



*Sundaram
Asset Management
Company Limited*

*15th Annual Report
2010-11*

Board of Directors

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

Audit Committee

S Krishnamurthy	Chairman
T N Anantharam Iyer	
T P Raman	

Chief Financial Officer

T S Sritharan

Company Secretary

P Sundararajan

Bankers

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

Auditors

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

Information Security Assurance Auditors

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

Registered Office

No. 21, Patullos Road,
 Chennai - 600 002

Corporate Office

SUNDARAM TOWERS
 II Floor, 46, Whites Road, Chennai - 600 014.
 Tel: 28583362, Fax: 28583156

Website : www.sundarammutual.com

Other Committees

Risk Management Committee

T Anantha Narayanan	Chairman
T P Raman	
Harsha Viji	
Rishikesh T Krishnan	

Executive Committee

T P Raman	Chairman
Harsha Viji	
T T Srinivasaraghavan	
T Anantha Narayanan	

Remuneration Committee

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

Senior Management

Name	Designation	Name	Designation
Sunil Subramaniam	Director & Head -Sales & Marketing	Satish Ramanathan	Director & Head – Equity
Vijayendiran R	Head - Global Business Development	Dwijendra Srivastava	Head – Fixed Income
Lakshminarayanan D	Head-Operations & Risk Management	Srividhya R	Vice President – Equity
Vaidya Nathan S	Head-Products & Business Intelligence	Krishnakumar S	Vice President – Equity
Priya A Kumar	Deputy Head - Sales (Special Channels)	Venkatesan J	Vice President – Equity
Benis Kumar M	Deputy Head - Sales (Core Channels)	Siddharth Chaudhary	Fund Manager - Fixed Income
Amit Kumar Ray	Vice President - Sales	Venkatesh P	Regional Head - South
Samir P Deshpande	Vice President-Sales, West		

Sponsor



SUNDARAM FINANCE

Sundaram Finance Limited

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

Branches

Agra	Davangere	Kanpur	Rajahmundry
Ahmedabad	Dehradun	Kolkatta	Rajkot
Ajmer	Delhi	Lucknow	Rourkela
Allahabad	Durgapur	Ludhiana	Salem
Bangalore	Goa	Madurai	Surat
Baroda	Guwahati	Mangalore	Thrissur
Bhopal	Hosur	Mumbai	Tirunelveli
Bhubaneshwar	Hubli	Mysore	Trichy
Calicut	Hyderabad	Nagpur	Trivandrum
Chandigarh	Indore	Nashik	Udaipur
Chennai*	Jaipur	Patna	Varanasi
Cochin	Jamshedpur	Pondicherry	Vellore
Coimbatore	Jodhpur	Pune	Vijayawada
Cuttack	Kanchipuram	Raipur	Vizag

* Corporate office and two branches in Chennai.

Sundaram Asset Management Company Limited
A subsidiary of



SUNDARAM FINANCE
Enduring values. New age thinking.

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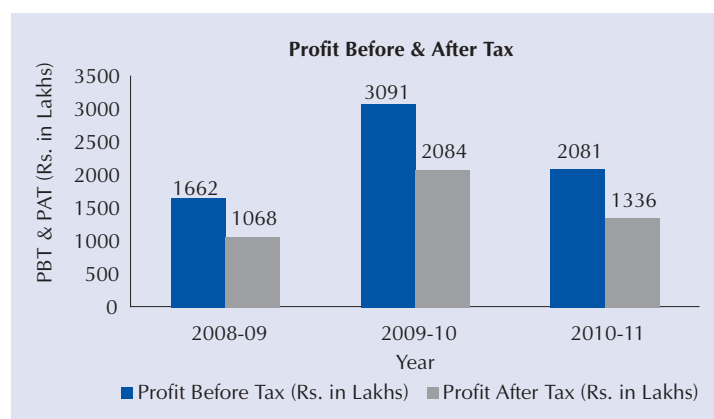
Report of the Directors

Your Directors have pleasure in presenting the Fifteenth Annual Report of Sundaram Asset Management along with the audited financial statement of accounts for the year ended March 31, 2011. The financial performance of your Company in 2010 – 11 is summarised in the accompanying table:

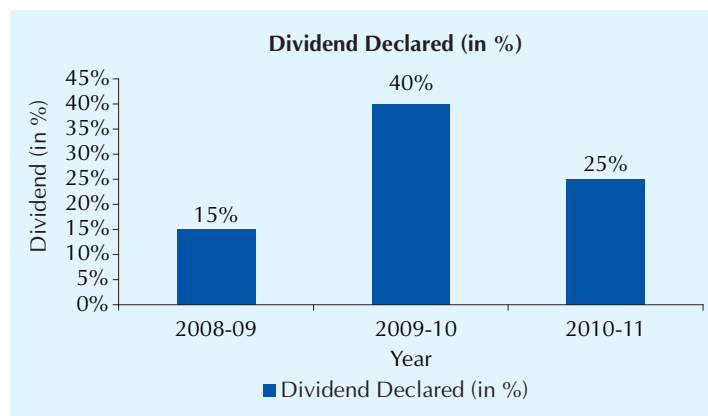
Financial Results:

Parameter	(Rs in lakhs)	
	Year ended	
	March 31, 2011	March 31, 2010
Gross Income	12239.64	11182.70
Profit/(loss) before depreciation and tax	2229.45	3299.63
Less:		
Provision for Depreciation	148.53	209.02
Profit Before Tax	2080.92	3090.60
Provision for Taxation	744.77	1006.82
Profit after tax	1336.15	2083.78
Surplus brought forward from the previous year	2583.69	1423.52
Surplus available for appropriations	3919.84	3507.30
Less: Appropriation:		
Dividend Proposed (Final)	383.33	613.33
Dividend Distribution Tax	62.18	101.87
Transfer to General Reserve	136.00	208.40
Surplus carried to Balance Sheet	3338.33	2583.70

Your Company earned a total income of Rs 12239.64 lakh for the year 2010-11, by way of investment management and advisory fees and other income during the year as compared to Rs. 11182.70 lakh in 2009-10 representing an increase of 9.45% over the previous year. Your company reported a profit after tax of Rs 1336.15 lakh for the year as compared to Rs. 2083.78 lakh in the previous year.



Your Directors are pleased to recommend a dividend of 25% on the paid-up capital of the company. The dividend, together with dividend tax, absorbs a sum of Rs. 445.50 lakh. A sum of Rs.136 lakh will be transferred to the General Reserve leaving a balance of Rs. 3338.33 lakh to be retained as surplus in the profit and loss account.



Change in Control

Sundaram Finance Limited and BNP Paribas Asset Management, Paris, the sponsors of Sundaram BNP Paribas Mutual Fund decided to disengage themselves from the joint ventures of the your Company and Trustee Company. After approval from SEBI, Sundaram Finance Limited on, 1st October 2010, acquired 49.90% of the shares held by BNP Paribas Asset Management Paris in your Company and the Trustee Company. After the acquisition, your Company and the Trustee Company became wholly owned subsidiaries of Sundaram Finance Limited w.e.f 01st October 2010.

Snapshot of the Mutual Fund Industry

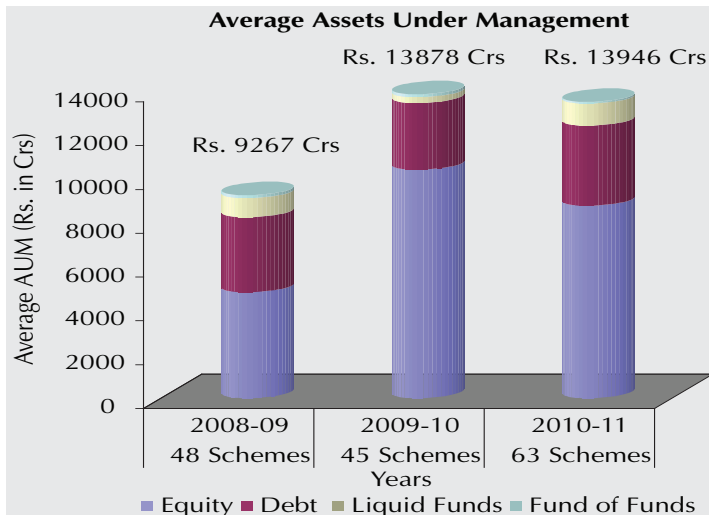
Gross mobilization by the mutual fund industry during the year amounted to Rs. 88,59,515 Crores as against Rs. 1,00,19,023 Crores in the previous year, registering a decline of 11.57%. The industry also witnessed a gross redemption of Rs. 89,08,921 Crores representing 10.34% decrease from the previous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

Sundaram Mutual Fund – Performance

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

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

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



The no. of investor folios of the Mutual Fund schemes has marginally declined from 2.34 million in 2009–10 to 2.22 million in 2010–11.

During the year, your Company conducted 59 Investor Awareness Programme in 38 centres. The total number of investors who attended the programme was approximately 2500.

Performance

The year under review was a mixed bag for Sundaram Asset Management. This appears even more notable after a robust seven-year period in which our funds outpaced benchmarks comfortably for six years and stayed in line or ahead in the meltdown of 2008.

Large-cap stocks and financials led the way in 2010-11 even as other parts of cap-curve and sectors had a sluggish phase. Mid-and small-cap stocks ended the year on a flat note and with modest losses respectively.

In a challenging environment four of our eight cap-curve funds managed to stay ahead of the designated benchmark as well as the broad market (represented by the S&P CNX 500).

Sundaram Select Mid-Cap maintained its track record as a stellar performer as it outpaced its benchmark by 7.60 percentage points. The fund is now ahead of the benchmark by 8.6 percentage points on a compounded annual basis since launch.

Our award-winning funds of recent years – Sundaram Select Focus, Sundaram S.M.I.L.E Fund and Sundaram Tax Saver – trailed their benchmark by three to six percentage points in 2010-11 as a few of the sector calls did not pan out in line with our expectation. However, this phase has not muted the quality performance over the long term as they are well ahead of the benchmark and the broad market.

In 2010-11, three of our thematic funds – Sundaram Financial Services, Sundaram Rural India and Sundaram PSU Opportunities – finished well ahead of their benchmark and more importantly broad market (S&P CNX 500). In a good year for financials, Sundaram Financial Services capitalized on the trends to generate a gain of 27.6 per cent.

At the end of 2010-11, five of our six thematic funds have

delivered superior returns (marginal in the case of Sundaram Rural India and sizeable in the other four) as compared to the broad market. This is a pointer to the quality of fund management and the robust nature of the themes.

In the case of Sundaram Energy Opportunities, too, the fund is now behind the broad market S&P CNX 500 by 2.6 percentage points.

On the fixed-income front, Sundaram Money Fund is now a consistent quartile two performer across all time periods and is starting to notch a quartile one presence on a six-month and one-year basis. Sundaram Ultra-Short Term Fund has now emerged as a consistent quartile one performer for all periods except two years in which timeframe it is an early entrant in the quartile two category.

There were no equity fund launches in 2010-11. On the Fixed-Income side, Sundaram Capital Protection Oriented Schemes and Fixed Term Plans have been launched and will continue to stay a focus area. Sundaram Capital Protection Oriented Fund Series 2-3 years launched during the year successfully mobilized Rs.299 Crores from 23,845 investors. The mobilization under all the Fixed Term Plans launched during the period under review was Rs. 1396.46 Crores.

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

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

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

Portfolio Management Services / Advisory Services

Advisory Services

The aggregate value of funds under advisory to overseas institutional investors was Rs 1305.10 Crores as on March 31, 2011.

Portfolio Management Services

Sundaram Portfolio Managers manage an asset size of Rs. 21.02 Crores under discretionary service and Rs. 94.18 Crores under advisory as on March 31, 2011.

Branches

Your Company has a total of 58 branches as at the year end. In addition, the AMC has 24 collection centres.

Directors

Mr. Guy De Froment and Mr. Max Diulus resigned from the Board of your Company. Your Board of Directors place on record their sincere appreciation for the valuable contribution made by them to the growth of your Company and the Mutual Fund.

Mr. T. N. Anantharam Iyer resigned from the Board of your Company on 06th May 2011. Your Board of Directors place on record their sincere appreciation for the valuable contribution made by Mr. T. N. Anantharam Iyer to the growth of your Company and the Mutual Fund.

During October 2010, Mr. Harsha Viji was co-opted as an additional director of your Company. Mr. Harsha Viji was also appointed as Deputy Managing Director of your Company for a period of five years.

Mr. Harsha Viji is a Bachelor of Commerce, a qualified Chartered Accountant and holds a Masters Degree in Business Administration from Ross School of Business, University of Michigan at Ann Arbor.

Mr. Harsha Viji has been associated with Sundaram Finance Limited since 1998 in various roles and has worked closely on group strategy and a number of special projects. Mr. Harsha Viji is a Director - Strategy & Planning of Sundaram Finance Limited.

Mr. S. Krishnamurthy, Mr. T. Anantha Narayanan and Mr. Rishikesh T Krishnan retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-election.

Necessary resolutions for the appointment/Re-appointment of director(s) are submitted for your approval.

The Board of Directors of Sundaram Asset Management met eight times in 2010-11.

Committees of the Board

Audit Committee

The Audit Committee of the Board consists of Mr. S. Krishnamurthy, Mr. T. N. Anantharam Iyer, Directors and Mr. T.P. Raman, Managing Director. Mr. S. Krishnamurthy chaired the Meetings of the Committee. The Statutory Auditor, Internal Auditor, Deputy Managing Director, Chief Financial Officer, Head - Risk and Operations, Head - Finance & Administration and Compliance Officer & Secretary are invited to the meetings of the Committee. The Committee met five times in the year 2010-11 and reviewed the financial accounts/policies, adequacy of internal control systems and interacted with Statutory Auditors, Internal Auditors and Systems Auditors. The Committee also reviewed audit plans, unaudited/audited financial results, and observations as well as related follow-up reports of the management.

Risk Management Committee

The Risk Management Committee consists of Mr. T Anantha Narayanan, Mr. Rishikesh T. Krishnan, Directors, Mr. T P Raman, Managing Director and Mr. Harsha Viji, Deputy Managing Director. Mr T Anantha Narayanan chaired the meetings of the committee. Director & Head – Equity, Head - Fixed Income, Head -Risk and operations and the Director & Head – Sales & Marketing are the permanent invitees to the Committee. The Compliance Officer acts as the Secretary to the Committee. The Committee monitors the implementation of enterprise risk management guidelines, set/modify the limits of issuers, counter party exposure and review exceptions and overrides and suggests improvements to the risk management framework from time to time. The committee met three times in the year 2010-11.

Executive Committee

This committee looks into investment strategy, fund performance and fund management guidelines for new products. Its scope includes review of the business plan of the company, performance of funds and the company, human resource policy and strategy and making recommendation to the Board for taking appropriate decisions. The Products and Strategy Committee was combined with Executive Committee in October 2010.

The members of the Committee are Mr. T P Raman, Managing Director, Mr. Harsha Viji, Deputy Managing Director, Mr. T. T. Srinivasaraghavan, Mr. T. Anantha Narayanan and Mr. Ashoke Bijapurkar, Directors. The committee meeting was chaired by T. T. Srinivasaraghavan. Senior management personnel of the Company attend the meetings of the Committee. This committee met one time during the year under review.

Remuneration Committee

The Remuneration Committee comprises Mr. D.N. Ghosh, Chairman, Mr. T.P.Raman, Managing Director, Mr. Harsha Viji, Deputy Managing Director, Mr. T.T.Srinivasaraghavan, Mr. Ashoke Bijapurkar, Directors. Mr. D.N.Ghosh is the Chairman of the committee. The Committee decides on the broad parameters governing the remuneration policy for the key employees of your company. The committee met once in 2010 – 11.

Public Deposits

Your Company has not accepted any deposits.

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

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

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

Particulars	2010-11 (Rs.)	2009-10 (Rs.)
Foreign Exchange Earnings	7,31,22,548.00	9,18,86,419.00
Foreign Exchange Expenditure	2,53,87,158.00	1,63,17,781.00
Dividend Paid to Non – Resident Shareholder –		
BNP Paribas Asset Management	3,06,05,124.00	1,14,76,922.16

Personnel

Your company had 262 employees on its rolls as on March 31, 2011. Your company continues to invest in enhancing the skill-sets of employees.

Particulars of Employee Remuneration

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, details are set out in the annexure to the Directors' Report. Any shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the registered office of the Company.

Directors' Responsibility Statement pursuant to Section 217(2AA) of Companies Act, 1956

The Directors confirm:

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

Auditors

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

SEBI Regulations

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

Acknowledgement

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

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

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

For and on behalf of the Board

Place: Chennai

Date: 06th May 2011

D N Ghosh

Chairman

Annexure – I

Annexure to the Directors Report

Sl. No.	Name of the Schemes	Closing AUM as on 31-03-11 (Rs. in Crore)
Equity Schemes		
1	Sundaram Select Thematic Funds – Capex Opportunities Fund (Dividend)	340
2	Sundaram Select Thematic Funds – Capex Opportunities Fund (Growth)	374
3	Sundaram Select Mid Cap	2,159
4	Sundaram Select Focus	906
5	Sundaram Growth Fund	190
6	Sundaram Balanced Fund	77
7	Sundaram Select Small Cap (Closed-end)	312
8	Sundaram Equity Multiplier Fund	287
9	Sundaram India Leadership Fund	152
10	Sundaram S.M.I.L.E Fund	635
11	Sundaram– Select Thematic Funds – Rural India Fund	193
12	Sundaram Tax Saver	1,500
13	Sundaram Global Advantage – Fund of Funds	69
14	Sundaram– Select Thematic Funds – Energy Opportunities	1,157
15	Sundaram Select Thematic Funds – Financial Services Opportunities	276
16	Sundaram Select Thematic Funds – Entertainment Opportunities	57
17	Sundaram Select Thematic Funds – PSU Opportunities	448
Total AUM – Equity Schemes – (A)		9,131
Debt & Liquid Schemes		
18	Sundaram Select Debt – Short Term Asset Plan	32
19	Sundaram Flexible Fund – Flexible Income Plan	2
20	Sundaram Flexible Fund – Short Term Plan	80
21	Sundaram Gilt Fund	0.16
22	Sundaram Money Fund	401
23	Sundaram Income Plus	0.73
24	Sundaram Monthly Income Plan (Not an assured Income Scheme) – Conservative Plan	18
25	Sundaram Monthly Income Plan (Not an assured Income Scheme) – Moderate Plan	43
26	Sundaram Monthly Income Plan (Not an assured Income Scheme) – Aggressive Plan	22
27	Sundaram Bond Saver	24
28	Sundaram Ultra Short Term Fund	1,004
29	Sundaram Capital Protection Oriented Fund – Series 2 – 3 Years (Closed-end Scheme)	301
30	Sundaram Capital Protection Oriented Fund – Series 1 – 5 Years (Closed-end Scheme)	8
31	Sundaram Capital Protection Oriented Fund – Series 2 – 5 Years (Closed-end Scheme)	65
Sundaram Fixed Term Plans (including Interval Funds) (32 schemes)		2,105
Total AUM – Debt & Liquid Schemes – (B)		4,106
Grand Total – (A) + (B)		13,237

Auditors' Report

TO THE MEMBERS OF SUNDARAM ASSET MANAGEMENT COMPANY LIMITED

1. We have audited the attached Balance Sheet of Sundaram Asset Management Company Limited (formerly known as Sundaram BNP Paribas Asset Management Company 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) and based on the information and explanation given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (ii) in our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
 - (iii) the Balance Sheet, Profit and Loss 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 together with the notes thereon give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,
 - (a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March 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.

For **BRAHMAYYA & CO.,**
Chartered Accountants

Firm Registration Number: 000511S

Place : Chennai
Date : 06th May 2011

P.BABU
Partner

Membership No.203358

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

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) Fixed assets have been physically verified by the management during the year in accordance with a phased plan of verification, which in our opinion is reasonable having regard to the size of the company and the nature of fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of accounts.
- c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets have not been disposed off by the company during the year.
2. In our opinion and according to the information and explanations given to us, the company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, clauses (iii)a to (iii)g of paragraph 4 of the Order are not applicable to the company for the year.
3. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets. During the course of our audit, no major weaknesses have been noticed in the internal controls and therefore the reporting of the same does not arise.
4. a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 of the Act have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under Section 301 of the Act and exceeding the value of rupees five lakh in respect of any party during the year have, prima facie, been made at prices which are reasonable having regard to the nature of services and the prevailing market prices at the relevant time.
5. The company has not accepted deposits from public.
6. The company has an internal audit system, which in our opinion, is commensurate with the size and the nature of its business.
7. The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Act.
8. According to the records of the company and the information and explanations given to us, undisputed statutory dues, including Provident Fund, Employees State Insurance, Income tax, Wealth Tax, Service Tax and other material statutory dues have been regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, there are no arrears of statutory dues which are outstanding as at 31st March, 2011 for a period of six months from the date they became payable.
9. According to the records of the company and the information and explanations given to us, there are no dues of Provident Fund, Employees State Insurance, Income tax, Wealth tax and Service tax which have not been deposited on account of any dispute.
10. The company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the current and immediately preceding financial year.
11. The company does not have any borrowing from financial institutions, banks or issue of debentures.
12. According to the information and explanations given to us, the company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the company.
14. Based on our examination of records and information and explanations given to us, proper records have been maintained of the transactions and contracts relating to dealing in securities and other investments and timely entries have been made therein. The securities and other investments have been held by the company in its own name.
15. In our opinion and according to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.
16. The company has not availed any term loan during the year.
17. According to the information and explanations given to us, the company has not raised funds on short term or long term basis during the year.
18. The company has not issued debentures during the year.
19. The company has not raised monies by public issue during the year.
20. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.
21. In our opinion and according to the information and explanations given to us, the nature of the company's business/ activities during the year have been such that clauses ii and xiii and xviii of paragraph 4 of the Companies (Auditors' Report) Order, 2003 are not applicable to the company for the year.

For **BRAHMAYYA & CO.,**
Chartered Accountants

Place : Chennai
Date : 06th May 2011

Firm Registration Number: 000511S

P.BABU
Partner

Membership No.203358

Balance Sheet

as at 31st March, 2011

	Schedule	31.03.2011 Rs.	31.03.2010 Rs.
I.Sources of Funds			
1.Shareholders' Funds			
(a) Capital	1	15,33,32,290	15,33,32,290
(b) Reserves and Surplus	2	43,93,70,900	35,03,06,589
		59,27,03,190	50,36,38,879
2. Deferred Tax Liability (Net)	3	5,75,16,195	5,80,38,823
3. Loan Funds			
a) Secured Loans		-	-
b) Unsecured Loans		-	-
Total		65,02,19,385	56,16,77,702
II. Application of Funds			
1.Fixed Assets			
(a) Gross Block	4	15,04,90,551	13,09,01,961
(b) Less: Depreciation		10,70,73,934	9,63,98,852
(c) Net Block		4,34,16,617	3,45,03,109
2.Investments	5	21,30,51,879	25,58,11,061
3.Current Assets, Loans and Advances			
(a) Current Assets	6	90,34,103	1,30,18,277
(b) Loans and Advances	7	55,28,76,317	45,87,66,549
	(A)	56,19,10,420	47,17,84,826
Less: Current Liabilities and Provisions			
(a) Current Liabilities	8	12,36,08,834	12,89,00,981
(b) Provisions	9	4,45,50,697	7,15,20,313
	(B)	16,81,59,531	20,04,21,294
Net Current Assets	(A-B)	39,37,50,889	27,13,63,532
Total		65,02,19,385	56,16,77,702

Notes to the accounts 15

Schedules 1 to 15 annexed hereto form part of the Balance Sheet and Profit and Loss Account.

As per our report of even date

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

D.N.Ghosh
Chairman

T N Anantharam Iyer
Director

P.Babu
Partner
Membership No.203358
Chennai
06th May 2011

S Krishnamurthy
Director

T T Srinivasaraghavan
Director

Ashoke Bijapurkar
Director

Rishiksha T Krishnan
Director

T P Raman
Managing Director

P. Sundararajan
Company Secretary

Profit and Loss Account

for the year ended 31st March 2011

	Schedule	2010-11		2009-10	
		Rs.	Rs.	Rs	Rs
Income					
Income from operations	10		120,95,28,744		110,22,77,961
Other Income	11		1,44,36,097		1,59,92,685
Total	(A)		<u>122,39,64,841</u>		<u>111,82,70,646</u>
Expenditure					
Establishment expenses	12		32,21,50,800		29,11,18,113
Administrative and other expenses	13		36,56,56,064		26,51,75,544
Scheme expenses borne by the company	14		31,32,12,376		23,20,14,186
Total	(B)		<u>100,10,19,240</u>		<u>78,83,07,843</u>
Profit before depreciation and tax	(A-B)		22,29,45,601		32,99,62,803
Less: Depreciation			1,48,53,220		2,09,02,245
Profit before taxation			<u>20,80,92,380</u>		<u>30,90,60,558</u>
Less : Taxation					
Current Tax		7,50,00,000		10,85,00,000	
Deferred Tax		<u>(522,628)</u>	<u>7,44,77,372</u>	<u>(7,817,579)</u>	<u>10,06,82,421</u>
Profit after Tax			13,36,15,008		20,83,78,137
Balance of profit brought forward from the previous year			25,83,69,538		14,23,51,714
Amount available for Appropriation			<u>39,19,84,546</u>		<u>35,07,29,851</u>
Appropriations					
- Dividend Proposed			3,83,33,073		6,13,32,916
- Dividend Distribution Tax			62,17,624		1,01,87,397
- General Reserve			1,36,00,000		2,08,40,000
Surplus - Balance carried to Balance Sheet			<u>33,38,33,849</u>		<u>25,83,69,538</u>
			<u>39,19,84,546</u>		<u>35,07,29,851</u>
Earnings per Equity Share					
Number of Shares			1,53,33,229		1,53,33,229
Earnings per Equity Share			8.71		13.59
Notes to the accounts	15				

Schedules 1 to 14 annexed hereto form part of the Balance Sheet and Profit and Loss Account.

As per our report of even date

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

D.N.Ghosh
Chairman

T N Anantharam Iyer
Director

P.Babu
Partner
Membership No.203358
Chennai
06th May 2011

S Krishnamurthy
Director

T T Srinivasaraghavan
Director

Ashoke Bijapurkar
Director

Rishiksha T Krishnan
Director

T P Raman
Managing Director

P. Sundararajan
Company Secretary

Schedules

	31.03.11 Rs.	31.03.10 Rs.
1. Share Capital		
Authorised		
2,00,00,000 Equity Shares of Rs 10/- each	20,00,00,000	20,00,00,000
5,00,000 Redeemable Preference Shares of Rs.100/- each	5,00,00,000	5,00,00,000
	<u>25,00,00,000</u>	<u>25,00,00,000</u>
Issued, Subscribed and fully paid up		
1,53,33,229 Equity Shares of Rs 10/- each	15,33,32,290	15,33,32,290
(The entire Share Capital is held by the Holding Company- Sundaram Finance Ltd and its Nominess) (Previous year 76,81,948 shares are held by Sundaram Finance Ltd., the Holding Company and its Nominees)	<u>15,33,32,290</u>	<u>15,33,32,290</u>
2. Reserves and Surplus		
Securities Premium account	4,13,57,051	4,13,57,051
General Reserve		
As per last Balance Sheet	5,05,80,000	2,97,40,000
Add: Transferred during the year	1,36,00,000	2,08,40,000
Surplus - Balance in Profit and Loss Account	33,38,33,849	25,83,69,538
	<u>43,93,70,900</u>	<u>35,03,06,589</u>
3. Deferred Tax Liability (Net)		
Deferred Tax Liability:		
Depreciation	30,00,265	17,30,051
Amortisation of Brokerage	5,45,15,930	6,30,72,108
	<u>5,75,16,195</u>	<u>6,48,02,159</u>
Less :Deferred Tax Asset:		
Employee Benefits	-	67,63,336
	<u>5,75,16,195</u>	<u>5,80,38,823</u>

(In Rupees)

4. FIXED ASSETS

Description	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
	As at 31.03.2010	Additions	Deductions	As at 31.03.2011	Upto 31.03.2010	Additions	Deductions	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
Office Equipment	1,49,80,193	10,56,752	60,000	1,59,76,945	68,28,751	13,01,589	44,737	80,85,604	78,91,341	81,51,442
Electrical Equipment	1,30,54,034	20,58,467	282,104	1,48,30,397	54,64,917	16,17,561	1,81,438	69,01,040	79,29,358	75,89,117
Computers	4,31,27,095	68,39,542	41,26,350	4,58,40,287	3,42,34,715	52,37,378	34,72,860	3,59,99,232	98,41,054	88,92,380
Furniture and fixtures	1,51,95,780	4,39,021	6,17,453	1,50,17,348	1,13,45,563	8,75,207	4,63,740	1,17,57,030	32,60,319	38,50,217
Vehicles	23,87,664	51,978	22,879	24,16,763	15,85,785	216,904	15,363	17,87,327	6,29,436	8,01,879
Improvement to rented premises	2,74,55,774	43,63,256	—	3,18,19,031	2,44,50,669	29,91,323	—	2,74,41,991	43,77,038	30,05,106
Intangible Assets										
Computer Software	1,47,01,420	98,88,360	—	2,45,89,780	1,24,88,452	26,13,259	—	1,51,01,711	94,88,069	22,12,968
Total as of 31/03/2011	13,09,01,961	2,46,97,376	51,08,786	15,04,90,551	9,63,98,852	1,48,53,220	41,78,138	10,70,73,934	4,34,16,616	3,45,03,109
Total as of 31/03/2010	12,67,28,332	62,32,824	20,59,195	13,09,01,961	7,68,69,775	2,09,02,245	13,73,168	9,63,98,852	3,45,03,109	4,98,58,556

SCHEDULES

5. INVESTMENTS

	Face Value Rs.	31.03.11 Rs.	31.03.10 Rs.
I. Long Term Investments			
At Cost - Fully paid up - Unquoted			
In Trust Securities: - In Mutual Funds			
Units of Sundaram India Leadership Fund - 3,20,751 units under Dividend option were redeemed during the year	—	—	75,00,000
Units of Sundaram Growth Fund - 3,18,420 units under Dividend option were redeemed during the year	—	—	75,00,000
Units of Sundaram Select Focus - 3,47,966 units under Dividend option were redeemed during the year	—	—	75,00,000
Units of Sundaram Smile Fund - 3,07,346 units under Dividend option were redeemed during the year	—	—	75,00,000
Units of Sundaram Capex Opportunities Fund - 3,81,706 units under Dividend option were redeemed during the year	—	—	1,00,00,000
Units of Sundaram PSU Opportunities Fund - 1,00,000 units under dividend option were redeemed during the year	—	—	10,00,000
Units of Sundaram Capital Protection Fund 3 Years Series II - 9,849 units were purchased during the year	98,490	98,490	—
Units of Sundaram Capital Protection Fund 3 Years Series I - 6,50,000 units were redeemed during the year	—	—	65,00,000
Units of HDFC M.I.P Long Term - 5,92,779 units (Opening balance of 3,96,090 units, 1,96,689 units purchased during the year)	59,27,790	75,00,000	50,00,000
Units of Birla Sunlife M.I.P Savings 5 - 4,86,637 units (Opening balance of 4,42,134 units, 44,503 units purchased during the year)	48,66,370	55,00,000	50,00,000
Units of HDFC FMP - 13 Months - March 10 - 20,00,000 units	2,00,00,000	2,00,00,000	2,00,00,000
Units of Sundaram FMP - Series P - Nil units (Opening balance of 20,00,000 units, redeemed 20,00,000 units during the year)	—	—	2,00,00,000
Units of Sundaram FMP - Series R - 20,00,000 units.	2,00,00,000	2,00,00,000	2,00,00,000
Units of Sundaram FMP - Series S - Nil units (Opening balance of 20,00,000 units, redeemed 20,00,000 units during the year)	—	—	2,00,00,000
Units of Sundaram FMP - Series AN - 20,00,000 units purchased during the year	2,00,00,000	2,00,00,000	—
Units of Sundaram FMP - Series AO - 20,00,000 units purchased during the year	2,00,00,000	2,00,00,000	—
Units of HDFC FMP - 367 Days - Sept 10 - 15,00,000 units purchased during the year	1,50,00,000	1,50,00,000	—
Units of HDFC FMP - Series XV - 20,00,000 units purchased during the year	2,00,00,000	2,00,00,000	—
Units of FTP AP SERIES - 20,00,000 units purchased during the year	2,00,00,000	2,00,00,000	—
Total (I)		14,80,98,490	13,75,00,000

	Face Value Rs.	31.03.2011 Rs.	31.03.2010 Rs.
II Current Investments			
In Trust Securities - In Mutual Funds			
Units of Sundaram Interval Fund E - 8,39,365 Units purchased during the year.	83,93,645	83,93,645	-
Units of HDFC Quarterly Interval Plan C - 9,99,470 units purchased during the year.	1,00,00,000	1,00,00,000	-
Units of Kotak FMP 6M Series 10 - 10,00,000 units purchased during the year.	1,00,00,000	1,00,00,000	-
Units of DSP Blackrock FMP 3 M Series 28 - 20,00,000 units purchased during the year.	2,00,00,000	2,00,00,000	-
Units of Sundaram Flexible Income - Short Term - Nil units (Opening balance of 81,81,644 units, 70,00,280 units purchased and 1,95,292 units were reinvested and 1,53,77,216 units were redeemed during the year)	-	-	8,22,41,070
Units of HDFC Floating Rate - Short Term Income Fund - 3,34,074 units (Opening balance of Nil units, 19,83,950 units purchased and 36,481 units reinvested during the year and 16,86,357 units redeemed during the year)	33,40,740	33,67,757	-
Units of Sundaram Ultra Short Term Fund - 13,14,336 units under Daily dividend institutional reinvestment option (Opening balance of 35,93,703 units 7,79,61,542 units purchased 2,39,349 units reinvested and 8,04,80,258 units redeemed during the year)	1,31,43,360	1,31,91,987	3,60,69,991
Total (II)		6,49,53,389	11,83,11,061
Grand Total (I) + (II)		21,30,51,879	25,58,11,061
Summary of Investments			
I . Long Term Investments			
Unquoted			
In Bonds		-	-
In Trust Securities		14,80,98,490	13,75,00,000
II. Current Investments			
Trust Securities		6,49,53,389	11,83,11,061
Grand Total		21,30,51,879	25,58,11,061
		31.03.11	
		Cost Rs.	Market Value* Rs.
Aggregate of unquoted Investments - Long Term			
In Bonds		-	-
Aggregate of unquoted Investments - Long Term			
In Trust Securities		14,80,98,490	15,28,79,000
Aggregate of unquoted Investments - Current			
In Trust Securities		6,49,53,389	6,54,82,000
Total		21,30,51,879	21,83,61,000

* Cost has been considered wherever market value is not available and in case of units of mutual funds, the net asset value has been considered on the Balance Sheet date

	31.03.11		31.03.10	
	Rs.	Rs.	Rs.	Rs.
6. CURRENT ASSETS				
Interest accrued on Investments				17,123
Cash and Bank Balances				
Cash on Hand		2,86,273		2,61,990
With Scheduled Banks in				
Current Accounts	69,15,069		70,90,015	
Fixed Deposits		69,15,069	50,00,000	1,20,90,015
With Others				
Current Accounts	12,25,756		35,984	
Fixed Deposits	6,07,005	18,32,761	6,13,165	6,49,149
		90,34,103		1,30,18,277
7. Loans and Advances				
Unsecured unless otherwise stated				
Considered Good				
Advances and Deposits recoverable in cash or kind				
Other Advances		39,34,18,096		27,69,26,774
Loans to Staff		29,77,039		31,66,616
Advance Income Tax and Tax Deducted at Source (net of provision)		8,95,05,207		8,37,27,801
Advance Fringe Benefit Tax (net of provision)		1,13,491		1,13,491
Income Receivable (Less than six months)				
- Asset Management Fee	4,95,03,758		6,72,79,589	
- Advisory Fee	1,48,99,592		2,72,54,335	
- Portfolio Management Fee	24,59,134	6,68,62,484	2,97,943	9,48,31,867
		55,28,76,317		45,87,66,549
8. Current Liabilities				
Sundry Creditors				
For expenses		10,89,45,208		10,88,83,810
For others		1,46,63,627		2,00,17,171
		12,36,08,834		12,89,00,981
<i>There are no outstanding due payable to Micro & Small Enterprises for more than 45 days.</i>				
9. Provisions				
Dividend				
- Dividend Proposed		3,83,33,073		6,13,32,916
- Dividend Distribution tax		62,17,624		1,01,87,397
		4,45,50,697		7,15,20,313

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

	2010-11	2009-10
	Rs.	Rs.
10. Income from Operations		
Investment Management Fees	112,80,47,878	101,28,17,259
[Tax Deducted at Source Rs. 9,99,95,403 /-]		
Advisory Fees	7,70,49,056	8,70,18,209
[Tax Deducted at Source Rs. 1,58,085 /-]		
Portfolio Management Service Fees	44,31,810	24,42,494
[Tax Deducted at Source Rs. 59,625/-]		
	<u>120,95,28,744</u>	<u>110,22,77,961</u>
11. Other Income		
Interest receipts	24,75,695	36,13,415
[Tax Deducted at Source Rs. 15,410 /-]		
Dividend Income	92,63,481	1,12,77,501
Profit on Sale of Assets	43,515	2,03,351
Profit on Sale of Investment	18,94,669	—
Miscellaneous income	7,58,736	8,98,418
	<u>1,44,36,097</u>	<u>1,59,92,685</u>
12. Establishment Expenses		
Salaries, allowances and bonus	30,02,56,719	27,03,28,456
Company's contribution to Provident Fund, ESI and Gratuity Fund	1,55,09,094	1,48,60,409
Staff welfare expenses	63,84,987	59,29,248
	<u>32,21,50,800</u>	<u>29,11,18,113</u>

	2010-11	2009-10
	Rs.	Rs.
13. Administrative and other expenses		
Rent	4,86,67,409	4,20,19,559
Fund Accounting Charges	2,23,03,017	1,23,17,998
Rates and Taxes	7,54,365	6,58,904
Communication Expenses	1,94,89,377	1,64,44,208
Subscription	1,69,17,063	1,57,21,092
Advertisement	7,63,47,572	7,44,05,808
Electricity Charges	59,23,922	54,18,722
Lease Rental	26,77,300	19,81,120
Travelling and Conveyance	2,27,96,220	1,75,79,492
Director's Sitting Fees	5,80,000	6,60,000
Insurance	32,13,999	26,43,666
Professional and Consultancy Fees	3,21,39,158	63,43,980
Repairs and Maintenance		
- Building	83,06,148	72,67,156
- Others	38,74,915	40,54,193
Database and Networking Expenses	1,04,86,581	87,51,274
Loss on exchange fluctuation	12,24,937	21,76,747
Outsourcing Cost	3,11,53,168	2,19,87,567
Miscellaneous expenses	3,71,16,871	2,45,71,505
Loss on sale of investments	2,13,19,204	84,603
Loss on sale of assets	3,64,838	87,951
	<u>36,56,56,064</u>	<u>26,51,75,544</u>
14. Scheme expenses borne by the company		
Upfront Brokerage	29,29,59,392	20,82,87,684
Other Marketing Expenses	2,02,52,984	2,37,26,502
	<u>31,32,12,376</u>	<u>23,20,14,186</u>

SCHEDULES

15 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 estimate and assumptions used in the financial statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of the financial statements.

1.2 Income Recognition:

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

1.3 Fixed Assets and Depreciation:

Fixed Assets are stated at historical cost less accumulated depreciation.

Depreciation on assets is provided on the Written down Value Method at rates prescribed in Schedule XIV to the Companies Act, 1956. Assets costing Rs.5000 or less acquired during the year are written down to Re.1.

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

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

1.4 Valuation of Investments:

Long Term investments are carried at cost and provision for decline in value, other than temporary is considered wherever necessary.

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

1.5 Transactions in Foreign Currency:

Transactions in foreign currency are accounted for at the rates prevailing on the date of the transaction. Monetary items denominated in foreign currencies are restated at the prevailing rates of exchange at the Balance Sheet date. Gain or loss arising out of fluctuations in exchange rates is accounted for in the Profit and Loss Account.

1.6 Employee Benefits :

A) Short Term Employee Benefits:

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

B) Post employment benefits:

Defined Contribution Plani) *Provident Fund*

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

Defined Benefit Plani) Gratuity

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

ii) Leave Encashment

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

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

1.7 Taxation:

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

1.8 Intangible Assets:

Computer Software acquired is recorded as an intangible asset and the cost is amortised over the expected useful life.

1.9 Impairment of Assets:

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

1.10 Provisions:

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

1.11 Scheme Expenses:

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

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

Notes to the Accounts continued

2. BALANCE SHEET**2.1. Intangible Assets**

In accordance with Accounting Standard AS 26 – Intangible Assets, Software purchase amounting to Rs.98,88,360/- (31.03.2010 - Rs.21,343/-) is amortised over a period of three years based on a technical valuation.

2.2 Current Assets:

2.2.1 Cash and bank balances with others represent balances with BNP Paribas, Dubai, a non-scheduled bank and the details are as follows:

(In Rupees)

Particulars	Balance As on		Maximum balance outstanding during the year	
	31-03-2011	31-03-2010	2010-11	2009-10
Current Account	12,25,756	35,984	45,01,540	21,78,218
Deposit Account *	6,07,005	6,13,165	6,07,005	6,13,165

* A lien has been created in favour of the Bank for the guarantee issued.

2.3 Disclosures in respect of operating lease contracts as per AS 19 – “Leases”:

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

(In Rs)

Particulars	31.03.2011	31.03.2010
Not later than one year	25,42,288	20,07,840
Later than one year and not later than five years	29,43,828	23,67,380
Later than five years	Nil	Nil

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

2.4 Advance Income tax and Tax Deducted at Source is net of Provision for Tax of Rs. 28,74,33,918 / - (31.03.10- Rs. 21,24,33,918/).

2.5 Advance Fringe Benefit Tax is net of provision for Fringe Benefit Tax of Rs. 28,86,509 /- (31.03.10-Rs. 28,86,509/-)

2.6 Current Liabilities:

2.6.1 Sundry Creditors for expenses include Rs. 24,05,000/- (31.03.10 – Rs. 18,78,000/-) payable to Directors.

3. PROFIT AND LOSS ACCOUNT:**3.1 Income from Operations:**

Investment Management fees is net of advisory fees paid Rs. 53,12,985 /- (31.03.10–Rs. 33,25,247/-).

3.2 Profit / Loss on sale of investments comprise of:

(In Rupees)

	2010 – 11		2009 – 10	
	Profit	Loss	Profit	Loss
Long Term Investments	18,94,636	2,13,19,204	NIL	84,603
Current Investments	33	NIL	NIL	NIL
Total	18,94,669	2,13,19,204	NIL	84,603

3.3 Remuneration to Directors:

(In Rupees)

Particulars	2010 – 11	2009 – 10
Salary and Allowance	74,25,000	69,30,000
Contribution to Provident Fund and Gratuity	4,53,808	4,77,461
Commission		
-Whole Time Directors	15,00,000	10,00,000
-Non-whole time		
Independent Directors	5,00,000	5,00,000
Other Allowances and Perquisites	5,00,001	4,22,717
Total	103,78,809	93,30,178

Computation of net profit for calculation of commission to directors:

(In Rupees)

Net Profit	13,36,15,008
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Add:

Directors Remuneration	103,78,809	
Directors sitting fees (Non Whole Time Directors)	5,80,000	
Depreciation as per books	1,48,53,220	
Loss on sale of investment	2,13,19,204	
Provision for Taxation	7,50,00,000	12,21,31,233

Less:

Depreciation as per Sec 350 of the Companies Act,1956	1,48,53,220	
Profit on sale of investments	18,94,669	1,67,47,889
Net profit as Per Sec 198 of the Companies Act, 1956		23,89,98,352
Commission to Managing Director		Rs.15,00,000 /-
Commission to Non-Whole Time Independent Directors		Rs.5,00,000/-

3.4 A sum of Rs. 5,00,000/- (31.03.10- Rs. 5,00,000/-) has been provided in the accounts towards payment of commission to Non-Whole Time Independent Directors of the Company.

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

3.6 Employee Benefits:**I. Defined Contribution Plan:**

	2010-11	2009-10
Company Contribution to		
1. Provident Fund	1,08,79,969	94,24,694
2. Pension Fund	16,53,122	14,32,005
3. Employees State Insurance	1,65,253	-

Notes to the Accounts continued

II. Defined Benefit Plan:
Gratuity

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

(In Rupees)

Present Value of obligations at the beginning of the Year	1,68,17,856	1,19,05,278
Interest Cost	13,45,428	9,52,422
Current Service Cost	32,81,320	29,44,657
Benefit Paid	(9,02,018)	1,37,907
Actuarial Loss on obligation	(2,54,574)	11,53,406
Past Service Liability of employees transferred out	(3,85,829)	0
Present value of obligation at the end of the Year	1,99,02,183	1,68,17,856

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

(In Rupees)

Fair Value of Plan asset at the beginning of the Year	1,35,42,235	68,78,202
Expected return on plan assets	16,21,713	11,28,774
Contribution	44,04,395	56,73,166
Benefit Paid	(9,02,018)	1,37,907
Actuarial Gain on obligation	NIL	NIL
Fair Value of plan asset at the end of the Year	1,86,66,325	1,35,42,235

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

(In Rupees)

Present Value of obligations at beginning of the Year	1,99,02,183	1,68,17,856
Fair Value of Plan asset at the end of the Year.	1,86,66,325	1,35,42,235
Net Liability recognised in the balance sheet	12,35,858	32,75,621

D. Expenses recognised in the profit and loss account

(In Rupees)

Current Service Cost	32,81,320	29,44,657
Interest Cost	13,45,428	9,52,422
Expected return on plan assets	(16,21,713)	11,28,774
Net Actuarial loss recognised in the year	(2,54,574)	11,53,406
Expenses to be recognised in the Profit and Loss Account	27,50,461	39,21,711

E. Actuarial Gain / Loss recognised

(In Rupees)

Actuarial loss on obligation	2,54,574	11,53,406
Actuarial gain on plan assets	NIL	NIL
Actuarial Loss for the year	2,54,574	11,53,406

F. Actuarial Assumption

Per Annum

Actuarial Assumption*	31.03.2011	31.03.2010
Discount Rate	8.00%	8.00%
Salary Increment	7.00 %	7.00%

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.

III. The present value of obligation towards compensated absences, as per actuarial certificate as on 31st March 2011 was Rs. 1,50,56,479/- (31.03.10 Rs. 1,77,35,865/-) and is recognised in the books of accounts.

3.6 Miscellaneous expenses under "Administrative and other expenses" include remuneration to Auditors towards:

(In Rupees)

	2010-2011	2009-2010
Statutory Audit	3,00,000	3,00,000
Tax Audit	1,20,000	1,20,000
Certification	1,89,000	1,89,000
Service Tax	60,976	60,976

4. GENERAL

4.1 Consequent to the disinvestment of equity shares of the Company by BNP Paribas Asset Management, France, the name of the Company has been changed to Sundaram Asset Management Company Limited with effect from 12th October 2010.

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

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

Related Parties:**Holding Company:**

Sundaram Finance Limited

Fellow Subsidiaries:

Sundaram BNP Paribas Home Finance Limited.

Sundaram Trustee Company Limited.

LGF Services Limited.

Sundaram Finance Distribution Limited.

Sundaram Infotech Solutions Limited.

Sundaram Business Services Limited.

Infreight Logistics Solutions Limited.

Professional Management Consultants Limited.

Sundaram BNP Paribas Fund Services Limited.

Sundaram Insurance Broking Services Limited.

Sundaram Parekh Warehousing Services Limited.

Associate:

Sundaram Mutual Fund

Key Management Personnel:

Mr T P Raman – Managing Director

Mr. Harsha Viji – Deputy Managing Director

Notes to the Accounts continued

The details of transactions with related parties are given below:

Particulars	Holding Company	Fellow Subsidiaries/ Associate	Key Management Personnel	Total
	Rs.	Rs.	Rs.	Rs.
Income				
Investment Management and Advisory Fees Sundaram Mutual Fund	1,13,33,60,863 (1,01,56,41,673)			1,13,33,60,863 (1,01,56,41,673)
<i>Service Income</i>				
Sundaram Trustee Company Ltd		18,00,000 (9,00,000)	—	18,00,000 (9,00,000)
Expenses				
<i>Rent and Office maintenance</i>				
Sundaram Finance Limited	1,16,50,000 (90,51,432)			1,16,50,000 (90,51,432)
Sundaram BNP Paribas Home Finance Limited		54,000 (99,180)	—	54,000 (99,180)
<i>Vehicle Lease Rental</i>				
Sundaram Finance Limited	24,05,000 (19,81,120)			24,05,000 (19,81,120)
<i>Remuneration</i>				
Key Managerial Personnel (Mr. T.P.Raman)			98,78,809 (88,30,178)	98,78,809 (88,30,178)
<i>Payroll processing fees</i>				
Sundaram Business Services Limited		2,88,000 (2,88,000)		2,88,000 (2,88,000)
<i>Fund Accounting Charges</i>				
Sundaram BNP Paribas Fund Services Limited		2,49,04,500 (1,23,21,813)		2,49,04,500 (1,23,21,813)
<i>Maintenance of website</i>				
Sundaram Finance Limited	3,59,000 (1,78,500)			3,59,000 (1,78,500)
<i>Internal, Concurrent Audit Fees</i>				
Sundaram Finance Limited	2,50,000 (6,00,000)			2,50,000 (6,00,000)
Assets				
Acquisition of Software		89,000		89,000
		—		—
Investment management fees receivable Sundaram Mutual Fund		4,95,03,758 (6,72,79,588)		4,95,03,758 (6,72,79,588)
<i>Investment in trust securities</i>				
Sundaram Mutual Fund		94,57,29,000 (92,58,24,000)		94,57,29,000 (92,58,24,000)

<i>Disinvestment in trust securities</i>			
Sundaram Mutual Fund		1,04,98,57,000 (74,88,96,000)	1,04,98,57,000 (74,88,96,000)
<i>Investment in trust securities</i>			
Sundaram Mutual Fund		10,16,84,000 (22,58,11,000)	10,16,84,000 (22,58,11,000)
Liabilities			
<i>Other payables</i>			
Sundaram Finance Limited		2,52,000 (1,14,727)	2,52,000 (1,14,727)
Sundaram Business Services Limited		24,000 (24,000)	24,000 (24,000)
Sundaram BNP Paribas Fund Services Limited		33,59,885	33,59,885
Payable to Managing Director			19,05,000 (13,78,000)
Final Dividend (Proposed)		3,83,33,073 (6,13,32,916)	3,83,33,073 (6,13,32,916)

No amount has been written off / written back during the year. Figures in brackets relates to previous year.

4.4 Earnings per Share (Basic and diluted)

	2010-11	2009-10
1. Profit after tax Rs. (A)	13,36,15,008	20,83,78,137
2. Number of shares (nominal value of Rs.10/- each) (B)	1,53,33,229	1,53,33,229
3. Earnings per share (Basic and diluted) – Rs.(A)/(B)	8.71	13.59

4.5 Claims against the company in Income Tax not acknowledged as debts Rs. 7,67,43,730 /- (31.03.10- Rs. Nil)

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

4.7 Expenditure in foreign Currency – on other matters (On Payment Basis): Rs. 2, 53, 87,158 /-(31.03.10 – Rs. 1, 63, 17,781/-)

4.8 Earnings in Foreign Currency – Advisory fees earned Rs. 7,31,22,548 /- (31-03-10 – Rs. 9, 18, 86,419/-)

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

4.10. Figures have been rounded off to the nearest rupee.

As per our report of even date attached

Signature to schedule 1 to 15

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

D.N.Ghosh
Chairman

T N Anantharam Iyer
Director

P.Babu
Partner
Membership No.203358
Chennai
06th May, 2011

S Krishnamurthy
Director

T T Srinivasaraghavan
Director

Ashoke Bijapurkar
Director

Rishiksha T Krishnan
Director

T P Raman
Managing Director

P. Sundararajan
Company Secretary

Cash Flow Statement

	2010-11		2009-10	
	Rs.	Rs.	Rs.	Rs.
A Cash Flow from Operating Activities				
Profit/(Loss) after tax	13,36,15,008		20,83,78,137	
Add: Profit on sale of assets	(43,515)		(2,03,351)	
Profit on sale of Investments	(18,94,669)		-	
Loss on Sale of Assets	3,64,838		87,951	
Loss on sale of Investments	2,13,19,204		84,603	
Depreciation	1,48,53,220		2,09,02,245	
Income Tax	7,50,00,000		10,85,00,000	
Deferred Tax	(5,22,628)		(78,17,579)	
Interest Income	(24,75,695)		(36,13,415)	
Dividend Income	(92,63,481)		(1,12,77,501)	
Operating Profit before working capital changes		23,09,52,282		31,50,41,090
- (Increase) / Decrease in Current assets	23,284		(8,282)	
- (Increase) / Decrease in Loans and advances	(9,41,09,769)		(3,62,51,421)	
- Increase / (Decrease) in Current Liabilities	(8,02,92,147)	(17,43,78,631)	(4,57,96,767)	(8,20,56,470)
Cash generated from Operations		5,65,73,651		23,29,84,620
Net cash used in operating activities (A)		5,65,73,651		23,29,84,620
B. Cash flow from Investing Activities				
- Purchase of Investments	(1,06,40,97,404)		(95,64,37,089)	
- Sale of Investments	1,10,68,56,584		74,98,88,619	
- Purchase of Fixed Assets	(2,46,97,376)		(62,32,824)	
- Sale of Fixed Assets	6,09,325		8,01,425	
- Profit on Sale of Investments	18,94,669		-	
- Loss on Sale of Investments	(2,13,19,204)		(84,603)	
- Dividend Income	92,63,481		1,12,77,501	
- Interest Income	24,75,695		36,13,415	
Net cash used in Investing activities (B)		1,09,85,771		(19,71,73,555)
C. Cash Flow from Financing Activities				
- Dividend paid (including corporate dividend tax)	(7,15,20,313)		(2,97,95,182)	
Net Cash from Financing activities (C)		(7,15,20,313)		(2,97,95,182)
Net Increase / (Decrease) in Cash & Cash Equivalents (A) + (B) + (C)		(39,60,891)		60,15,883
Cash and Cash Equivalents at the beginning of the Year		1,23,87,989		63,72,106
Cash and Cash Equivalents at the end of the Year		84,27,098		1,23,87,989

Note: Cash & Cash Equivalents comprise the following :

a. Cash on hand	2,86,273	2,61,990
b. Balances with Banks in Current accounts	81,40,825	71,25,999
c. Fixed Deposits	-	50,00,000
Total	84,27,098	1,23,87,989

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

P.Babu
Partner
Membership No.203358
Chennai
06th May, 2011

D.N.Ghosh
Chairman

S Krishnamurthy
Director

Ashoke Bijapurkar
Director

T P Raman
Managing Director

T N Anantharam Iyer
Director

T T Srinivasaraghavan
Director

Rishikesha T Krishnan
Director

P. Sundararajan
Company Secretary

Balance Sheet Abstract and Company's General Business Profile

Information as required under Part IV of the Schedule VI of the Companies Act, 1956

I Registration Details

Registration No. U 9 3 0 9 0 T N 1 9 9 6 P L C 0 3 4 6 1 5

State Code 1 8

Balance Sheet Date 3 1 0 3 2 0 1 1

Date Month Year

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

Public Issue

N I L

Bonus Issue

N I L

Right Issue

N I L

Private Placement

N I L

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

Total Liabilities

6 5 0 2 1 9

Sources of Funds

Paid up Capital

1 5 3 3 3 2

Secured Loans

N I L

Applications of Funds

Net Assets

4 3 4 1 7

Net Current Assets

3 9 3 7 5 0

Accumulated Losses

N I L

Total Assets

6 5 0 2 1 9

Reserves & Surplus

4 3 9 3 7 1

Unsecured Loans*

5 7 5 1 6

Investments

2 1 3 0 5 2

Misc. Expenditure

N I L

IV Performance of Company (Amount in Rs. Thousands)

Turnover

1 2 2 3 9 6 5

+ - Profit / (Loss) Before Tax

2 0 8 0 9 2

(Please tick appropriate box + for profit, - for loss)

Earnings Per Share in Rs.

8 . 7 1

Total Expenditure

1 0 1 5 8 7 3

+ - Profit / (Loss) After Tax

1 3 3 6 1 5

Dividend Rate in %

2 5

V Generic Names of Three Principal Products / Services of Company (As per monetary terms)

Item Code No. (ITC Code)

Not Applicable

Product / Service Description

I N V E S T M E N T

M A N A G E M E N T

A N D

A D V I S O R Y

S E R V I C E S

*Deferred Tax Liability

