,48,900 | 5,09,850 |
| | 46,48,900 | 35,09,850 |

Schedules forming part

of the Profit & Loss A/c as at March 31, 2011

SCHEDULE 11

Other Income

Interest on Short term Deposit with a Scheduled Bank
[Tax Deducted at Source Rs.7328 (Previous year Nil)]

Profit on Sale of units of Mutual Fund

Dividend from units of Mutual Fund

Interest on Advance Income-tax

Miscellaneous Income

| | 2010-11 | 2009-10 |
|--|-----------------|-----------------|
| | Rs. | Rs. |
| | 96,314 | 771 |
| | 261 | 1,44,478 |
| | 2,55,974 | 2,40,383 |
| | 3,168 | - |
| | - | 5,281 |
| | 3,55,687 | 3,90,913 |

Schedules forming part of the Profit & Loss A/c as at March 31, 2011

SCHEDULE 12**Administrative and Other Expenses**

| | 2010-11 | 2009-10 |
|-----------------------------|------------------|------------------|
| | Rs. | Rs. |
| Directors Remuneration | 6,53,913 | 8,32,401 |
| Directors Sitting Fees | 3,20,000 | 3,50,000 |
| Audit Fees | | |
| - Statutory Audit | 75,000 | 40,000 |
| - Tax Audit fees | 16,000 | 16,000 |
| Travel Expenses - Directors | 4,61,292 | 3,19,716 |
| Administrative expenses | 18,00,000 | 9,00,000 |
| Insurance | 1,37,500 | 1,37,500 |
| Donations | - | 50,000 |
| Printing & Stationery | 16,335 | 25,000 |
| Professional Fees | 65,000 | 30,000 |
| ROC Filing charges | 5,610 | 4,080 |
| Other expenses | - | 1,234 |
| Bank charges | 250 | 740 |
| | 35,50,900 | 27,06,671 |

SCHEDULE 13**Scheme Expenses Absorbed**

| | 2010-11 | 2009-10 |
|------------------------|------------------|------------------|
| | Rs. | Rs. |
| Sundaram Select Focus | 15,00,000 | 35,00,000 |
| Sundaram Select Midcap | 20,00,000 | - |
| | 35,00,000 | 35,00,000 |

As per our report of even date attached

For **Sundaram & Srinivasan**
Chartered Accountants
Firm Registration No.004207S

S Usha
Partner
Membership No. 211785

Chennai
April 21, 2011

For Sundaram Trustee Company Limited

K V Ramanathan
Chairman

R Rajamani
Director

S Viji
Director

T S Sritharan
Secretary

SCHEDULE 14

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

1.1. Accounting Policies

These accounts have been prepared in accordance with historical cost convention and in accordance with the generally accepted accounting principles.

1.2 Income Recognition

Trusteeship Fee and income from investments are accounted for on accrual basis.

1.3 Investments

Current Investments are valued at lower of cost or net asset value.

1.4 Valuation of Fixed Assets

Fixed assets are carried at historical cost less accumulated depreciation.

1.5 Depreciation Policy

Depreciation on assets is provided on the Written Down Value Method at rates prescribed in Schedule XIV to the Companies Act, 1956.

1.6 Scheme Expenses Absorbed

As permitted by Regulation 52 (7) of SEBI (Mutual Funds) Regulations 1996, the expenses relating to Sundaram Select Focus and Sundaram Select Midcap, schemes of the mutual fund, amounting to Rs.15,00,000/- (Previous year Rs.35,00,000/-) and Rs.20,00,000/- (Previous year Nil) respectively, representing a part of expenses incurred by the said schemes in excess of the limits specified in the Regulations have been borne by the Company.

2. NOTES ON ACCOUNTS

2.1 Sundry Creditors do not include any amount payable to Micro, Small and Medium Enterprises.

2.2 **Cashflow Statement in accordance with the Accounting Standard 3 issued by the Institute of Chartered Accountants of India:**

Enclosed as Annexure A

2.3 **Segment Reporting in accordance with the Accounting Standard 17 issued by the Institute of Chartered Accountants of India:**

The company has identified Trusteeship Services as the only business Segment.

2.4 Related Party Disclosures

Related Party Disclosures, as required by Accounting Standard 18, 'Related Party Disclosures', issued by the Institute of Chartered Accountants of India are given below

| Slno. | Name | Relationship | Nature of Transaction | 2010-11 | 2009-10 |
|-------|---|---|-----------------------|-------------|-------------|
| 1 | Sundaram Finance Ltd | Holding Company | Dividend Paid | 15,03,000 | 12,52,500 |
| 2 | BNP Paribas Asset Management, Paris | Associate (upto 30th September 2010) | Dividend Paid | 14,97,000 | 12,47,500 |
| 3 | Sundaram Asset Management Co. Ltd., | Fellow Subsidiary | Expenses | 18,00,000 | 9,00,000 |
| 4 | Sundaram Mutual Fund | Associate | Investments in Units | 1,09,69,347 | 1,33,52,639 |
| | | | Sale of Units | 87,06,981 | 1,20,73,141 |
| | | | Income | 1,28,11,579 | 1,24,04,102 |
| | | | Scheme Expenses | 35,00,000 | 35,00,000 |
| 5 | Sundaram BNP Paribas Home Finance Ltd. | Fellow Subsidiary | | Nil | Nil |
| 6 | Sundaram Finance Distribution Ltd. | Fellow Subsidiary | | Nil | Nil |
| 7 | Sundaram Infotech Solutions Ltd | Fellow Subsidiary | | Nil | Nil |
| 8 | LGF Services Limited | Fellow Subsidiary | | Nil | Nil |
| 9 | Sundaram Business Services Limited | Fellow Subsidiary | | Nil | Nil |
| 10 | Royal Sundaram Alliance Insurance Company Limited | Associate | Insurance | 1,37,500 | 1,37,500 |
| 11 | Infreight Logistics Solutions Limited | Fellow Subsidiary | | Nil | Nil |
| 12 | Professional Management Consultants Private Limited | Fellow Subsidiary | | Nil | Nil |
| 13 | Sundaram BNP Paribas Funds Services Ltd | Fellow Subsidiary | | Nil | Nil |
| 14 | Sundaram Parekh Warehousing Services Ltd | Fellow Subsidiary | | Nil | Nil |
| 15 | Sundaram Insurance Broking Services Ltd | Fellow Subsidiary | | Nil | Nil |

Outstanding Net Receivables as on 31st March, 2011 (9,93,155) (9,38,799)

2.5 Earnings per Share (EPS) in accordance with the Accounting Standard 20 issued by the Institute of Chartered Accountants of India:

| | 31.03.11 (Rs.) | 31.03.10 (Rs.) |
|--|----------------|----------------|
| Profit as per Profit and Loss Account | 40,90,011 | 42,14,978 |
| Weighted average number of equity shares | 50,000 | 50,000 |
| Basic and diluted earnings per share | 81.80 | 84.30 |
| Nominal Value of Shares | 10 | 10 |

2.6 Remittances during the year in foreign currency on account of dividend to non-resident shareholders were as follows:

| | 31.03.11 (Rs.) | 31.03.10 (Rs.) |
|--|----------------|----------------|
| No. of shareholders | 1 | 1 |
| Number of equity shares (Shares of Rs.10/- each) | 24,950 | 24,950 |
| Dividend Amount Remitted | 14,97,000 | 12,47,500 |
| Dividend paid for the year ended | 31.03.2010 | 31.03.2009 |

2.7 Expenditure in foreign exchange - Nil (Previous year Nil)

2.8 Earnings in foreign exchange - Nil (Previous year Nil)

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

As per our report of even date attached

For **Sundaram & Srinivasan**
Chartered Accountants
Firm Registration No.004207S

S Usha
Partner
Membership No. 211785

Chennai
April 21, 2011

ANNUAL REPORT 2010-11

For Sundaram Trustee Company Limited

K V Ramanathan
Chairman

S Viji
Director

R Rajamani
Director

T S Sritharan
Secretary

Cash Flow Statement

Annexure A

Cash Flow Statement in accordance with the Accounting Standard 3 issued by the Institute of Chartered Accountants of India

| 1 Cash flow from Operating activities | 01.04.2010-31.03.2011 | 01.04.2009-31.03.2010 |
|---|-----------------------|-----------------------|
| Net Profit as per P&L account | 4,090,011 | 4,214,978 |
| Add/(less): | | |
| (Profit)/Loss on sale of Investments | (261) | (144,478) |
| Provision for tax during the year | 1,740,000 | 1,900,000 |
| Deferred Tax Liability | (3,434) | (79) |
| Depreciation | 40,830 | 64,027 |
| Interest Income | (99,482) | (771) |
| Dividend Income | (255,944) | (240,383) |
| Diminution in value of investments written off | 0 | 24,557 |
| Diminution in value of investments written back | (7,246) | |
| Provision for Dividend distribution tax written back | 11,587 | |
| Operating Profit/(Loss) before working Capital changes | 5,516,061 | 5,817,851 |
| -(increase)/Decrease in Current Assets | 72,099 | (356,879) |
| -(increase)/Decrease in Loans and Advances | (67,421) | (23,060) |
| -increase/(Decrease) in Current Liabilities | (36,974) | 1,780,084 |
| Income-tax Paid | (1,680,998) | (1,876,940) |
| Net Cash generation from Operations (A) | 3,802,767 | 5,341,056 |
| 2 Cash flow from Investing activities | | |
| Purchase of investments | (10,969,347) | (13,352,638) |
| Sale of investments | 8,706,981 | 12,073,141 |
| Profit on sale of investments | 261 | 144,478 |
| Loss on sale of investments | 0 | 0 |
| Interest income | 99,482 | 0 |
| Dividend Income | 255,944 | 221,199 |
| Cost of fixed Assets | 0 | 0 |
| Net cash flow from investing activities (B) | (1,906,679) | (913,820) |
| 3 Cash flow from Financing activities | | |
| Issue of Share Capital | 0 | 0 |
| Dividend including distribution tax | (3,509,850) | (2,924,875) |
| Net cash flow from financing activities (C) | (3,509,850) | (2,924,875) |
| Net change in cash and cash equivalents (A+B+C) | (1,613,762) | 1,502,361 |
| Cash and Cash Equivalent at the beginning Of the year | 1,670,208 | 167,847 |
| Cash and Cash Equivalent at the end of the year | 56,446 | 1,670,208 |

As per our report of even date attached

For **Sundaram & Srinivasan**
Chartered Accountants
Firm Registration No.004207S

S Usha
Partner
Membership No. 211785

Chennai
April 21, 2011

For Sundaram Trustee Company Limited

K V Ramanathan
Chairman

R Rajamani
Director

S Viji
Director

T S Sriharan
Secretary

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.

State Code

Balance Sheet Date

Date Month Year

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

| | |
|--|--|
| Public Issue | Right Issue |
| <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> |
| Bonus Issue | Private Placement |
| <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> |

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

| | |
|---|---|
| Total Liabilities | Total Assets |
| <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="9"/> | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="9"/> |
| Sources of Funds | Reserves & Surplus |
| Paid up Capital | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="8"/> |
| <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/> | |
| Application of Funds | Unsecured Loans / Deferred Tax Liability |
| Secured Loans | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="1"/> |
| <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> | |
| Net Fixed Assets | Investments |
| <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="7"/> | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="7"/> |
| Net Current Assets | Misc Expenditure |
| <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="5"/> | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> |
| Accumulated Losses | |
| <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> | |

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

| | |
|--|---|
| Turnover | Total Expenditure |
| <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="8"/> | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="2"/> |
| + - Profit / (Loss) Before Tax | + - Profit / (Loss) After Tax |
| <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="7"/> | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="0"/> |
| (Please tick appropriate box + for profit, - for loss) | |
| Earnings Per Share in Rs. | Dividend Rate (%) |
| <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="."/> <input type="text" value="8"/> <input type="text" value="0"/> | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="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

