

***SUNDARAM FINANCE DISTRIBUTION LIMITED***

*16th Annual Report 2009-10*



## **Board of Directors**

S Venkatesan

A N Raju

K Sankarakumar

## **Bankers**

State Bank of Travancore

ICICI Bank

## **Auditors**

M/s. Brahmayya & Co., Chennai

Chartered Accountants

## **Registered Office**

21, Patullos Road

Chennai 600 002

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**SUNDARAM FINANCE DISTRIBUTION LIMITED**

A wholly-owned subsidiary of



**SUNDARAM FINANCE LIMITED**

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## Directors' Report

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

Particulars	(Rs. in Lakhs)	
	Year ended 31.03.2010	Year ended 31.03.2009
Profit after tax	196.60	137.08
Add: Surplus of Previous Year	119.46	124.38
<b>Amount available for appropriation</b>	<b>316.06</b>	<b>261.46</b>
Transfer to General Reserve	20.00	25.00
Interim Dividend	-	50.00
Final Dividend	112.50	50.00
Dividend Tax	18.68	17.00
Surplus carried to Balance Sheet	164.87	119.46

### BUSINESS REVIEW

In spite of significant changes in the regulatory guidelines and decline in the number of New Fund Offers by mutual funds, the income from mutual fund distribution has gone up to Rs.158.40 lakhs during 2009-10 from Rs.104.46 lakhs during 2008-09. Despite reduction in insurance premium levels consequent to de-tariffing, your Company has earned a higher commission of Rs.401.22 lakhs through stepped-up efforts in distribution of insurance products during the year as against Rs.228.27 lakhs in the previous year. The profit after tax for the year amounted to Rs.196.60 lakhs as against Rs.137.08 lakhs in the previous year.

### DIVIDEND

Your directors are happy to recommend a higher dividend of Rs. 22.50 per share for the financial year 2009-10 on the paid-up capital of Rs.50.00 lakhs comprising 5,00,000 equity shares of Rs.10/- each. The dividend together with dividend tax of Rs.18.68 lakhs absorbs a sum of Rs.131.18 lakhs.

### DIRECTORS

Sri Sankara Kumar, 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

None of the employees of the Company is in receipt of remuneration in excess of limits prescribed under Section 217(2A) of the Companies Act, 1956.

### DEPOSITS

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

### AUDITORS

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

### ACKNOWLEDGEMENT

Your Directors thank the holding company, Sundaram Finance Ltd for its support. Your Director's also wish to place on record their appreciation of the contribution made by the management team and the employees at all levels.

**S Venkatesan**

**A N Raju**

**K Sankarakumar**

Directors

Chennai 600 002

Date : 13th May 2010

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## 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 2010**. In my opinion and to the best of information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid 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 five (5) times on 15th May 2009, 31st July 2009, 5th October 2009, 18th December 2009 and 27th March 2010 in respect of which meetings proper notices were given and proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members during the financial year ended 31st March 2010.
6. The Fifteenth Annual General Meeting for the financial year ended 31st March, 2009 was held on 26th June 2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No Extra-Ordinary General Meeting was held during the financial year ended 31st March 2010.
8. The Company has not advanced any loans or given any guarantees or provided any securities to its directors or persons or firms or companies referred to under Section 295 of the Act during the year ended 31st March 2010.
9. The Company has not entered into any contract falling within the purview of Section 297 of the Act.
10. The Company was not required to make any entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of directors, members or Central Government.
12. The Company has not issued any duplicate share certificates during the year ended 31st March 2010.
13. The Company:
  - i) has not effected any allotment / transfer / transmission of securities during the year ended 31st March 2010.
  - ii) has deposited the amount of final dividend for the year 2008-09 in a separate bank account on 26.06.2009 which is within five days from the date of declaration of such dividend.

SUNDARAM FINANCE DISTRIBUTION LIMITED

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- iii) has paid dividends to the members within a period of 30 (Thirty) days from the date of declaration during the financial year ended 31st March 2010.
- iv) There was no unpaid dividend and hence the question of transfer of dividend to unpaid dividend account does not arise. The Company has not issued fresh shares or debentures and has not accepted any deposits and hence, the question of 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 2010.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director and / or such authorities prescribed under the various provisions of the Act during the financial year ended 31st March 2010.
18. The Directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares, debentures or other securities during the financial year ended 31st March 2010.
20. The Company has not bought back any shares during the 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 2010.
24. The Company has not made any borrowings during the financial year ended 31st March 2010.
25. The Company has made loans to bodies corporate during the year ended 31st March 2010 in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose.
26. During the 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 2010.
29. During the year under review, the Company was regular in depositing Provident fund with statutory authorities. It has no PF Trust on its own as envisaged under Section 418 of the Act.

Place: Chennai

**MALINI SESHADRI, A.C.S.**

Date : 27th April 2010

No. 5493 CP1323

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## Annexure A to Secretarial Compliance Certificate

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

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

Place: Chennai

Date : 27th April 2010

**MALINI SESHADRI, A.C.S.**

No. 5493 CP1323

## Annexure B to Secretarial Compliance Certificate

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

### REGISTRAR OF COMPANIES

Sl. No	Form No.	Relevant Section	Description
1.	66	383A	Compliance Certificate issued by Ms Malini Seshadri, Practising Company Secretary, for the financial year ended 31st March 2009.
2.	23AC & 23ACA	220	Balance Sheet and Profit & Loss Account for the financial year ended 31st March 2009.
3.	20 B	159	Annual Return made upto 26th June 2009 (Date of AGM).

### REGIONAL DIRECTOR

NIL

### CENTRAL GOVERNMENT & OTHER AUTHORITIES

NIL

Place: Chennai

Date : 27th April 2010

**MALINI SESHADRI, A.C.S.**

No. 5493 CP1323

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# 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 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, (the Act) we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
  - 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 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
  - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
    - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
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  
13th May 2010

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

**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 registered 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, provident fund, income tax and service tax was regularly deposited during the year with the appropriate authorities.
  - b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax and service tax, which are outstanding as at 31st March, 2010 for a period of more than six months from the date they become payable.
8. According to the records of the Company and the information and explanations given to us, there are no dues of income tax and service tax which have not been deposited on account of any dispute.
9. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash loss during the current 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

Firm Registration No.000511S

**P. BABU**

Partner

Membership No.203358

Chennai

13th May 2010

## Balance Sheet

as at 31st March, 2010

Schedule	31.03.2010		31.03.2009	
	Rs.		Rs.	
<b>I SOURCES OF FUNDS</b>				
<b>1. Shareholders' Funds</b>				
a) Capital	1	50,00,000	50,00,000	
b) Reserves and Surplus	2	<u>3,34,87,457</u> 3,84,87,457	<u>2,69,46,038</u>	3,19,46,038
<b>2. Loan Funds</b>				
a) Secured Loans		—	—	
b) Unsecured Loans		—	—	—
<b>Total</b>		<u><b>3,84,87,457</b></u>	<u><b>3,19,46,038</b></u>	
<b>II APPLICATION OF FUNDS</b>				
<b>1. Fixed Assets</b>				
		—	—	
<b>2. Investments</b>	3	87,19,160	1,94,76,460	
<b>3. Deferred Tax Asset</b>		24,673	2,345	
<b>4. Current Assets, Loans and Advances</b>				
a) Current Assets	4	87,03,915	71,89,172	
b) Loans and Advances	5	<u>3,61,70,572</u>	<u>1,17,53,279</u>	
	(A)	<u>4,48,74,487</u>	<u>1,89,42,451</u>	
Less: Current Liabilities and Provisions				
a) Current Liabilities	6	20,12,373	6,25,468	
b) Provisions	7	1,31,18,490	58,49,750	
	(B)	<u>1,51,30,863</u>	<u>64,75,218</u>	
Net Current Assets	(A-B)	<u>2,97,43,624</u>	<u>1,24,67,233</u>	
<b>Total</b>		<u><b>3,84,87,457</b></u>	<u><b>3,19,46,038</b></u>	
Notes to Accounts	12			

As per our report of even date attached

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

**P Babu**  
Partner

Chennai  
13th May, 2010

**S Venkatesan**

**A N Raju**

**K Sankarakumar**  
Directors

## Profit and Loss Account

for the year ended 31st March, 2010

	Schedule	2009-10 Rs.	2008-09 Rs.
<b><u>INCOME</u></b>			
Income from Operations	8	5,60,83,215	3,32,72,612
Other Income	9	45,79,678	41,21,833
<b>Total</b>	<b>(A)</b>	<b><u>6,06,62,893</u></b>	<b><u>3,73,94,445</u></b>
<b><u>EXPENDITURE</u></b>			
Establishment Expenses	10	17,19,149	–
Administrative and other expenses	11	3,01,06,162	1,79,37,562
<b>Total</b>	<b>(B)</b>	<b><u>3,18,25,311</u></b>	<b><u>1,79,37,562</u></b>
<b>Profit before Tax</b>	<b>(A-B)</b>	<b><u>2,88,37,582</u></b>	<b><u>1,94,56,883</u></b>
Less: Provision for Income tax			
– Current		92,00,000	57,51,000
– Deferred		(22,327)	(2,345)
<b>Profit after Tax</b>		<b><u>1,96,59,909</u></b>	<b><u>1,37,08,228</u></b>
Balance Brought Forward from the previous year		1,19,46,038	1,24,37,310
<b>Amount available for Appropriation</b>		<b><u>3,16,05,947</u></b>	<b><u>2,61,45,538</u></b>
<b><u>APPROPRIATIONS</u></b>			
Dividend			
– Interim		–	50,00,000
– Final (proposed)		1,12,50,000	50,00,000
– Dividend Distribution Tax		18,68,490	16,99,500
General Reserve		20,00,000	25,00,000
Surplus- Balance carried to Balance Sheet		1,64,87,457	1,19,46,038
		<b><u>3,16,05,947</u></b>	<b><u>2,61,45,538</u></b>
Notes to the Accounts	12		
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		39.32	27.42

As per our report of even date attached

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

**P Babu**  
Partner

Chennai  
13th May, 2010

**S Venkatesan**

**A N Raju**

**K Sankarakumar**  
Directors

## SCHEDULES

	31.03.2010	31.03.2009
<b>1. Capital</b>	Rs.	Rs.
<b>Authorised</b>		
30,00,000 Equity shares of Rs.10/- each	<b><u>3,00,00,000</u></b>	<b><u>3,00,00,000</u></b>
<b>Issued, Subscribed and fully paid up</b>		
5,00,000 Equity Shares of Rs.10/- each (The shares are held by Sundaram Finance Ltd. and its nominees)	<b><u>50,00,000</u></b>	<b><u>50,00,000</u></b>
<b>2. Reserves and Surplus</b>		
General Reserve		
Per Last Balance Sheet	1,50,00,000	1,25,00,000
Add: Transfer from Profit and Loss Account	<u>20,00,000</u>	<u>25,00,000</u>
	1,70,00,000	1,50,00,000
Surplus-Balance in Profit and Loss account	<u>1,64,87,457</u>	<u>1,19,46,038</u>
	<b><u>3,34,87,457</u></b>	<b><u>2,69,46,038</u></b>
<b>3. Investments</b>	Face Value (FV)	31.03.2010 31.03.2009
Long Term - At cost		
<b>I In Trust Securities</b>		
<b>Unquoted</b>		
JM Fixed Maturity Fund (2,50,000 units of face value of Rs.10/- each redeemed during the year)		25,00,000
<b>II In Equity shares</b>		
<b>Unquoted</b>		
Credit Analysis and Research Ltd. (4,42,500 Equity Shares of Rs.10/- each) (67,500 Equity Shares of Rs.10/- each received as Bonus shares during the year)	37,50,000	37,50,000
UMW Industries Ltd. (78,000 Equity shares of Rs.10 each)		1,560
<b>Current Investments - At Cost</b>		
<b>In Trust Securities</b>		
<b>Unquoted</b>		
Sundaram BNP Paribas Ultra Short Term Fund-Retail (11,61,448 units of Face Value of Rs.10/-each redeemed during the year)	1,16,14,480	1,16,52,400
Fortis Money Plus Fund (1,57,203 units of Face Value of Rs.10/-each redeemed during the year)	15,72,030	15,72,500
Sundaram BNP Paribas PSU Oppurtunities Fund (5,00,000 units of Face Value of Rs.10/- each purchased during the year)	50,00,000	-
<b>Total</b>	<b><u>87,19,160</u></b>	<b><u>1,94,76,460</u></b>

## SCHEDULES

### 3. Investments (Contd.)

	(in Rs.)	
Summary of Investments	31.03.2010	31.03.2009
<b>I In Trust Securities</b>		
Unquoted - Long Term	–	25,00,000
Unquoted - Current	49,67,600	1,32,24,900
<b>II In Equity Shares</b>		
Unquoted	37,51,560	37,51,560
<b>Total</b>	<b>87,19,160</b>	<b>1,94,76,460</b>

### Mutual Fund units purchased and redeemed during the year

Scheme Name	Face Value (in Rs.)	Units	Amount (in Rs.)
HDFC HIF-STP	10	94,282	10,08,721
LICMF Savings Plus-Weekly Div Reinvest	10	5,01,417	50,16,318
Religare Credit Opp. Fund	10	3,99,520	40,12,256
SBNPP Ultra ST Inst.Div. Monthly	10	39,43,858	4,08,58,358
Sundaram BNP Paribas Money Fund	10	41,75,668	4,21,54,619
Sundaram Ultra Fund Inst Plan DDR	10	30,22,045	3,03,32,269
Tata Treasury Manager Fund - HIP	1000	14,841	1,50,00,000
Tata Treasury Mgr Fund - SHIP	1000	15,039	1,50,41,372
<b>Total</b>			<b>15,34,23,913</b>

**SCHEDULES**

	31.03.2010 Rs.	31.03.2009 Rs.
<b>4. Current Assets</b>		
Cash and Bank Balances with Scheduled Bank In		
– Current Account	5,01,158	4,59,202
– Income Receivable	82,02,757	67,29,970
	<b><u>87,03,915</u></b>	<b><u>71,89,172</u></b>
<b>5. Loans and Advances</b>		
Unsecured Loan		
– Inter Corporate Loan	1,90,00,000	90,00,000
– Inter Corporate Deposit	1,05,00,000	–
Advances and deposits recoverable in cash or in kind or for value to be received	1,11,249	–
Advance Income Tax and Tax deducted at source (net of provision for Income Tax)	65,59,323	27,53,279
	<b><u>3,61,70,572</u></b>	<b><u>1,17,53,279</u></b>
<b>6. Current Liabilities *</b>		
Sundry Creditors		
– Expenses	17,87,723	5,35,946
– Others	2,24,650	89,522
	<b><u>20,12,373</u></b>	<b><u>6,25,468</u></b>
* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund		
<b>7. Provisions</b>		
Proposed dividend	1,12,50,000	50,00,000
Dividend Distribution Tax	18,68,490	8,49,750
	<b><u>1,31,18,490</u></b>	<b><u>58,49,750</u></b>

**SCHEDULES**

	2009-10 Rs.	2008-09 Rs.
<b>8. Income from Operations</b>		
Insurance Commission and Brokerage	5,31,31,434	3,19,08,870
Other Operational Income	29,51,781	13,63,742
	<b><u>5,60,83,215</u></b>	<b><u>3,32,72,612</u></b>
<b>9. Other Income</b>		
Interest	21,23,700	14,64,362
Dividend	19,30,657	21,25,288
Profit on Redemption of Investments	4,05,014	4,40,475
Miscellaneous Income	1,20,307	91,708
	<b><u>45,79,678</u></b>	<b><u>41,21,833</u></b>
<b>10. Establishment Expenses</b>		
Salaries, allowances and Bonus	16,05,913	-
Company's contribution to Provident Fund and Gratuity	1,09,246	-
Staff Welfare Expenses	3,990	-
	<b><u>17,19,149</u></b>	<b><u>-</u></b>
<b>11. Administrative and other expenses</b>		
Outsourced Servicing Fees	2,99,23,703	1,78,35,811
Rates and Taxes	10,521	17,112
Loss on redemption of Investments	4,354	-
Dimunition in value of investments	32,400	-
Miscellaneous Expenses	1,35,184	84,639
	<b><u>3,01,06,162</u></b>	<b><u>1,79,37,562</u></b>

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## SCHEDULES

### 12 NOTES TO THE ACCOUNTS

#### 1 SIGNIFICANT ACCOUNTING POLICIES:

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

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

- 1.2 Income Recognition:

Income in respect of Insurance agency commission 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 Employee Benefits:

- A) Short Term Employee Benefits:

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

- B) Post employment benefits:

Defined Contribution Plan

- (i) Provident Fund

The Company contributes to a government administered provident Fund and Pension Fund under the Employees Provident Fund Act on behalf of its employees.

Defined Benefit Plan

- (i) Gratuity

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

- (ii) Leave Encashment

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

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

## SCHEDULES

### 12 NOTES TO THE ACCOUNTS (Contd.)

#### 1.5 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.

#### 1.6 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.

#### 1.7 Provisions:

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

### 2. BALANCE SHEET :

#### 2.1 Loans and Advances include the following balances due from companies under the same Management: (in Rs.)

Name of the Company	Balance as of 31st March 2010	Maximum Amount due at any time during 2009-2010	Balance as of 31st March 2009	Maximum Amount due at any time during 2008-2009
Infreight Logistics Solutions Limited	1,90,00,000	1,90,00,000	90,00,000	1,36,00,000
Sundaram Infotech Solutions Limited	Nil	Nil	Nil	50,00,000

#### 2.2 The details of Deferred Tax Assets / Liabilities are as follows: (in Rs.)

	31st March 2010	31st March 2009
Deferred Tax Asset Investments	15,242	2,345
Deferred Tax Asset Employee Benefits	9,431	—

#### 2.3 Advance payment of Income Tax and Tax deducted at source is net of Provision for Income Tax of Rs. 2,14,79,829/- (31.03.2009 - Rs.2,20,57,446/-).

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## SCHEDULES

### 12 NOTES TO THE ACCOUNTS (Contd.)

#### 3. PROFIT AND LOSS ACCOUNT

3.1 Profit / Loss on Sale of Investments comprises of: (In Rs.)

Particulars	2009-10		2008-09	
	Profit	Loss	Profit	Loss
Long term Investments	3,59,200	–	4,14,505	–
Current Investments	45,814	4,354	25,970	–
<b>Total</b>	<b>4,05,014</b>	<b>4,354</b>	<b>4,40,475</b>	<b>–</b>

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

(in Rs.)

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

3.3 Employee Benefits:

A) Defined Contribution Plan:

During the year, the Company has recognised the following amounts in the Profit and Loss account, which are included in Establishment expenses in Schedule 11:

(in Rs)

	2009-10
Contribution to Provident Fund	30,859
Contribution to Pension fund	49,355

## SCHEDULES

### 12. NOTES TO THE ACCOUNTS (Contd.)

#### B) Defined Benefit Plans

Description of Benefit Plans	2009-2010
Reconciliation of opening and closing balances of the present value of the defined benefit obligation	
Opening Balance :Present value of obligation	—
Current service cost	—
Interest cost	—
Benefits paid	—
Actuarial (gain) / loss on obligations	—
Closing Balance :Present value of obligation	1,27,490
Reconciliation of opening and closing balances of the fair value of plan assets	
Opening Balance :Fair value of plan assets	—
Expected return on plan assets	998
Contributions made	1,70,917
Benefits paid	—
Actuarial gain / (loss) on plan assets	—
Closing Balance : Fair value of plan assets	1,71,915
Reconciliation of present value of defined benefit obligation and fair value of plan assets to the assets and liabilities recognised in the Balance sheet	
Closing Balance :Present value of obligation	1,27,490
Closing Balance :Fair value of plan assets	1,71,915
Unrecognised past service cost	—
Net Asset/(Liability) recognised in Balance Sheet	(44,425)
Expenses recognised in the Profit and Loss account	
Current service cost	—
Interest cost	—
Expected return on plan assets	(998)
Net actuarial (gain) / loss recognised	—
Total Expenses	—
Actuarial assumptions *	
Discount rate	8%
Expected rate of return on plan assets	8%
Rate of increase in compensation levels	6%

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

The present value of obligation towards compensated absences, as per actuarial certificate, as on 31.03.2010 was Rs.27,746 and is provided for in the books of accounts.

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## SCHEDULES

### 12 NOTES TO THE ACCOUNTS (Contd.)

C) Other Long Term Benefits

The Company's liability towards other long term benefits are given below:

Staff Medical Scheme as on 31.03.2010 – Rs.3,808/-

### 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 Limited

Sundaram BNP Paribas Fund Services Limited

**Associate:**

Sundaram BNP Paribas Mutual Fund

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

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

(in Rupees)

Nature of Transactions	Holding Company	Fellow Subsidiaries	Associate	Total
<b>EXPENSES</b>				
<b>Sundaram Finance Ltd.</b>				
– Sourcing Fees	12,67,810	–	–	12,67,810
	(17,07,575)	(–)	(–)	(17,07,575)
<b>INCOME</b>				
<b>Sundaram Finance Limited</b>				
Interest on Inter Corporate Deposit	3,00,407	–	–	3,00,407
	(–)	(–)	(–)	(–)
<b>Infreight Logistics Solution Ltd</b>				
Interest on loan	–	15,68,493	–	15,68,493
	(–)	(13,95,636)	(–)	(13,95,636)
<b>Sundaram Infotech Solution Ltd</b>				
Interest on loan	–	–	–	–
	(–)	(30,411)	(–)	(30,411)
<b>ASSETS</b>				
<b>Sundaram BNP Paribas Mutual Fund</b>				
– Investment in Trust Securities	–	–	12,61,24,498	12,61,24,498
	(–)	(–)	(10,58,26,541)	(10,58,26,541)
– Disinvestment in Trust Securities	–	–	13,28,09,298	13,28,09,298
	(–)	(–)	(10,36,45,577)	(10,36,45,577)
– Investment in Trust Securities at the end of the year	–	–	49,67,600	49,67,600
	(–)	(–)	(1,16,52,401)	(1,16,52,401)
<b>Inter Corporate Deposit</b>				
<b>Sundaram Finance Limited</b>				
– Investment	1,60,00,000	–	–	1,60,00,000
	(–)	(–)	(–)	(–)
– Disinvestment	55,00,000	–	–	55,00,000
	(–)	(–)	(–)	(–)
– Outstanding at end of the year	1,05,00,000	–	–	1,05,00,000
	(–)	(–)	(–)	(–)

## SCHEDULES

### 12 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
<b>Inter Corporate loan</b>				
<b>Infreight Logistics Solution Ltd</b>				
– Disbursement	–	1,00,00,000	–	1,00,00,000
	(–)	(90,00,000)	(–)	(90,00,000)
– Repayment	–	–	–	–
	(–)	(46,00,000)	(–)	(46,00,000)
– Outstanding	–	1,90,00,000	–	1,90,00,000
	(–)	(90,00,000)	(–)	(90,00,000)
– Interest Receivable	–	4,68,493	–	4,68,493
	(–)	(3,19,931)	(–)	(3,19,931)
<b>Sundaram Infotech Solutions Ltd</b>				
– Disbursement	–	–	–	–
	(–)	(50,00,000)	(–)	(50,00,000)
– Repayment	–	–	–	–
	(–)	(50,00,000)	(–)	(50,00,000)
– Outstanding	–	–	–	–
	(–)	(–)	(–)	(–)
<b>LIABILITIES</b>				
<b>Sundaram Finance Ltd.</b>				
– Equity Share Holdings	50,00,000	–	–	50,00,000
	(50,00,000)	–	–	(50,00,000)
– Dividend Payable	1,12,50,000	–	–	1,12,50,000
	(50,00,000)	–	–	(50,00,000)
– Interim Dividend Paid	–	–	–	–
	(50,00,000)	–	–	(50,00,000)
– Sourcing Fees payable	3,21,298	–	–	3,21,298
	(2,77,622)	(–)	(–)	(2,77,622)

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

Previous year figures are given in brackets.

**SCHEDULES**
**12 NOTES TO THE ACCOUNTS (Contd.)**

4.3 Earnings Per Share (Basic and diluted)	2009-10	2008-09
A. Profit for the year after taxation (in Rs.)	1,96,59,909	1,37,08,228
B. Weighted average no. of equity shares	5,00,000	5,00,000
C. Basic and diluted earnings per share (A/B) (in Rs.)	39.32	27.42

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

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

4.6 Figures have been rounded off to the nearest rupees.

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**Signatures to Schedules 1 to 12**

As per our report of even date attached

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

**P Babu**  
Partner

Chennai  
13th May, 2010

**S Venkatesan**

**A N Raju**

**K Sankarakumar**  
Directors



## Cash Flow Statement

	2009-10 Rs.	2008-09 Rs.
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit	1,96,59,909	1,37,08,228
Add: Provision for Taxation	91,77,673	57,48,655
	2,88,37,582	1,94,56,883
Less: Interest Income	(21,23,700)	(14,64,362)
Less: Dividend Income	(19,30,657)	(21,25,288)
Add: Loss on Assets	-	-
Less: Profit on sale of investments	(4,05,014)	(4,40,475)
Add: Diminution in value of investment	32,400	
Add: Loss on sale of Investments	4,354	-
<b>Operating Profit Before Working Capital Changes</b>	<b>2,44,14,965</b>	<b>1,54,26,758</b>
(Increase)/Decrease in Current Assets	-	-
(Increase)/Decrease in Loans and Advances	(2,94,49,562)	(85,34,247)
Increase / (Decrease) in Current Liabilities	13,86,905	(3,71,086)
Cash generated from Operations	(2,80,62,657)	(89,05,333)
Direct Taxes Paid	(56,40,520)	(15,00,000)
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<b>(92,88,212)</b>	<b>50,21,425</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Loans-Secured		
Purchase of Investments	(16,65,75,811)	(12,68,62,211)
Sale of Investments (net proceeds)	17,73,00,712	13,28,29,094
Interest Received	21,23,700	14,64,362
Dividend Received	19,30,657	21,25,288
Profit on sale of investments	4,05,014	-
Less: Loss on sale of invest	(4,354)	-
<b>NET CASH FROM INVESTING ACTIVITIES (B)</b>	<b>1,51,79,918</b>	<b>95,56,533</b>
<b>C. CASH FROM FINANCING ACTIVITIES</b>		
Dividend paid	(58,49,750)	(1,75,49,250)
<b>NET CASH FROM FINANCING ACTIVITIES (C)</b>	<b>(58,49,750)</b>	<b>(1,75,49,250)</b>
<b>Net Increase in Cash and Cash Equivalents (A)+(B)+(C)</b>	<b>41,956</b>	<b>(29,71,292)</b>
Cash and Cash Equivalents at the beginning of the year	4,59,202	34,30,494
<b>Cash and Cash Equivalents at the end of the year</b>	<b>5,01,158</b>	<b>4,59,202</b>
<b>Componentets of Cash and Cash Equivalents at the end of the year</b>		
Current Account with Banks	5,01,158	4,59,202
Cash, Stamps and Stamp Papers on Hand	-	-

As per our report of even date attached

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

**P Babu**  
Partner

Chennai  
13th May, 2010

**S Venkatesan**

**A N Raju**

**K Sankarakumar**  
Directors