



*Sundaram  
Asset Management  
Company Limited*

*16th Annual Report  
2011-12*

**Board of Directors**

D N Ghosh	Chairman
S Krishnamurthy	
T T Srinivasaraghavan	
Ashoke Bijapurkar	
T Anantha Narayanan	
Rishikesh T Krishnan	
T P Raman	Managing Director
Harsha Viji	Deputy Managing Director

**Audit Committee**

S Krishnamurthy	Chairman
T Anantha Narayanan	
T P Raman	

**Chief Financial Officer**

T S Sritharan

**Company Secretary**

P Sundararajan

**Bankers**

AXIS Bank Ltd.  
 BNP Paribas  
 Corporation Bank  
 HDFC Bank Ltd.  
 ICICI Bank Ltd.  
 Kotak Mahindra Bank Ltd.  
 State Bank of India  
 HSBC Bank Ltd  
 IndusInd Bank Ltd

**Auditors**

M/s. Brahmayya & Co., Chennai Chartered Accountants

**Information Security Assurance Auditors**

M/s. Tejas Brainware Systems (P) Ltd., Chennai

**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

Website : [www.sundarammutual.com](http://www.sundarammutual.com)

## Other Committees

### Risk Management Committee

T Anantha Narayanan  
T P Raman  
Harsha Viji  
Rishiksha T Krishnan

Chairman

### Remuneration Committee

D N Ghosh  
T P Raman  
Harsha Viji  
T T Srinivasaraghavan  
Ashoke Bijapurkar

Chairman

### Executive Committee

T P Raman  
Harsha Viji  
T T Srinivasaraghavan  
T Anantha Narayanan  
Ashoke Bijapurkar

Chairman

## Senior Management

Name	Designation	Name	Designation
Sunil Subramaniam	Director & Head -Sales & Marketing	Satish Ramanathan	Director & Head – Equity
Lakshminarayanan D	Chief Operating Officer	Dwijendra Srivastava	Head – Fixed Income
Vijayendiran R	Head - Global Business Development	Srividhya R	Vice President – Equity
Priya A Kumar	Deputy Head - Sales (Special Channels)	Krishnakumar S	Vice President – Equity
Benis Kumar M	Deputy Head - Sales (Core Channels)	Venkatesan J	Vice President – Equity
Surendra Singh Yadhav	Vice President - Sales , North	Bharath S	Fund Manager - Equity
Amit Kumar Ray	Vice President - Sales , East	Siddharth Chaudhary	Fund Manager - Fixed Income
Samir P Deshpande	Vice President-Sales, West		
Venkatesh P	Vice President-Sales, South		

## Sponsor



**SUNDARAM FINANCE**

**Sundaram Finance Limited**

Registered Office: 21, Patullos Road,  
Chennai 600 002  
India

## Branches

Agra	Bhilai	Durgapur	Jodhpur	Nashik	Siliguri
Ahmedabad	Bhopal	Goa	Kanpur	Panipat	Surat
Ahmednagar	Bhubaneshwar	Gorakpur	Kolhapur	Patna	Thrissur
Ajmer	Calicut	Guwahati	Kolkatta	Pondicherry	Tirunelveli
Allahabad	Chandigarh	Hubli	Latur	Pune	Trichy
Amristar	Chennai*	Hyderabad	Lucknow	Raipur	Trivandrum
Anand	Cochin	Indore	Ludhiana	Rajamundhury	Udaipur
Aurangabad	Coimbatore	Jaipur	Madurai	Rajkot	Varanasi
Bangalore	Cuttack	Jalgaon	Mangalore	Ratnagiri	Vellore
Baroda	Dehradun	Jallandar	Mumbai	Rourkela	Vijayawada
Belgaum	Delhi	Jamnagar	Mysore	Salem	Vizag
Bhavnagar	Dubai	Jamshedpur	Nagpur	Sholapur	

\* Corporate office and two branches in Chennai.

## Sundaram Asset Management Company Limited

A subsidiary of



**SUNDARAM FINANCE**  
*Enduring values. New age thinking.*

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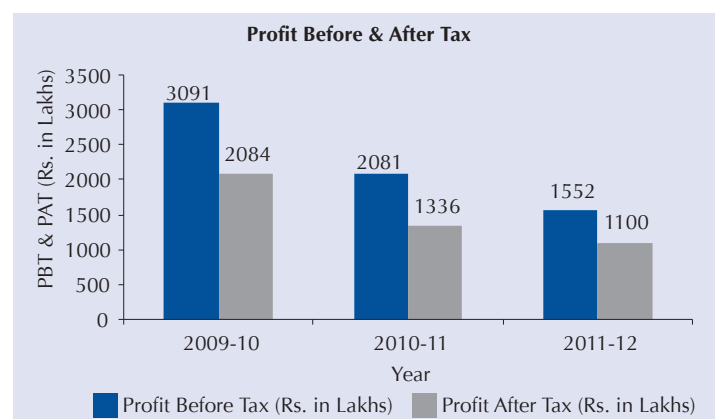
## Report of the Directors

Your Directors have pleasure in presenting the Sixteenth Annual Report of Sundaram Asset Management along with the audited financial statement of accounts for the year ended March 31, 2012. The financial performance of your Company in 2011-12 is summarised in the accompanying table:

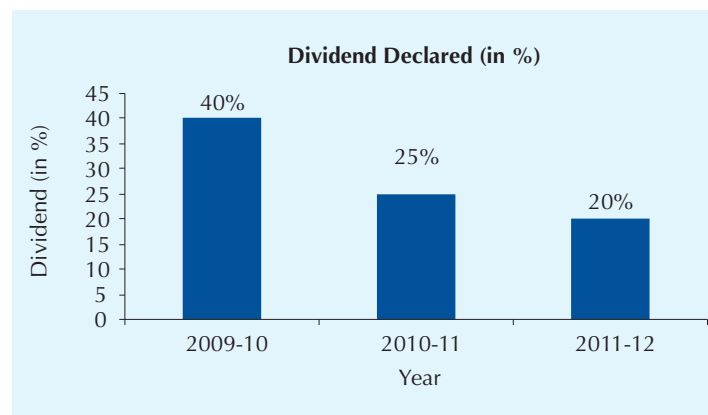
### Financial Results:

Particulars	(Rs in lakhs)	
	Year ended	
	March 31, 2012	March 31, 2011
Gross Income	10510.24	12239.64
Profit/(loss) before depreciation and tax	1704.60	2229.45
Less:		
Provision for Depreciation	152.45	148.53
<b>Profit Before Tax</b>	<b>1552.15</b>	<b>2080.92</b>
Provision for Taxation	451.83	744.77
<b>Profit after tax</b>	<b>1100.32</b>	<b>1336.15</b>
Surplus brought forward from the previous year	3338.33	2583.69
<b>Surplus available for appropriations</b>	<b>4438.65</b>	<b>3919.84</b>
Less: Appropriation:		
Dividend Proposed (Final)	306.67	383.33
Dividend Distribution Tax	49.74	62.18
Transfer to General Reserve	82.52	136.00
<b>Surplus carried to Balance Sheet</b>	<b>3999.72</b>	<b>3338.33</b>

Your Company earned a total income of Rs 10510.24 lakh for the year 2011-12, by way of investment management and advisory fees and other income during the year as compared to Rs. 12239.64 lakh in 2010-11 representing a decrease of 14.13% over the previous year. Your company reported a profit after tax of Rs. 1100.32 lakh for the year as compared to Rs. 1336.15 lakh in the previous year.



Your Directors are pleased to recommend a dividend of 20% on the paid-up capital of the company. The dividend, together



with dividend tax, absorbs a sum of Rs. 356.41 lakh. A sum of Rs. 82.52 lakh will be transferred to the General Reserve leaving a balance of Rs. 3999.72 lakh to be retained as surplus.

### Snapshot of the Mutual Fund Industry

Gross mobilization by the mutual fund industry during the year amounted to Rs. 68,19,679 Crores as against Rs. 88,59,515 Crores in the previous year, a decline of 23.02%. The industry also witnessed a gross redemption of Rs. 68,41,702 Crores representing 23.20 % decrease from the previous year's figure of Rs. 89,08,921 Crores. On a net basis, there was an outflow of Rs.22,023 Crores in 2011-12 as against the Net outflow of Rs. 49,406 Crores recorded in the previous year.

### Sundaram Mutual Fund – Performance

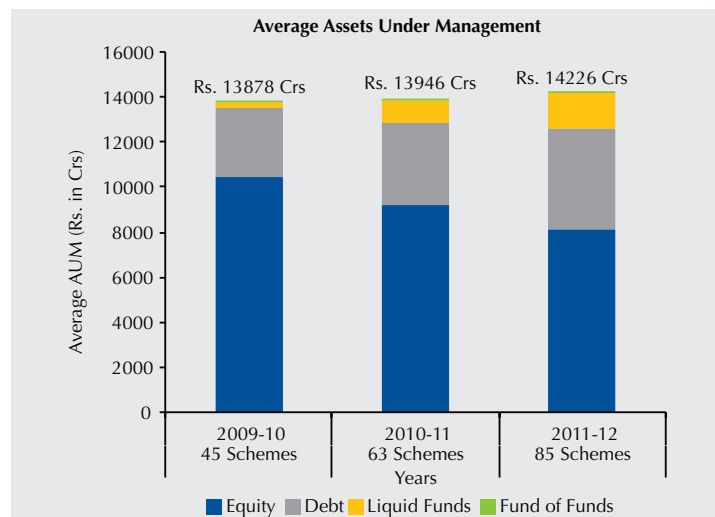
**Trend in flows:** Your Directors report that during 2011-12, Sundaram Mutual Fund schemes mobilized a sum of Rs. 59,922 Crores (Rs. 49,788 Crores in 2010-11). This represented an increase of 20 % in the amount mobilized.

During the year 2011-12 the gross redemption from the schemes was Rs. 59,874 Crores as against the previous year's redemption amount of Rs. 49,557 Crores. This represents an increase of 20.82% from the corresponding figure in the previous year. Net Inflow during the year 2011-12 was Rs.48.34 Crores.

**State of AUM:** The Average Assets under Management of Sundaram Mutual Fund for the year ended March 31, 2012 was Rs.14,226.33 Crores, as compared to Rs. 13,945.54 Crores for the previous year ended March 31, 2011. This represents a growth of 2.01 % from the previous year. The closing AUM of Rs. 11864.24 Crores of Sundaram Mutual Fund as at March 31, 2012 represented a share of 2.02 % of the Industry AUM of Rs.5,87,217 Crores.

The no. of investor folios of the Mutual Fund schemes has marginally declined from 2.22 million in 2010-11 to 1.99 million in 2011-12.

During the year, your Company conducted 60 Investor Awareness Programme in 60 centres. The total number of investors who attended the programme was approximately 1875



### Performance

The performance of Sundaram Mutual Fund schemes received critical acclaim from independent fund intelligence outfits during the year. The industry faced redemption pressures during the year following volatility in the equity market. The scheme's overall performance reflected the general trend in the mutual fund industry.

During the year 2011-12 the Fund house launched Sundaram Equity Plus, an open ended equity scheme and successfully mobilized Rs.133.68 Crores from 27,045 investors. The Fund house also launched a series of Fixed Term Plans and Capital Protection Oriented Funds during the year.

Sundaram Asset Management continues to make investment in enhancing its research and fund management capability. We also continue to ensure availability of contemporary trading and monitoring systems for the fund managers, dealer and compliance. These will stay a key focus area on a continuous basis, as it is critical to handle investor funds with the optimum skill sets and responsibility.

Your company will continuously strive to provide well-defined products that cater to a diverse range of risk, return and liquidity preferences of investors.

Your company is confident of posting reasonable growth in AUM over the next years on the back of consistent performance, a well thought-out marketing and distribution strategy, enhanced geographical reach and quality customer service.

### Portfolio Management Services

Sundaram Portfolio Managers manage an asset size of Rs. 55.52 Crores under discretionary service and Rs. 67.46 Crores under advisory services as on March 31, 2012.

### Branches

Your Company has a total of 73 branches as at the year end.

### Directors

Mr. T. P. Raman, Managing Director, has sought to retire from the Company at the end of his term on June 30, 2012. Your directors place on record the significant contribution made by Mr. T P Raman to the growth and development of your company and mutual fund through his vast knowledge and experience during his tenure of over 15 years as the Managing Director. Subsequent to retirement, he will continue to be a Non-Executive Director of the Company.

The Board appointed Mr. Harsha Viji, Deputy Managing Director as the Managing Director of the Company effective from July 01, 2012.

Mr. T. T. Srinivasaraghavan and Mr. Ashoke Bijapurkar retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-election.

Necessary resolutions are submitted for your approval.

The Board of Directors of Sundaram Asset Management met Six times in 2011-12.

### Committees of the Board

#### Audit Committee

The Audit Committee of the Board consists of Mr. S. Krishnamurthy, Mr. T. Anantha Narayanan and Mr. T.P. Raman. Mr. S. Krishnamurthy chaired the Meetings of the Committee. The Committee met five times in the year 2011-12 and reviewed the financial accounts/policies, adequacy of internal control systems and interacted with Statutory Auditors, Internal Auditors and Systems Auditors. The Committee also reviewed audit plans, unaudited/audited financial results, and observations as well as related follow-up reports of the management.

#### Risk Management Committee

The Risk Management Committee consists of Mr. T Anantha Narayanan, Mr. Rishiksha T. Krishnan, Mr. T P Raman and Mr. Harsha Viji. Mr T Anantha Narayanan chaired the meetings of the Committee. The Committee monitors the implementation of enterprise risk management guidelines, set/modify the limits for issuers and counter party exposure, review exceptions and suggests improvements to the risk management framework from time to time. The committee met two times in the year 2011-12.

#### Executive Committee

This committee looks into investment strategy, fund

performance and fund management guidelines for new products. Its scope includes review of the business plan of the company, performance of funds and the company, human resource policy and strategy and making recommendation to the Board for taking appropriate decisions.

The members of the Committee are Mr. T P Raman, Mr. Harsha Viji, Mr. T. T. Srinivasaraghavan, Mr. T. Anantha Narayanan and Mr. Ashoke Bijapurkar. The committee meetings were chaired by Non executive directors on a rotational basis. Senior management personnel of the Company attend the meetings of the Committee. This committee met three times during the year under review.

#### Remuneration Committee

The Remuneration Committee comprises Mr. D.N. Ghosh, Mr. T.P.Raman, Mr. Harsha Viji, Mr. T.T.Srinivasaraghavan and Mr. Ashoke Bijapurkar. Mr. D.N.Ghosh is the Chairman of the committee. The Committee decides on the broad parameters governing the remuneration policy for the key employees of your company. The committee met once in 2011 – 12.

#### Public Deposits

Your Company has not accepted any deposits.

Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Expenditure

(a) As the Company does not carry out any manufacturing activities, particulars required to be disclosed with respect to the conservation of energy and technology absorption in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable.

(b) Foreign Exchange, earnings and expenditure during the year.

Particulars	2011-12 (Rs.)	2010-11 (Rs.)
Foreign Exchange Earnings	1,01,24,324	7,31,22,548
Foreign Exchange Expenditure	3,46,09,884	2,53,87,158
Dividend Paid to Non – Resident Shareholder – BNP Paribas Asset Management	Not Applicable	3,06,05,125

#### Personnel

Your company had 296 employees on its rolls as on March 31, 2012. Your company continues to invest in enhancing the skill-sets of employees.

#### Particulars of Employee Remuneration

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, details are set out in the annexure to the Directors' Report. Any shareholder interested in obtaining

a copy of the said annexure may write to the Company Secretary at the registered office of the Company.

#### 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 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 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

Messrs Brahmayya & Co., firm of Chartered Accountants, retire at the ensuing Annual General Meeting and is eligible for re-appointment. A certificate under Section 224(1B) of the Companies Act, 1956, has been received from the firm.

#### SEBI Regulations

As always, your Company complied with SEBI (Mutual Fund) Regulations, 1996.

#### Acknowledgement

Your Directors wish to place on record their deep appreciation of the professional support and guidance received from the Trustees of Sundaram Mutual Fund and the Sponsors - Sundaram Finance Limited.

Your Board of Directors also thank the Securities and Exchange Board of India, Association of Mutual Funds of India, the company's bankers and other intermediaries for their unstinted support.

Your Directors place on record their deep appreciation of the dedication and commitment displayed by the employees of your Company.

For and on behalf of the Board

Place: Chennai

Date: May 15, 2012

**D N Ghosh**

Chairman



## Annexure – I

## Annexure to the Directors Report

Sl.No	Name of the Schemes	Closing AUM as on 31-03-12 (Rs. in Crore)
<b>Equity Schemes</b>		
1	Sundaram Select Mid Cap	2,080
2	Sundaram Tax Saver	1,420
3	Sundaram– Select Thematic Funds – Energy Opportunities	822
4	Sundaram Select Focus	727
5	Sundaram S.M.I.L.E Fund	459
6	Sundaram Select Thematic Funds – PSU Opportunities	269
7	Sundaram Select Thematic Funds – Capex Opportunities Fund (Growth)	260
8	Sundaram Select Thematic Funds – Capex Opportunities Fund (Dividend)	228
9	Sundaram Select Thematic Funds – Financial Services Opportunities	224
10	Sundaram Equity Multiplier Fund	177
11	Sundaram– Select Thematic Funds – Rural India Fund	161
12	Sundaram Growth Fund	160
13	Sundaram Equity Plus	149
14	Sundaram India Leadership Fund	123
15	Sundaram Balanced Fund	56
16	Sundaram Select Thematic Funds – Entertainment Opportunities	36
17	Sundaram Global Advantage – Fund of Funds Scheme	57
<b>Total AUM – Equity Schemes – (A)</b>		<b>7,408</b>
<b>Debt &amp; Liquid Schemes</b>		
18	Sundaram Money Fund	577
19	Sundaram Ultra Short Term Fund	472
20	Sundaram Bond Saver	59
21	Sundaram Flexible Fund – Short Term Plan	26
22	Sundaram Monthly Income Plan (Not an assured Income Scheme) – Moderate Plan	22
23	Sundaram Select Debt – Short Term Asset Plan	11
24	Sundaram Monthly Income Plan (Not an assured Income Scheme) – Conservative Plan	10
25	Sundaram Monthly Income Plan (Not an assured Income Scheme) – Aggressive Plan	10
26	Sundaram Flexible Fund – Flexible Income Plan	1
27	Sundaram Income Plus	0.81
28	Sundaram Gilt Fund	0.27
29	Sundaram Fixed Term Plans (including Interval Funds) (43 schemes)	2031
30	Sundaram Capital Protection Oriented Schemes (Closed-end Scheme) (14 schemes)	1235
<b>Total Aum – Debt &amp; Liquid Schemes – (B)</b>		<b>4,456</b>
<b>Grand Total – (A) + (B)</b>		<b>11,864</b>

For and on behalf of the Board

Place: Chennai

D N Ghosh

Date: May 15, 2012

Chairman



## Auditors' Report

### TO THE MEMBERS OF SUNDARAM ASSET MANAGEMENT COMPANY LIMITED

1. We have audited the attached Balance Sheet of Sundaram Asset Management Company Limited (the company) as at 31st March 2012, the Profit and Loss Statement, the notes thereon 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) and based on the information and explanation given to us, 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 Statement 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 Statement 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 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2012 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 2012;
    - (b) in the case of the Profit and Loss Statement, of the profit for the year ended on that date; and
    - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Place : Chennai  
Date : May 15, 2012

For **BRAHMAYYA & CO.**,  
Chartered Accountants  
Firm Registration Number: 000511S

**P.BABU**  
Partner  
Membership No.203358

## ANNEXURE TO THE AUDITORS' REPORT REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) Fixed assets have been physically verified by the management during the year in accordance with a phased plan of verification, which in our opinion is reasonable having regard to the size of the company and the nature of fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of accounts.
- c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets have not been disposed off by the company during the year.
2. In our opinion and according to the information and explanations given to us, the company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, clauses (iii)a to (iii)g of paragraph 4 of the Order are not applicable to the company for the year.
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 purchase of fixed assets and for services rendered. 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.
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 into the register maintained under Section 301 of the Act have been so entered.
- b) In our opinion and 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 lakh in respect of any party during the year have, prima facie, been made at prices which are reasonable having regard to the nature of services and the prevailing market prices at the relevant time.
5. The company has not accepted deposits from 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. According to the records of the company and the information and explanations given to us, undisputed statutory dues, including Provident Fund, Employees State Insurance, Income tax, Wealth Tax, Service Tax and other material statutory dues have been regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, there are no arrears of statutory dues which are outstanding as at 31st March, 2012 for a period of 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 Provident Fund, Employees State Insurance, Income tax, Wealth tax and Service tax which have not been deposited on account of any dispute.
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 procedure 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 the bank. The company does not have any borrowing from financial institutions, or by issue of debentures.
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 fund / societies are not applicable to the company.
14. 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 other investments and timely entries have been made therein. The securities and other investments have been held by the company in its own name.
15. In our opinion and according to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.
16. The company has not availed any long term loan during the year.
17. According to the information and explanations given to us, the company has not raised funds on short term or long term basis during the year.
18. The company has not issued debentures during the year.
19. The company has not raised monies by public issue during the year.
20. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.
21. In our opinion and according to the information and explanations given to us, the nature of the company's business/ activities during the year have been such that clauses ii and 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

Place : Chennai

Firm Registration Number: 0005115

Date : May 15, 2012

**P.BABU**

**Partner**

**Membership No.203358**

**Balance Sheet**

As at 31st March, 2012

(Amount in Rs)

Particulars	Note	31.03.12	31.03.11
<b>I. Equity and Liabilities</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	2	15,33,32,290	15,33,32,290
(b) Reserves and Surplus	3	51,37,61,836	43,93,70,900
(c) Money received against share warrants		-	-
		66,70,94,126	59,27,03,190
<b>2. Share Application Money Pending Allotment</b>		-	-
<b>3. Non-Current Liabilities</b>			
(a) Long Term Borrowings		-	-
(b) Deferred Tax Liabilities	4	5,56,99,181	5,75,16,195
(c) Other Long Term Liabilities		-	-
(d) Long Term Provisions		-	-
		5,56,99,181	5,75,16,195
<b>4. Current Liabilities</b>			
(a) Short Term Borrowings	5	5,33,33,334	-
(b) Trade Payables	6	6,25,16,961	10,87,96,536
(c) Other Current Liabilities	7	1,03,04,925	1,35,76,440
(d) Short Term Provisions	8	4,30,45,636	4,57,86,555
		16,92,00,856	16,81,59,531
<b>Total</b>		<b>89,19,94,163</b>	<b>81,83,78,916</b>
<b>II. Assets</b>			
<b>1. Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	9	4,29,51,593	3,39,28,547
(ii) Intangible Assets	9	88,35,071	94,88,069
(iii) Capital work-in-progress		-	-
(iv) Intangible Asset Under Development		-	-
(b) Non-Current Investments	10	98,490	98,490
(c) Deferred Tax Assets		-	-
(d) Long Term Loans and Advances	11	31,01,69,964	14,77,06,937
(e) Other Non-Current Assets		-	-
		36,20,55,118	19,12,22,043
<b>2. Current Assets</b>			
(a) Current Investments	12	1,85,00,000	21,29,53,389
(b) Inventories		-	-
(c) Trade receivables	13	3,70,88,486	6,68,62,484
(d) Cash and Bank Balances	14	68,11,491	90,34,103
(e) Short Term Loans and Advances	15	46,75,39,068	33,83,06,897
(f) Other Current Assets		-	-
		52,99,39,045	62,71,56,873
<b>Total</b>		<b>89,19,94,163</b>	<b>81,83,78,916</b>

Significant accounting policies and notes to the accounts 1 to 21

For **Brahmayya & Co.**  
Chartered Accountants  
Firm Registration Number: 000511S

**P.Babu**  
Partner  
Membership No.203358

Chennai  
15th May, 2012

**D.N.Ghosh**  
Chairman

**Ashoke Bijapurkar**  
Director

**Rishiksha T Krishnan**  
Director

**T P Raman**  
Managing Director

**S Krishnamurthy**  
Director

**T T Srinivasaraghavan**  
Director

**T Anantha Narayanan**  
Director

**Harsha Viji**  
Deputy Managing Director

**P. Sundararajan**  
Company Secretary

## Profit and Loss Statement

For the year ended 31st March 2012

(Amount in Rs)

Particulars	Note	2011-12	2010-11
<b>Income</b>			
Revenue from operations	16	102,82,78,917	120,95,28,744
Other Income	17	2,27,46,075	1,44,36,097
<b>Total</b>	<b>(A)</b>	<b><u>105,10,24,992</u></b>	<b><u>122,39,64,841</u></b>
<b>Expenditure</b>			
Employee Benefits	18	35,38,52,900	32,16,50,800
Administrative and other expenses	19	27,56,82,492	36,61,56,064
Finance Cost - Interest		15,50,959	-
Scheme expenses borne by the company	20	24,94,79,143	31,32,12,376
Depreciation	9	1,52,45,019	1,48,53,220
<b>Total</b>	<b>(B)</b>	<b><u>89,58,10,513</u></b>	<b><u>101,58,72,460</u></b>
<b>Profit before tax</b>	<b>(A-B)</b>	<b>15,52,14,479</b>	<b>20,80,92,381</b>
Less : Tax			
Current Tax		4,70,00,000	7,50,00,000
Deferred Tax		<u>(18,17,014)</u>	<u>(5,22,628)</u>
<b>Profit after Tax from continuing operations</b>		<b>11,00,31,493</b>	<b>13,36,15,009</b>
<b>Earnings per Equity Share</b>			
Number of Shares		1,53,33,229	1,53,33,229
Earnings per Equity Share		7.18	8.71

Significant accounting policies and notes to the accounts 1 to 21

For **Brahmayya & Co.**  
Chartered Accountants  
Firm Registration Number: 000511S

**P.Babu**  
Partner  
Membership No.203358

Chennai  
15th May, 2012

**D.N.Ghosh**  
Chairman

**Ashoke Bijapurkar**  
Director

**Rishiksha T Krishnan**  
Director

**T P Raman**  
Managing Director

**S Krishnamurthy**  
Director

**T T Srinivasaraghavan**  
Director

**T Anantha Narayanan**  
Director

**Harsha Viji**  
Deputy Managing Director

**P. Sundararajan**  
Company Secretary

## 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 estimate and assumptions used in the 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:

Investment Management Fees, Advisory Fees and Portfolio Management Service Fees are accounted on accrual basis.

### 1.3 Fixed Assets and Depreciation:

Fixed Assets are stated at historical cost less accumulated depreciation.

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 written down to Re.1.

Expenditure incurred towards renovation, interior decoration etc. in respect of leased office premises is capitalised under "Improvement to rented premises" and amortised over the primary lease period.

#### **Vehicles taken on lease:**

Operating Lease payments are recognised as expenditure in the Profit and Loss Account on a straight line basis over the lease term.

### 1.4 Valuation of Investments:

Long Term investments are carried at cost and 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.

### 1.5 Transactions in Foreign Currency:

Transactions in foreign currency are accounted for at the rates prevailing 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 is accounted for in the Profit and Loss Account.

### 1.6 Employee Benefits:

#### A) Short Term Employee Benefits:

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

#### B) Post employment benefits:

##### *Defined Contribution Plan*

##### i) *Provident Fund*

The Company contributes to a Government-administered Provident Fund and Pension Fund.

##### *Defined Benefit Plan*

##### i) *Gratuity*

The Company contributes annually to a Gratuity Fund administered by trustees and managed by Life Insurance Corporation of India. The company accounts its liability for future gratuity benefits based on actuarial valuation, as at Balance Sheet date, determined every year by Life Insurance Corporation of India using the Projected Unit Credit method.

##### ii) *Leave Encashment*

The Company contributes to a staff leave encashment scheme managed by Life Insurance Corporation of India. The Company accounts its liability based on an actuarial valuation, as at the Balance Sheet date, determined every year, using the Projected Unit Credit method.

The expenses and actuarial gain / loss on account are recognised in the Profit and Loss on the basis of actuarial valuation.

### 1.7 Taxation:

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

### 1.8 Intangible Assets:

Computer Software acquired is recorded as an intangible asset and the cost is amortised over the 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 amount recoverable is higher of the net selling price of assets and their value in use.

### 1.10 Provisions:

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

### 1.11 Scheme Expenses

- New Fund Offer Expenses – Equity Schemes  
Expenses incurred in relation to new fund offer are amortized over a period of 24 Months.
- New Fund Offer Expenses – Debt Schemes  
Expenses incurred in relation to new fund offer are amortized over the tenor of the scheme.
- Amortization Policy on Brokerage Expenses:

Incurring Towards	Amortized over a period of
Equity Linked Savings Scheme	36 Months
Open Ended Equity Schemes	12 Months

## Notes to the Accounts

forming part of the Balance Sheet as at March 31, 2012

(Amount in Rs.)

## Note 2

## Share Capital :

Particulars	31.03.12	31.03.11
<b>Share Capital</b>		
Authorised		
2,00,00,000 Equity Shares of Rs 10/- each	20,00,00,000	20,00,00,000
5,00,000 Redeemable Preference Shares of Rs.100/- each	5,00,00,000	5,00,00,000
	<u>25,00,00,000</u>	<u>25,00,00,000</u>
Issued, Subscribed and fully paid up		
1,53,33,229 Equity Shares of Rs 10/- each	15,33,32,290	15,33,32,290
	<u>15,33,32,290</u>	<u>15,33,32,290</u>

**Details of number of Shares held by shareholders holding more than 5% shares are set out below :**

Name of the Shareholder	Status	No. of Shares #	% held as at 31.03.2012	No. of Shares #	% held as at 31.03.2011
Sundaram Finance Limited	- Holding Company	1,53,33,229	100%	1,53,33,229	100%

# Includes six equity shares held by nominees of Sundaram Finance Limited.

**Reconciliation of the number of equity shares outstanding at the beginning and at the end of financial year are as follows:**

Particulars	31.03.12	31.03.11
Opening number of shares outstanding	1,53,33,229	1,53,33,229
Add : Shares issued	-	-
Less: Shares bought back	-	-
Closing number of shares outstanding	1,53,33,229	1,53,33,229

## Note 3

## Reserves And Surplus

Nature of Reserve	Opening Balance as of 01.04.2011	Additions during the year	Deductions / Appropriations during the year	Closing Balance as of 31.03.2012
Securities Premium account	4,13,57,051	-	-	4,13,57,051
General Reserve	6,41,80,000	82,52,362	-	7,24,32,362
Surplus *	33,38,33,849	11,00,31,493	4,38,92,919	39,99,72,423
<b>Total</b>	<u>43,93,70,900</u>	<u>11,82,83,855</u>	<u>4,38,92,919</u>	<u>51,37,61,836</u>

Nature of Reserve	Opening Balance as of 01.04.2010	Additions during the year	Deductions / Appropriations during the year	Closing Balance as of 31.03.2011
Securities Premium account	4,13,57,051	-	-	4,13,57,051
General Reserve	5,05,80,000	1,36,00,000	-	6,41,80,000
Surplus *	25,83,69,538	13,36,15,008	5,81,50,697	33,38,33,849
<b>Total</b>	<u>35,03,06,589</u>	<u>14,72,15,008</u>	<u>5,81,50,697</u>	<u>43,93,70,900</u>

\* Details of appropriation out of surplus are as follows:

Particulars	31.03.12	31.03.11
General Reserve	82,52,362	1,36,00,000
Dividend	3,06,66,458	3,83,33,073
Dividend Distribution Tax	49,74,099	62,17,624
	<u>4,38,92,919</u>	<u>5,81,50,697</u>



## Notes to the Accounts

forming part of the Balance Sheet as at March 31, 2012

(Amount in Rs.)

**Note 4****Deferred Tax Liabilities:**

Particulars	31.03.12	31.03.11
<b>Deferred Tax Liability:</b>		
Depreciation	62,77,889	30,00,265
Amortisation of Brokerage	4,94,21,292	5,45,15,930
	<u>5,56,99,181</u>	<u>5,75,16,195</u>

**Note 5****Short Term Borrowings**

Particulars	31.03.12	31.03.11
Secured Loans		
From a scheduled Bank	5,33,33,334	-
	<u>5,33,33,334</u>	<u>-</u>

Secured by hypothecation of Book Debts of the Company. Repayment of the Loan in six equal installments from February 2012.

**Note 6****Trade Payables**

Particulars	31.03.12	31.03.11
Trade Payables		
For Expenses	6,07,98,601	10,67,37,607
[Includes Rs. 14,00,000/- Payable to Directors (Previous Year Rs.24,05,000/-)]		
For Others	17,18,360	20,58,929
	<u>6,25,16,961</u>	<u>10,87,96,536</u>

*There are no amounts due and outstanding to be credited to Investor Education & Protection Fund*

**Note 7****Other Current Liabilities:**

Particulars	31.03.12	31.03.11
Other Payable	1,03,04,925	1,35,76,440
	<u>1,03,04,925</u>	<u>1,35,76,440</u>

**Note 8****Short Term Provisions**

Particulars	31.03.12	31.03.11
Provision for Employee Benefits	74,05,079	12,35,858
Others		
Dividend	3,06,66,458	3,83,33,073
Dividend Distribution Tax	49,74,099	62,17,624
	<u>4,30,45,636</u>	<u>4,57,86,555</u>



(Amount in Rupees)

Description	GROSS BLOCK AT COST			DEPRECIATION			NET BLOCK			
	As at 01.04.2011	Additions	Deductions	As at 31.03.2012	Upto 31.03.2011	Additions	Deductions	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
<b>Tangible Assets</b>										
Office Equipment	1,59,76,945 (1,49,80,193)	11,07,390 (10,56,752)	5,03,863 (60,000)	1,65,80,472 (1,59,76,945)	80,85,604 (68,28,751)	11,83,309 (13,01,589)	2,84,604 (44,737)	89,84,308 (80,85,604)	75,96,164 (78,91,341)	78,91,341 (81,51,442)
Electrical Equipment	1,48,30,397 (1,30,54,034)	29,19,775 (20,58,467)	99,430 (2,82,104)	1,76,50,742 (1,48,30,397)	69,01,040 (54,64,917)	13,97,879 (16,17,561)	37,699 (1,81,438)	82,61,220 (69,01,040)	93,89,522 (79,29,358)	79,29,358 (75,89,117)
Computers	4,58,40,287 (4,31,27,095)	39,99,995 (68,39,542)	1,73,245 (41,26,350)	4,96,67,037 (4,58,40,287)	3,59,99,232 (3,42,34,715)	48,37,974 (52,37,378)	1,34,208 (34,72,860)	4,07,02,998 (3,59,99,232)	89,64,039 (98,41,054)	98,41,054 (88,92,380)
Furniture and fixtures	1,50,17,348 (1,51,95,780)	4,46,348 (4,93,021)	1,00,525 (6,17,453)	1,53,63,171 (1,50,17,348)	1,17,57,030 (1,13,45,563)	8,70,636 (8,75,207)	84,419 (4,63,740)	1,25,43,247 (1,17,57,030)	28,19,924 (32,60,319)	32,60,319 (38,50,217)
Vehicles	24,16,763 (23,87,664)	- (51,978)	46,836 (22,879)	23,69,927 (24,16,763)	17,87,327 (15,85,785)	1,62,000 (2,16,904)	33,348 (15,363)	19,15,978 (17,87,327)	4,53,949 (6,29,436)	6,29,436 (8,01,879)
Improvement to rented premises	3,18,19,031 (2,74,55,774)	1,20,83,552 (43,63,256)	59,84,865 (-)	3,79,17,718 (3,18,19,031)	2,74,41,991 (2,44,50,669)	27,32,597 (29,91,323)	59,84,865 (-)	2,41,89,723 (2,74,41,991)	1,37,27,995 (43,77,038)	43,77,038 (30,05,106)
<b>Total Tangible Assets</b>	<b>12,59,00,771</b>	<b>2,05,57,060</b>	<b>69,08,764</b>	<b>13,95,49,065</b>	<b>9,19,72,223</b>	<b>1,11,84,394</b>	<b>65,59,143</b>	<b>9,65,97,474</b>	<b>4,29,51,593</b>	<b>3,39,28,547</b>
<b>Intangible Assets</b>										
Computer Software	2,45,89,780 (1,47,01,420)	34,07,627 (98,88,360)	- (-)	2,79,97,407 (2,45,89,780)	1,51,01,711 (1,24,88,452)	40,60,625 (26,13,259)	- (-)	1,91,62,336 (1,51,01,711)	88,35,071 (94,88,069)	94,88,069 (22,12,968)
<b>Total Intangible Assets</b>	<b>2,45,89,780</b>	<b>34,07,627</b>	<b>-</b>	<b>2,79,97,407</b>	<b>1,51,01,711</b>	<b>40,60,625</b>	<b>-</b>	<b>1,91,62,336</b>	<b>88,35,071</b>	<b>94,88,069</b>
<b>Grand Total</b>	<b>15,04,90,551</b>	<b>2,39,64,687</b>	<b>69,08,764</b>	<b>16,75,46,472</b>	<b>10,70,73,934</b>	<b>1,52,45,019</b>	<b>65,59,143</b>	<b>11,57,59,810</b>	<b>5,17,86,664</b>	<b>4,34,16,616</b>
<b>Previous Year</b>	<b>(13,09,01,961)</b>	<b>(2,46,97,376)</b>	<b>(51,08,786)</b>	<b>(15,04,90,551)</b>	<b>(9,63,98,852)</b>	<b>(1,48,53,220)</b>	<b>(41,78,138)</b>	<b>(10,70,73,934)</b>	<b>(4,34,16,616)</b>	<b>(3,45,03,109)</b>

Figures in brackets pertain to 31st March 2011.

Intangible Assets : In accordance with Accounting Standard AS 26 – Intangible Assets, Software purchase amounting to Rs.34,07,627/(31.03.2011 – Rs.98,88,360/-) is amortised over a period of three years based on a technical valuation.

## Notes to the Accounts

forming part of the Balance Sheet as at March 31, 2012

(Amount in Rs.)

**Note 10**  
**Non - Current Investments**

Particulars	31.03.12	31.03.11
Un-Quoted		
Non Trade:		
Investments in Mutual Funds (9,849 Units of Face Value Rs.10/- each in Sundaram Capital Protection Fund 3 Years Series II) [Net Asset Value as on 31.03.2012 : 1,04,000/-]	98,490	98,490
	<u>98,490</u>	<u>98,490</u>

**Note 11**  
**Long Term Loans And Advances**

Particulars	31.03.12	31.03.11
Unsecured, Considered Good :		
Brokerage Recoverable from Mutual Fund Schemes	23,17,02,596	5,86,59,998
Prepaid Expenses	6,14,54,359	6,11,91,611
Security Deposit	1,55,33,849	2,64,76,694
Others	14,79,160	13,78,634
	<u>31,01,69,964</u>	<u>14,77,06,937</u>

**Note 12**  
**Current Investments**

Particulars	31.03.12	31.03.11
Un-Quoted		
Non Trade:		
Investments in Mutual Funds	1,85,00,000	21,29,53,389
	<u>1,85,00,000</u>	<u>21,29,53,389</u>

Scheme Name	Units	31.03.2012 Face Value	Cost
Sundaram FTP BN - Growth Option	50,000	10.00	5,00,000
Sundaram FTP BO - Growth Option	50,000	10.00	5,00,000
Sundaram Ultra Short-Term Fund-Daily Dividend Reinvestment Plan- Institutional Option	17,43,549	10.00	1,75,00,000
<b>Total</b>			<u>1,85,00,000</u>

Particulars	Cost	Net Asset Value
Aggregate of Quoted Investments	-	-
Aggregate of Unquoted Investments	1,85,00,000	1,85,40,000

Scheme Name	Units	31.03.2011 Face Value	Cost
Sundaram Interval Fund E - Dividend Option	8,39,365	10.00	83,93,645
HDFC Quarterly Interval Plan C - Dividend Option	10,00,000	10.00	1,00,00,000
Kotak FMP 6M Series 10 - Dividend Option	10,00,000	10.00	1,00,00,000
DSP Blackrock FMP 3 M Series 28 - Growth	20,00,000	10.00	2,00,00,000
Sundaram Ultra ST Fund - Daily Dividend Reinvestment Plan- Institutional Option	17,43,549	10.00	1,31,91,987
HDFC Floating Rate - Short Term Income Fund- Daily Dividend Reinvestment Plan - Institutional Option	3,36,776	10.00	33,67,757
HDFC M.I.P Long Term - Dividend Option	7,50,000	10.00	75,00,000
Birla Sunlife M.I.P Savings 5 - Dividend Option	5,50,000	10.00	55,00,000
HDFC FMP - 13 Months - March '10 - Growth Option	20,00,000	10.00	2,00,00,000
Sundaram FMP - Series R - Growth Option	20,00,000	10.00	2,00,00,000
Sundaram FMP - Series AN - Growth Option	20,00,000	10.00	2,00,00,000
Sundaram FMP - Series AO - Growth Option	20,00,000	10.00	2,00,00,000
HDFC FMP - 367 Days - Sept 10 - Growth Option	15,00,000	10.00	1,50,00,000
HDFC FMP - Series XV - Growth Option	20,00,000	10.00	2,00,00,000
Sundaram FMP - Series AP - Growth Option	20,00,000	10.00	2,00,00,000
<b>Total</b>			<u>21,29,53,389</u>

Investments valued at cost

## Notes to the Accounts

forming part of the Balance Sheet as at March 31, 2012

(Amount in Rs.)

## Note 13

## Trade Receivables

Particulars	31.03.12	31.03.11
Unsecured, Considered Good :		
Trade Receivables		
Asset Management Fee	3,21,09,331	4,95,03,758
Advisory Fee	11,41,407	1,48,99,592
Portfolio Management Fee	38,37,748	24,59,134
	<u>3,70,88,486</u>	<u>6,68,62,484</u>

## Note 14

## Cash And Bank Balances

Particulars	31.03.12	31.03.11
Cash and Bank Balances		
Cash on Hand	1,17,878	2,86,273
Balances with Scheduled Banks in		
Current Accounts	59,76,763	69,15,069
Balances with Bank held in abroad		
Current Accounts	11,130	12,25,756
Deposit Accounts - More than 12 months	7,05,720	6,07,005
(A lien has been created on the deposit in favour of a Bank for Guarantee issued)		
	<u>68,11,491</u>	<u>90,34,103</u>

## Note 15

## Short Term Loans And Advances

Particulars	31.03.12	31.03.11
Unsecured, Considered Good :		
Brokerage Recoverable from Mutual Fund Schemes	19,67,09,079	8,72,33,097
Prepaid Expenses	12,40,00,854	15,38,85,844
Security Deposit	73,67,796	6,36,192
Others	1,23,31,658	32,35,769
Advance Income tax and Tax Deducted at Source(Net)	12,33,18,893	8,95,05,207
[Includes Rs. 7,67,43,730/- towards income tax paid under dispute]		
Advance Fringe Benefit Tax (Net)	38,10,788	38,10,788
	<u>46,75,39,068</u>	<u>33,83,06,897</u>

Advance Income tax and Tax deducted at source is net of provision for taxation Rs. 33,44,33,918/- (31.03.11 Rs. 28,74,33,918/-)

Advance Fringe Benefit tax is net of provision for fringe benefit tax Rs. 28,86,509/- (31.03.11 Rs. 28,86,509 /-)

## Notes to the Accounts

forming part of the Profit and Loss Statement for the year ended March 31, 2012 (Amount in Rs.)

### Note: 16

#### Revenue From Operations

Particulars	2011-12	2010-11
Services Rendered:		
Investment Management Fees (Net)	101,23,47,495	112,80,47,878
Advisory Fees	1,03,72,546	7,70,49,056
Portfolio Management Service Fees	55,58,876	44,31,810
	<b><u>102,82,78,917</u></b>	<b><u>120,95,28,744</u></b>

Investment Management fees is net of advisory fees paid Rs. 37,43,725 /- (31.03.11-Rs. 53,12,985/-).

### Note: 17

#### Other Income

Particulars	2011-12	2010-11
Interest receipts	70,69,548	24,75,695
Dividend Income	16,82,447	92,63,481
Profit on Sale of Tangible Assets	6,32,372	43,515
Profit on Sale of Non Current Investment	1,16,64,843	18,94,669
Gain on Exchange Fluctuation	1,69,579	-
Miscellaneous income	15,27,286	7,58,737
	<b><u>2,27,46,075</u></b>	<b><u>1,44,36,097</u></b>

### Note: 18

#### Establishment Expenses

Particulars	2011-12	2010-11
Salaries, allowances and bonus	32,63,08,282	29,97,56,719
Company's contribution to Provident Fund, ESI Scheme	1,46,01,129	1,27,58,633
Contribution to Gratuity Fund	49,79,240	27,50,461
Staff welfare expenses	79,64,249	63,84,987
	<b><u>35,38,52,900</u></b>	<b><u>32,16,50,800</u></b>

## Notes to the Accounts

forming part of the Profit and Loss Statement for the year ended March 31, 2012

(Amount in Rs.)

### Note: 19

#### Administrative And Other Expenses

Particulars	2011-12	2010-11
Rent	5,12,65,783	4,86,67,409
Fund Accounting Charges	2,08,97,068	2,23,03,017
Rates and Taxes	15,20,462	7,54,365
Communication Expenses	1,98,99,317	1,94,89,377
Subscription	1,99,31,257	1,69,17,063
Advertisement	-	7,63,47,572
Electricity Charges	63,17,135	59,23,922
Lease Rental	27,31,663	26,77,300
Travelling and Conveyance	2,54,75,993	2,27,96,220
Director's Sitting Fees and Commission	6,70,000	10,80,000
Insurance	38,47,069	32,13,999
Professional and Consultancy Fees	1,67,96,230	3,21,39,158
Repairs and Maintenance		
- Building	1,02,54,212	83,06,148
- Others	1,04,98,374	38,74,915
Database and Networking Expenses	1,51,91,837	1,04,86,581
Loss on exchange fluctuation	6,70,896	12,24,937
Outsourcing Cost	3,89,80,516	3,11,53,168
Miscellaneous expenses	3,06,48,768	3,71,16,871
Loss on sale of Current Investments	5,297	-
Loss on sale of Non Current Investments	-	2,13,19,204
Loss on sale of tangible assets	80,615	3,64,838
	<b>27,56,82,492</b>	<b>36,61,56,064</b>

Miscellaneous Expenses includes remuneration to Auditors:

Particulars	2011-12	2010-11
Statutory Audit	5,00,000	3,00,000
Tax Audit	2,00,000	1,20,000
Certification Fees	1,85,000	1,89,000
	<b>8,85,000</b>	<b>6,09,000</b>

### Note: 20

#### Scheme Expenses Borne By The Company

Particulars	2011-12	2010-11
Upfront Brokerage	21,13,73,600	29,29,59,392
Other Marketing Expenses	3,81,05,543	2,02,52,984
	<b>24,94,79,143</b>	<b>31,32,12,376</b>

**Note 21.****GENERAL:**

21.1 The Company has identified Asset Management, Investment Advisory Service and Portfolio Management Service as the only business segment.

**21.2 Employee Benefits:****1. Defined Contribution Plan:**

(In Rs.)					
Company Contribution to	2011-12	2010-11	2009-10	2008-09	2007-08
1. Provident Fund	1,26,00,971	1,08,79,969	92,89,367	90,50,015	66,76,096
2. Pension Fund	18,25,634	16,53,122	15,50,449	16,03,470	13,31,904
3. Employees State Insurance	1,04,784	1,65,253	Nil	Nil	75,000

**2. Defined Benefit Plan:****Gratuity**

A. Reconciliation of opening and closing balances of present value of the defined benefit obligation

(In Rs.)		
	2011-12	2010-11
Present Value of obligations at the beginning of the Year	1,99,02,183	1,68,17,856
Interest Cost	15,92,175	13,45,428
Current Service Cost	27,31,880	32,81,320
Benefit Paid	(80,942)	(9,02,018)
Actuarial Loss on obligation	24,45,626	(2,54,574)
Past Service Liability of employees transferred out	-	(3,85,829)
Present value of obligation at the end of the Year	2,58,67,922	1,99,02,183

B. Reconciliation of opening and closing balances of fair value of the Plan Assets Fund Maintained by LIC

(In Rs.)		
	2011-12	2010-11
Fair Value of Plan asset at the beginning of the Year	1,86,66,325	1,35,42,235
Expected return on plan assets	17,90,441	16,21,713
Contribution	12,35,858	44,04,395
Benefit Paid	(8,03,942)	(9,02,018)
Actuarial Gain on obligation	NIL	NIL
Fair Value of plan asset at the end of the Year	2,08,88,682	1,86,66,325

C. Reconciliation of present value of defined benefit obligation and fair value of plan assets of the assets and liabilities

(In Rs.)		
	2011-12	2010-11
Present Value of obligations at beginning of the Year	2,58,67,922	1,99,02,183
Fair Value of Plan asset at the end of the Year.	2,08,88,682	1,86,66,325
Net Liability recognised in the balance sheet	49,79,240	12,35,858

D. Expenses recognised in the profit and loss account

(In Rs.)		
	2011-12	2010-11
Current Service Cost	27,31,880	32,81,320
Interest Cost	15,92,175	13,45,428
Expected return on plan assets	(17,90,441)	(16,21,713)
Net Actuarial loss recognised in the year	24,45,626	2,54,574
Expenses to be recognised in the Profit and Loss Account	49,79,240	27,50,461

E. Actuarial Gain / Loss recognised

(In Rs.)		
	2011-12	2010-11
Actuarial loss on obligation	24,45,626	2,54,574
Actuarial gain on plan assets	NIL	NIL
Actuarial Loss for the year	24,45,626	2,54,574

**G. Actuarial Assumption**

Actuarial Assumption*	Per Annum	
	31.03.2012	31.03.2011
Discount Rate	8.00%	8.00%
Salary Increment	7.00%	7.00%
Rate of Return	9.25%	9.25%
Attrition Rate	1-3%	1-3%

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.

Particulars	2011-12	2010-11	2009-10	2008-09	2007-08
Defined Benefit Obligation	2,58,67,922	1,99,02,183	1,68,17,856	1,19,05,278	83,43,296
Plan Asset	2,08,88,682	1,86,66,325	1,35,42,235	68,78,202	42,37,202
Surplus / Deficit	(49,79,240)	(12,35,858)	(32,75,621)	(50,27,076)	(41,06,094)
Expenses Adjustment on					
Plan Liabilities	24,45,626	2,54,574	11,53,406	35,98,703	29,49,331
Income Adjustment on Plan Asset	Nil	Nil	Nil	2,27,317	1,08,195

3. The Present value of obligation towards compensated absences, as per actuarial certificate as on 31.03.12 was Rs. 1,79,89,033/- (31.03.11 Rs. 1,50,56,479/-) and is recognised in the books of accounts.

21.3 Disclosures in respect of operating lease contracts as per AS 19 – "Leases"

The future minimum lease payments payable under non-cancellable operating lease are as follows:

(In Rs)		
Particulars	31.03.2012	31.03.2011
Not later than one year	17,46,829	25,42,288
Later than one year and not later than five years	17,75,755	29,43,828
Later than five years	Nil	Nil

The leases can be renewed on expiry of the primary lease period, after mutually discussing the renewal terms with the lessor.

21.4 In accordance with the Accounting Standard AS – 18 on "Related party Disclosures"

**Related Parties****Holding Company:**

Sundaram Finance Limited

**Fellow Subsidiaries:**

Sundaram BNP Paribas Home Finance Limited.

Sundaram Trustee Company Limited.

LGF Services 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.

Sundaram Insurance Broking Services Limited.

Sundaram Parekh Warehousing Services Limited.

Caltec Servicez Private Limited.

**Associate** : Sundaram Mutual Fund

**Key Management**

**Personnel** : Mr T P Raman – Managing Director

: Mr. Harsha Viji – Deputy Managing Director



Details of Related Parties Transactions for the year ended 31.03.2012

(Amount in Rs.)

Particulars	Holding Company		Fellow/ Subsidiaries / Associates		Key Management Personnel	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
<b>Income</b>						
<b>Investment Management and Advisory Fees</b>						
Sundaram Mutual Fund (Grouped under Note 16 – Revenue from Operations)	—	—	101,60,91,220	113,33,60,863	—	—
<b>Service Income</b>						
Sundaram Trustee Company Limited (Grouped under Note 18 – Employee Benefits)	—	—	18,00,000	18,00,000	—	—
<b>Total</b>	<b>—</b>	<b>—</b>	<b>101,78,91,220</b>	<b>113,51,60,863</b>	<b>—</b>	<b>—</b>
<b>Expenses</b>						
<b>Rent and Office Maintenance</b>						
Sundaram Finance Ltd	1,19,24,870	1,16,50,000	—	—	—	—
Sundaram BNP Paribas Home Finance Ltd (Grouped under Note 19 - Administrative Expenses - Rent)	—	—	48,000	54,000	—	—
<b>Vehicle Lease Rental</b>						
Sundaram Finance Ltd (Grouped under Note 19 - Administrative Expenses – Lease Rent)	25,78,000	24,05,000	—	—	—	—
<b>Remuneration</b>						
T.P.Raman – Managing Director (Grouped under Note 18 – Employee Benefits)	—	—	—	—	1,00,54,331	98,78,809
<b>Payroll processing and AMC Accounting Charges</b>						
Sundaram Business Services Ltd (Grouped under Note 19 - Administrative Expenses – Miscellaneous Expenses)	—	—	13,68,000	2,88,000	—	—
<b>Fund Accounting and Call Centre Charges</b>						
Sundaram BNP Paribas Fund Services Ltd (Grouped under Note 19 - Administrative Expenses – Fund Accounting)	—	—	3,79,38,603	2,49,04,500	—	—
<b>System Services Cost</b>						
Sundaram Finance Ltd (Grouped under Note 19 - Administrative Expenses – Repairs and Maintenance Cost)	4,63,000	—	—	—	—	—
<b>Maintenance of Website</b>						
Sundaram Finance Ltd (Grouped under Note 19 - Administrative Expenses – Repairs and Maintenance Cost)	3,54,400	3,59,000	—	—	—	—
<b>Internal, Concurrent and Audit Fees</b>						
Sundaram Finance Ltd (Grouped under Note 19 - Administrative Expenses – Miscellaneous Expenses)	4,00,000	2,50,000	—	—	—	—
<b>Total</b>	<b>1,57,20,270</b>	<b>1,46,64,000</b>	<b>3,93,54,603</b>	<b>2,52,46,500</b>	<b>1,00,54,331</b>	<b>98,78,809</b>
<b>Assets</b>						
<b>Acquisition of Software</b>						
Sundaram Finance Limited (Grouped under Note 9 – Intangible Asset)	—	89,000	—	—	—	—
<b>Investment in Trust Securities at the end of the year</b>						
Sundaram Mutual Fund (Grouped under Note 12 – Current Investment)	—	—	1,85,98,490	10,16,84,000	—	—
<b>Total</b>	<b>—</b>	<b>89,000</b>	<b>1,85,98,490</b>	<b>10,16,84,000</b>	<b>—</b>	<b>—</b>
<b>Liabilities</b>						
<b>Other Liabilities</b>						
Sundaram Finance Ltd (Grouped under Note 6 – Trade Payables)	59,01,544	2,52,000	—	—	—	—
Sundaram Business Services Ltd	—	—	1,36,500	24,000	—	—
Sundaram BNP Paribas Fund Services Ltd	—	—	23,24,274	38,20,276	—	—
<b>Payable to Managing Director</b> (Grouped under Note 6 – Trade Payables)	—	—	—	—	14,00,000	19,05,000
<b>Final Dividend</b>						
	3,06,66,458	3,83,33,073	—	—	—	—
<b>Total</b>	<b>3,65,68,002</b>	<b>3,85,85,073</b>	<b>24,60,774</b>	<b>38,44,276</b>	<b>14,00,000</b>	<b>19,05,000</b>



## Notes to the Accounts (continued)

21.5 The Deputy Managing Director of the Company has been nominated by M/s. Sundaram Finance Limited the Holding company and no remuneration is borne by this company.

21.6 During the year, Sundaram Finance Limited the holding company has incurred Rs.4.74 Lacs towards the Employee Stock Option Scheme issued under M/s Sundaram Finance Stock Option Scheme, 2008 to Mr. T.P.Raman, Managing Director of the Company.

## 21.7 Earnings per Share (Basic and diluted)

Sl. No	Particulars	2011-2012	2010-2011
1.	Profit after tax Rs.	(A) 11,00,31,493	13,51,15,008
2.	Number of shares (nominal value of Rs.10/- each)	(B) 1,53,33,229	1,53,33,229
3.	Earnings per share (Basic and diluted) – Rs.	(A)/(B) 7.18	8.81
4.	Dividend proposed to be distributed – Rs.	3,06,66,458	3,83,33,073
5.	Dividend per Share – Rs.	2.00	2.50

## 21.8 Details of Dividend remitted in Foreign Currency

Particulars	2011-12	2010-11
Number of non-resident share holders	N.A	1
Number of shares	N.A	76,51,281
Amount of Dividend remitted	N.A	3,06,05,125
Financial Year to which the dividend relates	N.A	2009-10

21.9 Sundaram Mutual Fund (SMF) has, during the year, received Income Tax recovery notices to the extent of Rs.10 Crores pertaining to the Pass through Certificates (PTC) subscribed by the schemes of SMF during the

financial year 2008-09 wherein IL & FS Trustee Company Limited was the Trustee to the securitization transaction. SMF has obtained a stay order from the Hon'ble High Court of Mumbai against the recovery proceedings till the disposal of the appeals by the CIT (Appeals). Based on the opinion obtained and considering the fact that the Mutual Fund schemes are exempt from Income Tax, no provision has been made in the books of accounts of the company.

## 21.10 Contingent Liabilities:

Particulars	2011-2012	2010-2011
Claims against the Company not acknowledged as debts on Income Tax matters.	Rs. 7,67,43,730/-	Rs.7,67,43,730/-

21.11 There are no amounts due to Small Scale Industries in terms of "The Micro, Small and Medium Enterprises Development Act, 2006".

21.12 Expenditure in foreign Currency on payments towards Salary, Rent, Travelling etc., – Rs. 3,46,09,884/- (31.03.11 – Rs. 2,53,87,158/-).

21.13 Earnings in Foreign Currency – Advisory fees earned Rs. 1,01,24,324/- (31.03.11 – Rs.7,31,22,548/-)

21.14 The presentation in the balance sheet, profit and loss statement and notes to the accounts has been in terms of revised Schedule VI to the companies act 1956, which has become mandatory with effect from 01/04/2011. Previous year figures have been regrouped / reclassified wherever necessary to confirm to the current years presentation

21.15 Figures have been rounded off to the nearest rupee.

As per our report of even date attached

For **Brahmayya & Co.**  
Chartered Accountants  
Firm Registration Number: 000511S

**P.Babu**  
Partner  
Membership No.203358

Chennai  
15th May, 2012

**D.N.Ghosh**  
Chairman

**Ashoke Bijapurkar**  
Director

**Rishiksha T Krishnan**  
Director

**T P Raman**  
Managing Director

**S Krishnamurthy**  
Director

Signature to Note no. 1 to 21

**T T Srinivasaraghavan**  
Director

**T Anantha Narayanan**  
Director

**Harsha Viji**  
Deputy Managing Director

**P. Sundararajan**  
Company Secretary

## Cash Flow Statement

For the Year ended 31.03.2012

(Amount in Rs.)

Particulars	2011-12	2010-11
<b>A Cash Flow from Operating Activities :</b>		
Profit/(Loss) after tax	11,00,31,493	13,36,15,008
Add: Profit on sale of tangible assets	(6,32,372)	(43,515)
Profit on sale of Non Current Investments	(1,16,64,843)	(18,94,669)
Loss on Sale of tangible Assets	80,615	3,64,838
Loss on sale of Current Investments	5,297	2,13,19,204
Depreciation	1,52,45,019	1,48,53,220
Income Tax	4,70,00,000	7,50,00,000
Deferred Tax	(18,17,014)	(5,22,628)
Interest Income	(70,69,548)	(24,75,695)
Dividend Income	(16,82,447)	(92,63,481)
<b>Operating profit before working capital changes</b>	<b>14,94,96,200</b>	<b>23,09,52,282</b>
(Increase) / Decrease in Current Assets	-	23,283
(Increase) / Decrease in Long Term Loan and Advances	(16,24,63,028)	(1,92,26,886)
(Increase) / Decrease in Short Term Loan and Advances	(12,92,32,171)	(10,28,52,266)
(Increase) / Decrease in Trade Receivables	2,97,73,998	2,79,69,383
Increase / (Decrease) in Current Liabilities (Trade Payables)	(9,32,79,575)	2,00,63,847
Increase / (Decrease) in Current Liabilities (Other current liabilities)	(32,71,515)	(55,80,367)
Increase / (Decrease) in Current Liabilities (Short Term Provisions)	61,69,221	(9,47,75,626)
<b>Cash generated from Operations</b>	<b>(35,23,03,069)</b>	<b>(17,43,78,632)</b>
<b>Net Cash from Operating Activities</b>	<b>(20,28,06,869)</b>	<b>5,65,73,650</b>
<b>B Cash Flow from Investing Activities</b>		
Purchase / Sale of Current Investments	19,43,54,674	4,27,59,180
Purchase of Fixed Assets - Tangible	(2,05,57,060)	(2,46,97,376)
Purchase of Fixed Assets - Intangible	(34,07,627)	-
Sale of Fixed Assets - Tangible	9,01,378	6,09,325
Profit on Sale of Non-Current Investments	1,16,64,843	18,94,669
Loss on Sale of Current Investments	(5,297)	(2,13,19,204)
Dividend Income	16,82,447	92,63,481
Interest Income	70,69,548	24,75,695
<b>Net Cash from Investing Activities</b>	<b>19,17,02,906</b>	<b>1,09,85,771</b>
<b>C Cash Flow from Financing Activities</b>		
Dividend paid (including corporate dividend tax)	(4,45,50,697)	(7,15,20,313)
Current Liability (Short Term Borrowing)	5,33,33,334	-
<b>Net Cash From Financing Activities</b>	<b>87,82,637</b>	<b>(7,15,20,313)</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents (A) + (B) + (C)</b>	<b>(23,21,326)</b>	<b>(39,60,891)</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>84,27,098</b>	<b>1,23,87,989</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>61,05,771</b>	<b>84,27,098</b>
<b>Note : Cash &amp; Cash Equivalents comprise the following:</b>		
a. Cash on hand	1,17,877	2,86,273
b. Balances with Banks in Current accounts	59,87,894	81,40,825
<b>Total</b>	<b>61,05,771</b>	<b>84,27,098</b>

For **Brahmayya & Co.**  
Chartered Accountants  
Firm Registration Number: 000511S

**P.Babu**  
Partner  
Membership No.203358

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Director

**T T Srinivasaraghavan**  
Director

**T Anantha Narayanan**  
Director

**Harsha Viji**  
Deputy Managing Director

**P. Sundararajan**  
Company Secretary

