

LGf SERVICES LIMITED

7th ANNUAL REPORT 2010-11



Board of Directors

Paramesh Krishnaier

M. Ramaswamy

G. Sundararajan

Bankers

State Bank of Travancore

State Bank of Patiala

ICICI Bank

Auditors

M/s. Brahmaya & Co., Chennai

Chartered Accountants

Registered Office

21, Patullos Road

Chennai 600 002

LGF SERVICES LIMITED

A wholly-owned subsidiary of



SUNDARAM FINANCE LIMITED

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Directors' Report

Your Directors present the Seventh Annual Report and Audited Accounts for the year ended 31st March, 2011.

FINANCIAL RESULTS

Particulars	₹ in Lakh)	
	Year ended March 31, 2011	Year ended March 31, 2010
Profit after tax	192.24	183.41
Add: Surplus of Previous Year	111.44	93.79
Amount available for appropriation	303.68	277.20
Transfer to General Reserve	120.00	20.00
Interim Dividend	—	—
Final Dividend	125.00	125.00
Dividend Tax	20.28	20.76
Surplus carried to Balance Sheet	38.41	111.44

BUSINESS REVIEW

The Corporate Agency Licence with Oriental Insurance Company Limited expired in June 2010. During the year, your Company earned an income from operations of ₹ 495.03 lakhs as against ₹ 558.73 lakhs in the previous year. The profit after tax for the year was higher at ₹ 192.24 lakhs as against ₹ 183.41 lakhs in the previous year.

DIVIDEND

Your directors are happy to recommend a dividend of ₹ 50/- per share for the financial year 2010-11 on the paid-up capital of ₹ 25.00 lakhs (same as in last year). The dividend together with dividend tax of ₹ 20.28 lakhs absorbs a sum of ₹ 145.28 lakhs

DIRECTORS

Sri Paramesh Krishnaier, 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.

For and on behalf of the Board
Paramesh Krishnaier
M Ramaswamy
 Directors

Chennai 600 002
 Date: 12.05.2011

Secretarial Compliance Certificate

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

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

I have examined the registers, records, books and papers of **LGF SERVICES LIMITED** (the Company), as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended **31st March 2011**. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid period:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company is a Public limited Company and has the minimum prescribed paid up capital.
4. The Board of Directors duly met Four (4) times on 13th May 2010, 17th September 2010, 28th December 2010 and 25th March 2011 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 2011.
6. The Sixth Annual General Meeting for the financial year ended 31st March 2010 was held on 5th July 2010 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 2011.
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 2011.
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 2011.
13. The Company:
 - i) has not effected any allotment / transfer / transmission of securities during the year ended 31st March 2011.
 - ii) has deposited the amount of final dividend for the year 2009-10 in a separate bank account on 06.07.2010 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

LGF SERVICES LIMITED



- financial year ended 31st March 2011.
- iv) There was no unpaid dividend and hence the question of transfer of dividend to unpaid dividend account does not arise. The Company has not issued fresh shares or debentures and has not accepted any deposits and hence, the question of application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund does not arise.
- v) has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment to the Board has been duly made and registered.
15. The Company has not appointed any Managing Director / Whole-time Director / Manager during the year under review.
16. The Company has not appointed any sole selling agent during the year ended 31st March 2011.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director and / or such authorities prescribed under the various provisions of the Act during the year ended 31st March 2011.
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 2011.
20. The Company has not bought back any shares during the year under review and hence the question of complying with the buy back provisions does not arise.
21. The Company has no preference share capital and has not issued debentures and hence the question of redemption of preference shares/ debentures during the year under review does not arise.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A during the year ended 31st March 2011.
24. The Company has not made any borrowings during the financial year ended 31st March 2011.
25. The Company has not made loans and investments or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the Register kept for the purpose.
26. During the year under review, the Company has not altered the provisions of its Memorandum and its Articles of Association.
27. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the year ended 31st March 2011, for offences under the Act.
28. The Company has not received any money as security from its employees during the year ended 31st March 2011.
29. According to the information and explanations given to me, during the year under review, the provisions relating to contribution to Provident Fund did not apply to the Company.

Place: Chennai

Date : 15th April 2011

MALINI SESHADRI, A.C.S.

No. 5493 CP1323

Annexure A to Secretarial Compliance Certificate

Registers as maintained by the Company during the year ended 31st March, 2011

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 : 15th April 2011

MALINI SESHADRI, A.C.S.

No. 5493 CP1323

Annexure B to Secretarial Compliance Certificate

Returns/Documents/forms filed with the Registrar of Companies, Regional Director,
Central Government or other authorities during the year ended 31st March 2011

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 2010.
2.	23AC & 23ACA	220	Balance Sheet and Profit & Loss Account for the financial year ended 31st March 2010.
3.	20 B	159	Annual Return made upto 5th July 2010 (Date of AGM).

REGIONAL DIRECTOR

NIL

CENTRAL GOVERNMENT & OTHER AUTHORITIES

NIL

Place: Chennai

Date : 15th April 2011

MALINI SESHADRI, A.C.S.

No. 5493 CP1323

Auditors' Report

To the Members of LGF Services Limited

1. We have audited the attached Balance Sheet of LGF Services Limited, (the Company) as at 31st March 2011, 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 the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, to the extent applicable.
 - (v) on the basis of written representations received from the directors, as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 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 2011;
 - (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.

Place : Chennai
Date : 12th May 2011

For **BRAHMAYYA & CO.,**
Chartered Accountants
Firm Registration No.000511S
L. RAVI SANKAR
Partner
Membership No.25929



Annexure to the Auditors' Report

Referred to in Paragraph 3 of Our Report of Even Date

1. In our opinion and according to the information and explanations given to us, the company has not granted or taken loans to / from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of clauses iii(a) to iii(g) of Paragraph 4 of the Order are not applicable to the company for the year.
2. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to services rendered by the company. During the course of our audit, no major weaknesses have been noticed in the internal controls and therefore the reporting of the same does not arise.
3.
 - a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered in the register maintained under that section have been so entered.
 - b) In our opinion, according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have prima facie been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
4. The company has not accepted deposits.
5. The company has an internal audit system which in our opinion, is commensurate with the size and the nature of its business.
6. The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956.
7.
 - a) According to the records of the company and the information and explanations given to us, income tax and service tax was regularly deposited during the year with the appropriate authorities.
 - b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax and service tax which are outstanding as at 31st March, 2011 for a period of more than six months from the date they become payable.
8. According to the records of the company and the information and explanations given to us, there are no dues of income tax and service tax which have not been deposited on account of any dispute.
9. The company does not have any accumulated losses at the end of the financial year and has not incurred cash loss during the current year.
10. The company does not have any borrowing from financial institutions, banks or by issue of debentures.
11. According to the information and explanations given to us, during the year, 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.
 - d) issued any debentures.
 - e) raised monies by public issue.
 - f) raised monies on short term basis.
12. The company is not a chit fund / nidhi / mutual benefit fund or society.
13. Based on our examination of records and information and explanations given to us, proper records have been maintained of the transactions and contracts relating to dealing in securities and timely entries have been made therein. The securities have been held by the company in its own name.
14. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.
15. In our opinion and according to the information and explanations given to us, the nature of the company's business/ activities during the period have been such that clauses i, ii, xiii, and xviii of paragraph 4 of the Companies (Auditors Report) Order, 2003 are not applicable to the company.

For **BRAHMAYYA & CO.**,
Chartered Accountants
Firm Registration No.000511S
L. RAVI SANKAR
Partner
Membership No.25929

Place : Chennai
Date : 12th May 2011

Balance Sheet

as at 31st March, 2011

		31.03.2011		31.03.2010	
	Schedule	₹		₹	
I SOURCES OF FUNDS					
1. Shareholders' Funds					
(a) Capital	1	25,00,000		25,00,000	
(b) Reserves and Surplus	2	2,63,40,570	2,88,40,570	2,16,43,802	2,41,43,802
2. Loan Funds					
(a) Secured Loans		-		-	
(b) Unsecured Loans		-	-	-	-
Total		<u>2,88,40,570</u>		<u>2,41,43,802</u>	
II APPLICATION OF FUNDS					
1. Fixed Assets					
			-		-
2. Investments	3		95,46,316		60,39,233
3. Deferred Tax Asset			2,559		3,155
4. Current Assets, Loans and Advances					
(a) Current Assets	4	1,50,19,186		69,49,929	
(b) Loans and Advances	5	2,01,33,447		2,68,05,208	
	(A)	<u>3,51,52,633</u>		<u>3,37,55,137</u>	
Less: Current Liabilities and Provisions					
(a) Current Liabilities	6	13,33,125		10,77,629	
(b) Provisions	7	1,45,27,813		1,45,76,094	
	(B)	<u>1,58,60,938</u>		<u>1,56,53,723</u>	
Net Current Assets	(A-B)		1,92,91,695		1,81,01,414
Total		<u>2,88,40,570</u>		<u>2,41,43,802</u>	
Notes to Accounts	11				

As per our report of even date attached
For **Brahmayya & Co.**,
Chartered Accountants
L.Ravi Sankar
Partner

Paramesh Krishnaier

M Ramaswamy

Chennai
12th May, 2011

Directors



Profit and Loss Account

for the Year Ended 31st March, 2011

	Schedule	2010-11 ₹	2009-10 ₹
<u>INCOME</u>			
Income from Operations	8	4,95,02,504	5,58,73,064
Other Income	9	20,91,355	13,68,912
Total	(A)	<u>5,15,93,859</u>	<u>5,72,41,976</u>
<u>EXPENDITURE :</u>			
Administrative and other expenses	10	2,25,68,681	2,94,01,781
Total	(B)	<u>2,25,68,681</u>	<u>2,94,01,781</u>
Profit Before Tax	(A-B)	2,90,25,178	2,78,40,195
Less:			
Provision for Income tax – Current		98,00,000	95,00,000
– Deferred		597	(475)
Profit After Tax		<u>1,92,24,581</u>	<u>1,83,40,670</u>
Balance Brought Forward from the previous year		1,11,43,802	93,79,226
Amount Available for Appropriation		<u>3,03,68,383</u>	<u>2,77,19,896</u>
<u>APPROPRIATIONS</u>			
– Proposed Dividend		1,25,00,000	1,25,00,000
– Dividend Distribution Tax		20,27,813	20,76,094
General Reserve		1,20,00,000	20,00,000
Surplus- Balance carried to Balance Sheet		38,40,570	1,11,43,802
		<u>3,03,68,383</u>	<u>2,77,19,896</u>
Notes to the Accounts	11		
Earnings per share (Basic and diluted):			
Number of Shares Considered (Face Value of ₹ 10/- per Share)		2,50,000	2,50,000
Basic Earnings per Share		76.90	73.36

As per our report of even date attached
For **Brahmayya & Co.,**
Chartered Accountants
L.Ravi Sankar
Partner

Chennai
12th May, 2011

Paramesh Krishnaier

M Ramaswamy

Directors

SCHEDULES

	31.03.2011		31.03.2010
	₹		₹
1. Capital			
Authorised			
2,50,000 Equity shares of ₹ 10/- each	<u>25,00,000</u>		<u>25,00,000</u>
Issued, Subscribed and fully paid up			
2,50,000 Equity shares of ₹ 10/- each	<u>25,00,000</u>		<u>25,00,000</u>
(includes 2,00,000 Equity Shares of ₹ 10/- each allotted as fully paid-up by way of bonus shares by capitalisation of General Reserve)			
(The shares are held by Sundaram Finance Ltd. and its nominees)			
2. Reserves and Surplus			
General Reserve			
Per Last Balance Sheet	1,05,00,000		85,00,000
Add: Transfer from Profit and Loss Account	<u>1,20,00,000</u>	2,25,00,000	<u>20,00,000</u>
Surplus- Balance in Profit and Loss account		38,40,570	<u>1,11,43,802</u>
	<u>2,63,40,570</u>		<u>2,16,43,802</u>

**3. Investments**

(in ₹)

	31.03.2011	31.03.2010
Current Investments - At Cost		
In Trust Securities		
Unquoted		
Birla Sunlife Floating Rate Fund (Opening balance of 80,164 units of ₹ 10/- each were redeemed during the year)	–	8,02,069
Religare Credit Opportunity Fund (Opening balance of 2,99,640 units of ₹ 10/- each were redeemed during the year)	–	30,09,192
IDFC Savings Advantage Fund (1,508 units of ₹ 1000/- each purchased during the year)	15,08,827	–
Sundaram Ultra Short Term Fund -Institutional 5,29,213 units of ₹ 10 each (Opening Balance 2,14,347 units of ₹ 10/- each 31,87,079 units of ₹ 10/- each purchased during the year and 28,72,213 units of ₹ 10/- each redeemed during the year)	55,37,489	22,27,972
Sundaram Interval Fund (2,50,000 units of ₹ 10/- each purchased during the year)	25,00,000	–
Total	95,46,316	60,39,233
SUMMARY OF INVESTMENTS	31.03.2011	31.03.2010
In Trust Securities		
Unquoted - Current	95,46,316	60,39,233
Total	95,46,316	60,39,233

Mutual Fund units purchased and redeemed during the year

Scheme Name	Face Value (in ₹)	Units	Amount (in ₹)
BSL Savings Fund	10	80,451	8,04,898
Canara Robeco Floating Fund	10	9,75,362	1,00,07,214
Reliance Interval Fund	10	9,99,430	1,00,38,248
Religare Ultra ST Fund Regular	10	4,99,876	50,06,758
Sundaram Flexible Fund ST	10	7,76,352	80,00,000
Sundaram Money Fund	10	28,04,343	2,83,10,687

(in ₹)

4. Current Assets

Cash and Bank Balances
with Scheduled Bank in
– Current Accounts
Income Receivable

31.03.2011

31.03.2010

18,16,952

3,70,987

1,32,02,234

65,78,942

1,50,19,186**69,49,929****5. Loans and Advances**

Unsecured Loans
– Inter Corporate Loan
– Inter Corporate Deposit
Advances and deposits recoverable in cash or in kind
or for value to be received
Advance Income Tax and Tax deducted at source
(net of provision for Income Tax)

1,00,00,000

1,00,00,000

–

75,00,000

2,99,352

–

98,34,095

93,05,208

2,01,33,447**2,68,05,208****6. Current Liabilities ***

Sundry Creditors
– Expenses
– Others

11,61,814

9,75,057

1,71,311

1,02,572

13,33,125**10,77,629**

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

7. Provisions

Proposed Dividend
Dividend Distribution Tax

1,25,00,000

1,25,00,000

20,27,813

20,76,094

1,45,27,813**1,45,76,094****8. Income from Operations:**

Insurance Commission
Outsourcing Fee (TDS- ₹ 27,54,086)
Other Operational Income

72,80,749

3,91,65,447

3,94,39,581

–

27,82,174

1,67,07,617

4,95,02,504**5,58,73,064****9. Other Income**

Interest on loan
Dividend Income
Profit on Redemption of Current Investments
Miscellaneous Income

11,92,372

10,36,939

1,49,475

2,87,289

65,893

44,684

6,83,615

–

20,91,355**13,68,912****10. Administrative and other expenses**

Outsourced Servicing Fees
Rates and Taxes
Loss on redemption of Current Investments
Diminution in value of Investment
Miscellaneous expenses

2,24,67,472

2,93,07,875

21,944

13,331

5,480

2,352

–

1,397

75,182

76,826

2,25,70,078

2,94,01,781

1,397

–

2,25,68,681**2,94,01,781**

Less: Reversal of Diminution in value of Investments

LGF SERVICES LIMITED

SCHEDULE 11

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 commission/services rendered 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

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 2011	Maximum Amount due at any time during 2010-2011	Balance as of 31st March 2010	Maximum Amount due at any time during 2009-2010
Infreight Logistics Solutions Limited	₹ 1,00,00,000/-	₹ 1,00,00,000/-	₹ 1,00,00,000/-	₹ 1,00,00,000/-

2.2 The details of Deferred Tax Assets / Liabilities are as follows:	31st March 2011	31st March 2010
Deferred Tax Asset – Investment	₹ 2,559/-	₹ 3,155/-

2.3 Advance payment of Income Tax and tax deducted at source is net of provision for taxation of ₹ 1,94,88,227/- (31/03/2010 – ₹ 1,82,20,120/-).

3. PROFIT AND LOSS ACCOUNT

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

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

(in ₹)

	2010-11	2009-10
Statutory Audit	45,000	45,000
Tax Audit	15,000	15,000
Service Tax	6,180	6,180

SCHEDULES

11 NOTES TO THE ACCOUNTS (Contd.)

4. GENERAL

- 4.1 The company provides business support services for Oriental Insurance Company Limited. 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 Asset Management Company Limited

Sundaram Trustee Company Limited

Sundaram Finance Distribution Limited

Sundaram Infotech Solutions Limited

Sundaram Business Services Limited

Infreight Logistics Solutions Limited

Professional Management Consultants Limited

Sundaram BNP Paribas Fund Services Limited

Sundaram Parekh Warehousing Services Limited

Sundaram Insurance Broking Services Limited

Associate:

Sundaram 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 related parties are as follows:

(in ₹)

Nature of Transactions	Holding Company	Fellow Subsidiaries	Associate	Total
Expenses				
Sundaram Finance Ltd.				
– Sourcing Fees	13,35,422 (9,91,594)	– (–)	– (–)	13,35,422 (9,91,594)
Income				
Infreight Logistics Solutions Ltd				
– Interest on Inter Corporate Loan	– (–)	8,00,000 (8,34,247)	– (–)	8,00,000 (834,247)
Sundaram Finance Limited				
– Interest on Inter Corporate Deposit	3,92,372 (2,02,692)	– (–)	– (–)	3,92,372 (2,02,692)
Assets				
Sundaram Mutual Fund				
– Investment in Trust Securities	– (–)	– (–)	7,20,43,577 (11,00,65,758)	7,20,43,577 (11,00,65,758)
– Disinvestment in Trust Securities	– (–)	– (–)	6,62,34,060 11,02,56,640	6,62,34,060 11,02,56,640
– Investment in Trust Securities at the end of the year	– (–)	– (–)	80,37,489 (22,27,972)	80,37,489 (22,27,972)
Inter Corporate Deposit				
Sundaram Finance Limited				
– Investment	– (75,00,000)	– (–)	– (–)	– (75,00,000)
– Disinvestment	75,00,000 (–)	– (–)	– (–)	75,00,000 (–)
– Outstanding	– (75,00,000)	– (–)	– (–)	– (75,00,000)
Inter Corporate Loan				
Infreight Logistics Solutions Ltd				
– Disbursement	– (–)	– (50,00,000)	– (–)	– (50,00,000)
– Repayment	– (–)	– (–)	– (–)	– (–)
– Outstanding	– (–)	1,00,00,000 (1,00,00,000)	– (–)	1,00,00,000 (1,00,00,000)
Interest Receivable				
Infreight Logistics Solutions Ltd	– (–)	1,97,260 (2,46,576)	– (–)	1,97,260 (2,46,576)

**SCHEDULES****11 NOTES TO THE ACCOUNTS (Contd.)**

(in ₹)

Nature of Transactions	Holding Company	Fellow Subsidiaries	Associate	Total
Liabilities				
Sundaram Finance Ltd.				
– Equity Shareholdings	25,00,000 (25,00,000)	– (–)	– (–)	25,00,000 (25,00,000)
– Dividend Payable	1,25,00,000 (1,25,00,000)	– (–)	– (–)	1,25,00,000 (1,25,00,000)
– Sourcing Fees Payable	1,63,246 (1,63,211)	– (–)	– (–)	1,63,246 (1,63,211)

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

Previous year figures are given in brackets.

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

4.4 Earnings per share (Basic and diluted):

		For the year ended 31st March 2011	For the year ended 31st March 2010
A. Profit for the year after taxation (₹)		1,92,24,581	1,83,40,670
B. Total number of equity shares of ₹ 10/- each outstanding at the end of the year (in numbers)		2,50,000	2,50,000
C. Basic earnings per share (₹)	(A/B)	76.90	73.36

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

4.6 Figures have been rounded off to nearest rupee.

Signatures to Schedules 1 to 11

As per our report of even date attached
For **Brahmayya & Co.**,
Chartered Accountants
L.Ravi Sankar
Partner

Paramesh Krishnaier

M Ramaswamy

Chennai
12th May, 2011

Directors



Cash Flow Statement

	2010-11 ₹	2009-10 ₹
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit	1,92,24,581	1,83,40,670
Add: Provision for Taxation	98,00,597	94,99,525
	2,90,25,178	2,78,40,195
Less: Profit on sale of investments	(65,893)	(44,684)
Less: Dividend Income	(1,49,475)	(2,87,289)
Add: Diminution in value of investments	(1,397)	1,397
Add: Loss on sale of investments	5,480	2,352
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	2,88,13,893	2,75,11,971
(Increase)/Decrease in receivables	(44,51,530)	(1,71,19,152)
Increase/(Decrease) in Current Liabilities	2,55,496	2,52,718
Cash generated from Operations	(41,96,034)	(1,68,66,434)
Direct Taxes Paid	(53,00,000)	(50,00,000)
NET CASH FROM OPERATING ACTIVITIES (A)	1,93,17,859	56,45,537
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Investments	(99,416,725)	(14,07,52,202)
Sale of Investments	9,59,11,037	13,89,67,131
Dividend Received	1,49,475	2,87,289
Profit on sale of investments	65,893	44,684
Loss on sale of investments	(5,480)	(2,352)
NET CASH FROM INVESTING ACTIVITIES (B)	(32,95,800)	(14,55,450)
C) CASH FROM FINANCING ACTIVITIES		
Dividend paid	(1,45,76,094)	(43,87,310)
Increase (Decrease) in Bank Borrowings	(1,45,76,094)	(43,87,310)
NET CASH FROM FINANCING ACTIVITIES (C)	(1,45,76,094)	(43,87,310)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)	14,45,965	(1,97,223)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3,70,987	5,68,210
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	18,16,952	3,70,987
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Current Account with Banks	18,16,952	3,70,987
Cash, Stamps and Stamp Papers on Hand	-	-

As per our report of even date attached
For **Brahmayya & Co.,**
Chartered Accountants
L.Ravi Sankar
Partner

Chennai
12th May, 2011

Paramesh Krishnaier

M Ramaswamy

Directors