

SUNDARAM FINANCE DISTRIBUTION LIMITED

15th Annual Report 2008-09



Board of Directors

S Venkatesan

A N Raju

K Sankarakumar

Bankers

State Bank of Travancore

ICICI Bank

Auditors

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

Registered Office

21, Patullos Road

Chennai 600 002

SUNDARAM FINANCE DISTRIBUTION LIMITED

A wholly-owned subsidiary of



SUNDARAM FINANCE LIMITED

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Directors' Report

Your Directors present the Fifteenth Annual Report and Audited Accounts for the year ended 31st March, 2009.

FINANCIAL RESULTS

Particulars	(Rs. in Lakhs)	
	Year ended 31.03.2009	Year ended 31.03.2008
Profit after tax	137.08	167.82
Add: Surplus of Previous Year	124.38	90.55
Amount available for appropriation	261.46	258.37
Transfer to General Reserve	25.00	17.00
Interim Dividend	50.00	—
Final Dividend	50.00	100.00
Dividend Tax	17.00	17.00
Surplus carried to Balance Sheet	119.46	124.37

BUSINESS REVIEW

Due to decline in New Fund Offers (NFOs) by mutual funds consequent to tightening liquidity and slowdown in stock markets, your company's income through distribution of various mutual fund and financial products was lower at Rs.104.46 lakhs as against Rs.281.58 lakhs in the previous year. However, despite reduction in insurance premium levels consequent to detariffing, your Company earned a higher commission of Rs.228.27 lakhs through stepped-up efforts in distribution of insurance products during the year as against Rs. 82.38 lakhs in the previous year. The profit after tax for the year amounted to Rs.137.08 lakhs as against Rs.167.82 lakhs in the previous year.

DIVIDEND

Your Company paid a interim dividend of Rs.10/- per share on 3rd March 2009. Your directors are now pleased to recommend a final dividend of Rs. 10/- per share. This, together with the interim dividend, aggregates to a total dividend of Rs.20/- per share for the financial year ended 31st March 2009, on the paid-up capital of Rs.50 lakhs comprising 5,00,000 equity shares of Rs.10/- each.

DIRECTORS

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

DIRECTORS' RESPONSIBILITY STATEMENT

Your directors confirm that:

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

- they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- they have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- they have prepared the annual accounts on a going-concern basis.

SECRETARIAL COMPLIANCE CERTIFICATE

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

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

Your Company has no activity relating to conservation of energy or technology absorption. Your Company did not have any foreign exchange earnings or outgo during the year.

PERSONNEL

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

DEPOSITS

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

AUDITORS

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

ACKNOWLEDGEMENT

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

S Venkatesan

A N Raju

K Sankarakumar

Directors

Chennai 600 002

Date : 15th May 2009

Secretarial Compliance Certificate

Name of the Company : SUNDARAM FINANCE DISTRIBUTION LIMITED
Registration No. : U67120TN1993PLC25996
Authorised Capital : Rs.3,00,00,000/-
Paid-up Capital : Rs.50,00,000/-

To
The Members
Sundaram Finance Distribution Limited
21, Patullos Road
Chennai 600 002

I have examined the registers, records, books and papers of **SUNDARAM FINANCE DISTRIBUTION LIMITED** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March 2009**. In my opinion and to the best of information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company is a Public Limited Company and has the minimum prescribed paid up capital.
4. The Board of Directors duly met Six (6) times on 11th April 2008, 20th May 2008, 8th July 2008, 26th September 2008, 16th December 2008 and 28th February 2009 in respect of which meetings proper notices were given and proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members during the financial year ended 31st March 2009.
6. The Fourteenth Annual General Meeting for the financial year ended 31st March, 2008 was held on 30th June 2008 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No Extra-Ordinary General Meeting was held during the financial year ended 31st March 2009.
8. The Company has not advanced any loans or given any guarantees or provided any securities to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contract falling within the purview of Section 297 of the Act.
10. The Company was not required to make any entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of directors, members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year ended 31st March 2009.
13. The Company:
 - (i) has delivered the certificate on allotment of securities and on lodgement thereof for transfer / transmission or any other purpose in accordance with the provisions of the Act.
 - (ii) has deposited the amount of interim dividend for the year 2008-09 in a separate bank account on 03.03.2009

SUNDARAM FINANCE DISTRIBUTION LIMITED

- which is within five days from the date of declaration of such dividend.
- (iii) has paid dividends to the members within a period of 30 (Thirty) days from the date of declaration during the financial year ended 31st March 2009.
- (iv) There was no unpaid dividend and hence the question of transfer of dividend to unpaid dividend account does not arise. The Company has not issued fresh shares or debentures and has not accepted any deposits and hence, the question of transfer of application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund does not arise.
- (v) has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment to the Board has been duly made and registered.
15. The Company has not appointed any Managing Director / Whole-time Director / Manager during the financial year under review.
16. The Company has not appointed any sole selling agent during the financial year ended 31st March 2009.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director and / or such authorities prescribed under the various provisions of the Act during the financial year ended 31st March 2009.
18. The Directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares, debentures or other securities during the financial year ended 31st March 2009.
20. The Company has not bought back any shares during the financial year and hence the question of complying with the buy back provisions does not arise.
21. The Company has no preference share capital and has not issued debentures and hence the question of redemption of preference shares/ debentures during the financial year does not arise.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year ended 31st March 2009.
24. The Company has not made any borrowings during the financial year ended 31st March 2009.
25. The Company has made loans to a body corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose.
26. During the period under review, the Company has not altered the provisions of its Memorandum and its Articles of Association.
27. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
28. The Company has not received any money as security from its employees during the financial year ended 31st March 2009.
29. According to the information and explanations given to me, during the period under review, the provisions relating to contribution to Provident Fund did not apply to the company.

Place: Chennai
Date : 5th May 2009

MALINI SESHADRI, A.C.S.
No. 5493 CP1323

Annexure A to Secretarial Compliance Certificate

Registers as maintained by the Company during the financial year ended 31st March, 2009

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

Place: Chennai
Date : 5th May 2009

MALINI SESHADRI, A.C.S.
No. 5493 CP1323

Annexure B to Secretarial Compliance Certificate

Returns/Documents/forms filed with the Registrar of Companies, Regional Director,
Central Government or other authorities during the financial year ended 31st March 2009

REGISTRAR OF COMPANIES

Sl. No	Form No.	Relevant Section	Description
1.	66	383A	Compliance Certificate issued by Ms Malini Seshadri, Practising Company Secretary, for the financial year ended 31st March 2008.
2.	23AC & 23ACA	220	Balance Sheet and Profit & Loss Account for the financial year ended 31st March 2008.
3.	20 B	159	Annual Return made upto 30th June 2008 (Date of AGM).

REGIONAL DIRECTOR

NIL

CENTRAL GOVERNMENT & OTHER AUTHORITIES

NIL

Place: Chennai
Date : 5th May 2009

MALINI SESHADRI, A.C.S.
No. 5493 CP1323

Auditors' Report

To the Members of Sundaram Finance Distribution Limited.

1. We have audited the attached Balance Sheet of Sundaram Finance Distribution Limited, (the Company) as at 31st March 2009, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, (the Act) we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - (iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (iv) in our opinion, the Balance Sheet, Profit and Loss Account and 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 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2009;
 - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

Chennai
15th May 2009.

For **BRAHMAYYA & CO.**,
Chartered Accountants
P. BABU
Partner
Membership No.203358

Annexure to the Auditors' Report

referred to in Paragraph 3 of our Report of even date

1. In our opinion and according to the information and explanations given to us, the Company has not granted or taken loans to / from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of clauses iii(a) to iii(g) of Paragraph 4 of the Order are not applicable to the Company for the year.
2. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to services rendered. During the course of our audit, no major weaknesses have been noticed in the internal controls and therefore the reporting of the same does not arise.
3.
 - a) In our opinion, and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered in the register maintained under that Section have been so entered.
 - b) In our opinion, according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under Section 301 of the Act and exceeding the value of rupees five lakhs in respect of any party during the year, prima facie, have been made at prices which are reasonable having regard to the nature of the service and the prevailing market prices at the relevant time.
4. The Company has not accepted deposits from public.
5. The Company has an internal audit system, which in our opinion, is commensurate with the size and the nature of its business.
6. The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956.
7.
 - a) According to the records of the Company, income tax and service tax was regularly deposited during the year with the appropriate authorities.
 - b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax and service tax, which are outstanding as at 31st March, 2009 for a period of more than six months from the date they become payable.
8. According to the records of the Company and the information and explanations given to us, there are no dues of income tax and service tax which have not been deposited on account of any dispute.
9. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash loss during the current and immediately preceding financial year.
10. The Company does not have any borrowing from financial institutions, banks or by issue of debentures.
11. According to the information and explanations given to us, the Company has not:
 - a) granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
 - b) given any guarantees for loan taken by others from banks or financial institutions.
 - c) availed any term loan during the year.
 - d) raised funds during the year.
 - e) issued any debentures.
 - f) raised monies by public issue during the year.
12. The Company is not a chit fund / nidhi / mutual benefit fund or society.
13. Based on our examination of records and information and explanations given to us, proper records have been maintained of the transactions and contracts relating to dealing in securities and timely entries have been made therein. The shares and securities have been held by the Company in its own name.
14. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.
15. In our opinion and according to the information and explanations given to us, the nature of the company's business/ activities during the year have been such that clauses i, ii, xiii, and xviii of paragraph 4 of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.

For **BRAHMAYYA & CO.,**
Chartered Accountants
P. BABU
Partner
Membership No.203358

Chennai
15th May 2009.

Balance Sheet

as at 31st March, 2009

Schedule	31.03.2009		31.03.2008	
	Rs.		Rs.	
I SOURCES OF FUNDS				
1. Shareholders' Funds				
a) Capital	1	50,00,000	50,00,000	
b) Reserves and Surplus	2	2,69,46,038	2,49,37,310	2,99,37,310
2. Loan Funds				
a) Secured Loans		—	—	
b) Unsecured Loans		—	—	—
Total		<u>3,19,46,038</u>	<u>2,99,37,310</u>	
II APPLICATIONS OF FUNDS				
1. Investments	3	1,94,76,460	2,50,02,868	
2. Deferred Tax Asset		2,345	—	
3. Current Assets, Loans and Advances				
(a) Current Assets	4	4,59,202	34,30,494	
(b) Loans and Advances	5	1,84,83,249	1,42,00,002	
	(A)	<u>1,89,42,451</u>	<u>1,76,30,496</u>	
Less: Current Liabilities and Provisions				
a) Current Liabilities	6	6,25,468	9,96,554	
b) Provisions	7	58,49,750	1,16,99,500	
	(B)	<u>64,75,218</u>	<u>1,26,96,054</u>	
Net Current Assets	(A-B)	1,24,67,233	49,34,442	
Total		<u>3,19,46,038</u>	<u>2,99,37,310</u>	
Notes to Accounts	11			

As per our report of even date attached

For **Brahmayya & Co.**,
Chartered Accountants

P Babu
Partner

Chennai
15th May, 2009

S Venkatesan

A N Raju

K Sankarakumar
Directors

Profit and Loss Account

for the year ended 31st March, 2009

	Schedule	2008-09 Rs.	2007-08 Rs.
INCOME			
Income from Operations	8	3,32,72,612	3,63,96,570
Other Income	9	41,21,833	22,61,983
Total	(A)	<u>3,73,94,445</u>	<u>3,86,58,553</u>
EXPENDITURE			
Administrative and other expenses	10	1,79,37,562	1,39,76,796
Depreciation		-	-
Total	(B)	<u>1,79,37,562</u>	<u>1,39,76,796</u>
Profit before Tax	(A-B)	<u>1,94,56,883</u>	<u>2,46,81,757</u>
Less: Provision for Income tax			
- Current		57,51,000	79,00,000
- Deferred		(2,345)	-
Profit after Tax		<u>1,37,08,228</u>	<u>1,67,81,757</u>
Balance Brought Forward from the previous year		1,24,37,310	90,55,053
Amount available for Appropriation		<u>2,61,45,538</u>	<u>2,58,36,810</u>
APPROPRIATIONS			
Dividend			
- Interim		50,00,000	-
- Final (proposed)		50,00,000	1,00,00,000
- Dividend Distribution Tax		16,99,500	16,99,500
General Reserve		25,00,000	17,00,000
Surplus - Balance carried to Balance Sheet		1,19,46,038	1,24,37,310
		<u>2,61,45,538</u>	<u>2,58,36,810</u>
Notes to the Accounts	11		
Earnings per share (Basic and diluted):			
Weighted Equity shares used in computing EPS (Face Value of Rs.10 /- per share)		5,00,000	5,00,000
Basic Earnings per Share		27.42	33.56

As per our report of even date attached

For **Brahmayya & Co.,**
Chartered Accountants

P Babu
Partner

Chennai
15th May, 2009

S Venkatesan

A N Raju

K Sankarakumar
Directors

SCHEDULES

	31.03.2009		31.03.2008	
	Rs.		Rs.	
1. Capital				
Authorised				
30,00,000 Equity shares of Rs.10/- each		<u>3,00,00,000</u>		<u>3,00,00,000</u>
Issued, Subscribed and fully paid up				
5,00,000 Equity Shares of Rs.10/- each (The entire shares are held by Sundaram Finance Ltd. and its nominees)		<u>50,00,000</u>		<u>50,00,000</u>
2. Reserves and Surplus				
General Reserve				
Per Last Balance Sheet	1,25,00,000		1,08,00,000	
Add: Transfer from Profit and Loss Account	<u>25,00,000</u>	1,50,00,000	<u>17,00,000</u>	1,25,00,000
Surplus - Balance in Profit and Loss account		<u>1,19,46,038</u>		<u>1,24,37,310</u>
		<u>2,69,46,038</u>		<u>2,49,37,310</u>

SCHEDULES

3. Investments (Contd.)

SUMMARY OF INVESTMENTS	(in Rs.)	
	31.03.2009	31.03.2008
I In Trust Securities		
Unquoted - Long Term	25,00,000	35,00,000
Unquoted - Current	1,32,24,900	1,70,71,308
II In Equity Shares		
Unquoted	37,51,560	37,51,560
III In Bonds		
Unquoted	–	6,80,000
Total	1,94,76,460	2,50,02,868

Mutual Fund units purchased and redeemed during the year

Scheme Name	Face Value (in Rs.)	Units	Amount (in Rs.)
ABN Amro Interval Fund	10	1,00,000	10,22,906
Birla Sunlife Quarterly Interval Fund - Series 8	10	1,00,000	10,19,963
Canara Robeco Interval Fund - Series 7	10	1,00,000	10,07,431
ICICI Prudential 1 Month Interval Fund	10	1,00,000	10,08,050
ING Quarterly FMP 90 -Series A	10	1,00,000	10,22,672
JM Interval Fund	10	1,50,000	15,30,872
Reliance Medium Term Fund	10	1,00,000	10,02,645
Sundaram BNP Paribas FTP Series 9	10	1,00,000	10,19,917
Sundaram BNP Paribas FTP Series 7	10	1,00,000	10,21,262
Sundaram BNP Paribas FTP Series 8	10	1,00,000	10,23,357
Sundaram BNP Paribas Money Fund	10	42,25,975	4,26,62,481
Tata Dynamic Bond Fund 1 Month	10	2,00,000	20,13,075
UTI Short Term Series I-VIII	10	1,00,000	10,46,282

SCHEDULES
4. Current Assets

Cash and Bank Balances
with Scheduled Bank In
– Current Account

31.03.2009

Rs.

4,59,202

4,59,202

31.03.2008

Rs.

34,30,494

34,30,494
5. Loans and Advances

Unsecured - Inter Corporate Loan
Advance Income Tax and Tax deducted at source
(net of provision for Income Tax)
Income Receivable

90,00,000

27,53,279

67,29,970

1,84,83,249

46,00,000

28,34,635

67,65,367

1,42,00,002
6. Current Liabilities *

Sundry Creditors

– Expenses
– Others

5,35,946

89,522

6,25,468

9,47,472

49,082

9,96,554

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

7. Provisions

Proposed dividend
Dividend Distribution Tax

50,00,000

8,49,750

58,49,750

1,00,00,000

16,99,500

1,16,99,500
8. Income from Operations

Insurance Commission and Brokerage
Other Operational Income

3,19,08,870

13,63,742

3,32,72,612

3,49,10,970

14,85,600

3,63,96,570
9. Other Income

Interest
Dividend
Profit on Redemption of Investments
Miscellaneous Income

14,64,362

21,25,288

4,40,475

91,708

41,21,833

4,35,703

17,02,338

16,264

1,07,678

22,61,983
10. Administrative and other expenses

Outsourced Servicing Fees
Rates and Taxes
Business Sourcing Expenses
Miscellaneous Expenses
Loss on redemption of Investments

1,73,50,867

17,112

4,84,944

84,639

–

1,79,37,562

1,02,58,529

11,570

35,64,101

1,41,724

872

1,39,76,796

SCHEDULES

11 NOTES TO THE ACCOUNTS

1 SIGNIFICANT ACCOUNTING POLICIES:

- 1.1 The financial statements are prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the relevant provisions of the Companies Act, 1956.

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

- 1.2 Income Recognition:

Income in respect of insurance agency commission and brokerage is accounted on accrual basis.

- 1.3 Valuation of Investments:

Long Term investments are stated at cost. Provision for decline in value, other than temporary, is considered wherever necessary.

Current Investments are valued at lower of Cost and Market Value / Net Asset Value.

- 1.4 Taxation:

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

- 1.5 Impairment of Assets:

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

- 1.6 Provisions:

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

SCHEDULES

11 NOTES TO THE ACCOUNTS (Contd.)

2. BALANCE SHEET

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

Name of the Company	Balance as of 31st March 2009	Maximum Amount due at any time during 2008-2009	Balance as of 31st March 2008	Maximum Amount due at any time during 2007-2008
Infreight Logistics Solutions Limited	Rs. 90,00,000	Rs. 1,36,00,000	Rs. 46,00,000	Rs. 70,00,000
Sundaram Infotech Solutions Limited	Nil	Rs. 50,00,000	Nil	Nil

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

	31st March 2009	31st March 2008
Deferred Tax Asset	Rs. 2,345	Nil

2.3 Advance payment of Income Tax and Tax deducted at source is net of Provision for Income Tax of Rs.2,20,57,446/- (31.03.2008 - Rs.1,87,83,346).

3. PROFIT AND LOSS ACCOUNT

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

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

Particulars	2008-09		2007-08	
	Profit	Loss	Profit	Loss
Long term Investments	4,14,505	–	–	–
Current Investments	25,970	–	16,264	872
Total	4,40,475	–	16,264	872

3.3 Miscellaneous expenses under “Administrative and Other Expenses” include Remuneration to Auditors towards: (in Rs.)

	2008-09	2007-08
Statutory Audit	30,000	30,000
Tax Audit	10,000	10,000
Service Tax	4,120	4,944

SCHEDULES

11 NOTES TO THE ACCOUNTS (Contd.)

4. GENERAL

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

Related Parties:

Holding Company:

Sundaram Finance Limited

Fellow Subsidiaries:

Sundaram BNP Paribas Home Finance Limited

Sundaram BNP Paribas Asset Management Company Limited

Sundaram BNP Paribas Trustee Company Limited

LGF Services Limited

Sundaram Infotech Solutions Limited

Sundaram Business Services Limited

Infreight Logistics Solutions Limited

Professional Management Consultants Private Limited

Sundaram Securities Services Limited

Associate:

Sundaram BNP Paribas Mutual Fund

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

The nature and volume of transactions of the company during the year, with the above related parties are as follows: (in Rupees)

Nature of Transactions	Holding Company	Fellow Subsidiaries	Associate	Total
EXPENSES				
Sundaram Finance Ltd.				
– Sourcing Fees	17,07,575 (13,09,514)	– (–)	– (–)	17,07,575 (13,09,514)
INCOME				
Infreight Logistics Solution Ltd – Interest on loan	– (–)	13,95,636 (3,97,283)	– (–)	13,95,636 (3,97,283)
Sundaram Infotech Solution Ltd – Interest on loan	– (–)	30,411 (–)	– (–)	30,411 (–)
ASSETS				
Sundaram BNP Paribas Mutual Fund				
– Investment in Trust Securities	– (–)	– (–)	10,58,26,541 (6,30,30,553)	10,58,26,541 (6,30,30,553)
– Disinvestment in Trust Securities	– (–)	– (–)	10,36,45,577 (6,02,66,935)	10,36,45,576 (6,02,66,935)
– Investment in Trust Securities at the end of the year	– (–)	– (–)	1,16,52,401 (94,71,435)	1,16,52,401 (94,71,435)
Inter Corporate loan				
1. Infreight Logistics Solutions Ltd				
– Disbursement	– (–)	90,00,000 (70,00,000)	– (–)	90,00,000 (70,00,000)
– Repayment	– (–)	46,00,000 (24,00,000)	– (–)	46,00,000 (24,00,000)
– Outstanding	– (–)	90,00,000 (46,00,000)	– (–)	90,00,000 (46,00,000)
Interest Receivable	– (–)	3,19,931 (1,41,830)	– (–)	3,19,931 (1,41,830)
2. Sundaram Infotech Solutions Ltd				
– Disbursement	– (–)	50,00,000 (–)	– (–)	50,00,000 (–)
– Repayment	– (–)	50,00,000 (–)	– (–)	50,00,000 (–)
– Outstanding	– (–)	– (–)	– (–)	– (–)
LIABILITIES				
Sundaram Finance Ltd.				
– Equity Share Holdings	50,00,000 (50,00,000)	– (–)	– (–)	50,00,000 (50,00,000)
– Dividend Payable	50,00,000 (1,00,00,000)	– (–)	– (–)	50,00,000 (1,00,00,000)
– Interim Dividend Paid	50,00,000 (–)	– (–)	– (–)	50,00,000 (–)
– Sourcing Fees payable	2,77,622 (2,07,156)	– (–)	– (–)	2,77,622 (2,07,156)

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

SCHEDULES

11 NOTES TO THE ACCOUNTS (Contd.)

4.3	Earnings Per Share (Basic and diluted)	2008-09	2007-08
	A. Profit for the year after taxation (in Rs.)	1,37,08,228	1,67,81,757
	B. Weighted average no. of equity shares	5,00,000	5,00,000
	C. Basic and diluted earnings per share (A/B) (in Rs.)	27.42	33.56
4.4	Contingent Liability:		
	Disputed Income Tax demand	Rs. 23,17,479	
4.5	There is no amount due to Small Scale Industries in terms of "The Micro, Small and Medium Enterprises Development Act, 2006".		
4.6	Previous year's figures have been regrouped / reclassified wherever necessary to conform to current year's classification.		
4.7	Figures have been rounded off to the nearest rupees.		

Signatures to Schedules 1 to 11

As per our report of even date attached

For **Brahmayya & Co.,**
Chartered Accountants

P Babu
Partner

Chennai
15th May, 2009

S Venkatesan

A N Raju

K Sankarakumar
Directors

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	Rights 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=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <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=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <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="3"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="1"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="1"/>
Sources of Funds	Reserves & Surplus
Paid up Capital	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="6"/>
<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"/> <input type="text" value="0"/>	Unsecured Loans
Secured Loans	<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=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/>	Investments
Applications of Funds	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="6"/>
Net Fixed Assets	Misc. Expenditure
<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=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/>
Net Current Assets	
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="7"/>	

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="3"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="3"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="8"/>
+ - Profit / (Loss) Before Tax	+ - Profit / (Loss) After Tax
<input checked="" type="checkbox"/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="7"/>	<input checked="" type="checkbox"/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="8"/>
(Please tick appropriate box + for profit, - loss)	
Earnings Per Share Rs. Ps.	Dividend Rate %
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="."/> <input type="text" value="4"/> <input type="text" value="2"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <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

(ITC Code) / Service

Product / Service Description

Cash Flow Statement

	2008-09 Rs.	2007-08 Rs.
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit	1,37,08,228	1,67,81,757
Add: Provision for Taxation	<u>57,48,655</u>	<u>79,00,000</u>
	1,94,56,883	2,46,81,757
Less: Interest Income	(14,64,362)	(4,35,703)
Less: Dividend Income	(21,25,288)	(17,02,338)
Add: Loss on Assets	-	872
Less: Profit on sale of investments	(4,40,475)	(16,264)
Add: Depreciation	-	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	1,54,26,758	2,25,28,324
(Increase)/Decrease in Current Assets	-	-
(Increase)/Decrease in Loans and Advances	(85,34,247)	(67,35,058)
Increase/(Decrease) in Current Liabilities	(3,71,086)	5,10,006
Cash generated from Operations	(89,05,333)	(62,25,052)
Direct Taxes Paid	(15,00,000)	(70,79,666)
NET CASH FROM OPERATING ACTIVITIES (A)	<u>50,21,425</u>	<u>92,23,606</u>
B) CASH FLOW FROM INVESTING ACTIVITIES		
Loans-Secured		
Purchase of Investments	(12,68,62,211)	(11,30,93,533)
Sale of Investments (net proceeds)	13,28,29,094	10,42,94,911
Interest Received	14,64,362	4,35,703
Dividend Received	21,25,288	17,02,338
NET CASH FROM INVESTING ACTIVITIES (B)	<u>95,56,533</u>	<u>(66,60,581)</u>
C) CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(1,75,49,250)	-
NET CASH FROM FINANCING ACTIVITIES (C)	<u>(1,75,49,250)</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)	(29,71,292)	25,63,025
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	34,30,494	8,67,469
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	4,59,202	34,30,494
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Current Account with Banks	4,59,202	34,30,494
Cash, Stamps and Stamp Papers on Hand	-	-

As per our report of even date attached

For **Brahmayya & Co.,**
Chartered Accountants

P Babu
Partner

Chennai
15th May, 2009

S Venkatesan

A N Raju

K Sankarakumar
Directors