

LGf SERVICES LIMITED

8th ANNUAL REPORT 2011-12





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 Eighth Annual Report and Audited Accounts for the year ended 31st March, 2012.

FINANCIAL RESULTS

Particulars	₹ in Lakh)	
	Year ended March 31, 2012	Year ended March 31, 2011
Profit after tax	172.47	192.24
Add: Surplus of Previous Year	38.41	111.44
Amount available for appropriation	210.88	303.68
Transfer to General Reserve	50.00	120.00
Interim Dividend	-	-
Final Dividend	125.00	125.00
Dividend Tax	20.28	20.28
Surplus carried to Balance Sheet	15.60	38.40

BUSINESS REVIEW

During the year, your Company earned an income from operations of ₹ 5.51 cr. as against ₹ 4.95 cr. in the previous year. The profit after tax for the year was at ₹ 1.72 cr. as against ₹ 1.92 cr. in the previous year.

DIVIDEND

Your directors are happy to recommend a dividend of ₹ 50/- per share for the financial year 2011-12 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 G. Sundararajan, 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 Brahmaya & Co, Chartered Accountants, Chennai, retire and are eligible for reappointment. A certificate under Section 224(1B) of the Companies Act, 1956 has been received from them.

ACKNOWLEDGEMENT

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

Paramesh Krishnaier
M Ramaswamy
G Sundararajan
Directors

Chennai 600 002
Date: 21.05.2012

Secretarial Compliance Certificate

Name of the Company : LGF SERVICES LIMITED
Registration No. : U67190TN2004PLC052384
Authorized Capital : Rs.25,00,000/-
Paid-up Capital : Rs.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 2012**. 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 Five (5) times on 12th May 2011, 16th June 2011, 19th September 2011, 24th November 2011 and 16th March 2012 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 2012.
6. The Seventh Annual General Meeting for the financial year ended 31st March 2011 was held on 13th June 2011 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 2012.
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 2012.
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 2012.
13. The Company:
 - i) has delivered all the certificates on allotment of securities and on lodgement thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act.
 - ii) has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year ended 31st March 2012.

LGF SERVICES LIMITED



- iii) was not required to post warrants to any member of the Company as no dividend was declared during the year ended 31st March 2012.
- iv) has not declared any dividend, issued any shares or debentures and has not accepted any deposits. Hence, the question of transfer of dividend to unpaid dividend account, 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 2012.
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 2012.
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 2012.
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 2012.
24. The Company has not made any borrowings during the financial year ended 31st March 2012.
25. The Company has made loans to bodies corporate during the year ended 31st March 2012 in compliance with the provisions of the Act and has made necessary entries 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 2012, for offences under the Act.
28. The Company has not received any money as security from its employees during the year ended 31st March 2012.
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

MALINI SESHADRI, A.C.S.

Date: 20th April 2012

No. 5493 CP1323

Annexure A to Secretarial Compliance Certificate

Registers as maintained by the Company during the year ended 31st March, 2012

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 : 20th April 2012

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 2012

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 2011.
2.	23AC -XBRL & 23ACA - XBRL	220	Balance Sheet and Profit & Loss Account for the financial year ended 31st March 2011.
3.	20 B	159	Annual Return made upto 13th June 2011 (Date of AGM).
4.	22B	187C	Changes in the nominees of Sundaram Finance Limited

REGIONAL DIRECTOR

NIL

CENTRAL GOVERNMENT & OTHER AUTHORITIES

NIL

Place: Chennai

Date : 20th April 2012

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 2012, the Profit and Loss Statement 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.
 4. Further to our comments in the Annexure referred to above, we report that:
 - i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) in our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
 - iii) the Balance Sheet, Profit and Loss Statement and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
- iv) In our opinion, the Balance Sheet, Profit and Loss Statement and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, to the extent applicable.
 - v) on the basis of written representations received from the directors, as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
 - vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 2012;
 - (b) in the case of the Profit and Loss Statement, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

Place : Chennai
Date : 21st May, 2012

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, 2012 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 : 21st May, 2012

Balance Sheet

as at 31st March, 2012

(In ₹)

Particulars	Note	March 31, 2012		March 31, 2011	
I. EQUITY AND LIABILITIES					
1) Shareholders' funds					
a) Share Capital	2	25,00,000		25,00,000	
b) Reserves and Surplus	3	2,90,60,152		2,63,40,570	
c) Money received against share warrants		—	3,15,60,152	—	2,88,40,570
2) Share application money pending allotment			—		—
3) Non-current liabilities					
a) Long Term Borrowings			—		—
b) Deferred Tax Liabilities (Net)			—		—
c) Other Long term liabilities			—		—
d) Long-term provisions			—		—
4) Current liabilities					
a) Short Term Borrowings			—		—
b) Trade payables	4	11,69,739		12,33,125	
c) Other current liabilities			—		—
d) Short-term provisions	5	1,45,27,813	1,56,97,552	1,45,27,813	1,57,60,938
TOTAL			<u>4,72,57,704</u>		<u>4,46,01,508</u>
II. ASSETS					
1) Non-current assets					
a) Fixed Assets			—		—
i) Tangible assets			—		—
ii) Intangible assets			—		—
iii) Capital work in progress			—		—
iv) Intangible assets under development			—		—
b) Non-current investments			—		—
c) Deferred tax assets (net)			—	2,558	
d) Long-term loans and advances	6	1,17,24,876		97,34,096	
e) Other non-current assets			—	—	97,36,654
2) Current assets					
a) Current investments	7	5,95,164		95,46,316	
b) Inventories			—		—
c) Trade receivables	8	1,87,56,673		1,30,04,974	
d) Cash and cash equivalents	9	5,16,629		18,16,952	
e) Short term loans and advances	10	1,56,64,154		1,02,99,352	
f) Other current assets	11	208	3,55,32,828	1,97,260	3,48,64,854
TOTAL			<u>4,72,57,704</u>		<u>4,46,01,508</u>

Significant Accounting Policies and Notes to the Accounts - 1 to 15

As per our report of even date attached
For **Brahmayya & Co.**,
Chartered Accountants
Registration Number. 000511S

I Ravi Sankar
Partner
Membership No.25929
Chennai
21st May 2012

LGF SERVICES LIMITED

Paramesh Krishnaier

M Ramaswamy

G Sundararajan

Directors



Profit and Loss Statement

for the Year Ended 31st March, 2012

(In ₹)

Particulars	Note	2011-12	2010-11
REVENUE:			
Revenue from operations	12	5,50,65,999	4,95,02,505
Other Income	13	14,99,183	20,85,876
Total Revenue	(A)	<u>5,65,65,182</u>	<u>5,15,88,381</u>
EXPENSES:			
Administrative and Other expenses	14	3,12,15,229	2,25,63,203
Total Expenses	(B)	<u>3,12,15,229</u>	<u>2,25,63,203</u>
Profit before tax	(A-B)	<u>2,53,49,953</u>	<u>2,90,25,178</u>
Tax expense:			
Current tax		81,00,000	98,00,000
Deferred tax		2,558	597
		81,02,558	98,00,597
Profit after tax		<u>1,72,47,395</u>	<u>1,92,24,581</u>
Earnings per equity share:			
Number of equity shares		250,000	250,000
Basic		68.99	76.90
Diluted		68.99	76.90

Significant Accounting Policies and Notes to the Accounts - 1 to 15

As per our report of even date attached
For **Brahmayya & Co.**,
Chartered Accountants
Registration Number. 000511S
L Ravi Sankar
Partner
Membership No.25929
Chennai
21st May 2012

Paramesh Krishnaier
M Ramaswamy
G Sundararajan
Directors

NOTES TO THE ACCOUNTS

Note 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 amounts 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 the financial statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of financial statements.

- 1.2 **Income Recognition:**

Income in respect of 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.

**NOTES TO THE ACCOUNTS (Contd.)****Balance Sheet****Note 2: Share Capital**

(In ₹)

	31.03.2012	31.03.2011
Authorised		
2,50,000 Equity shares of face value of ₹ 10/- each (Previous Year - 2,50,000 Equity shares of face value of ₹ 10/- each)	<u>2,500,000</u>	<u>2,500,000</u>
Issued, Subscribed and fully paid up		
2,50,000 Equity Shares of face value of ₹ 10/- each	<u>25,00,000</u>	<u>25,00,000</u>
Reconciliation of number of shares	Nos.	Nos.
Shares outstanding at the beginning of the year	2,50,000	2,50,000
Add: Shares issued during the year	—	—
Less: Shares bought back during the year	—	—
Shares outstanding at the end of the year	2,50,000	2,50,000

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

Name of the Shareholder	Status	No. of Shares	% held as at 31.03.2012	No. of Shares	% held as at 31.03.2011
Sundaram Finance Limited*	Holding Company	2,50,000	100%	2,50,000	100%

* include 6 equity shares held by nominees of Sundaram Finance Limited

NOTES TO THE ACCOUNTS (Contd.)

Note 3: Reserves and Surplus

(In ₹)

Particulars	Opening Balances as on 01.04.2011	Additions during the year	Deductions/ Appropriation during the year	Closing Balances as on 31.03.2012
General Reserve	2,25,00,000	50,00,000	–	2,75,00,000
Surplus *	38,40,570	1,72,47,395	1,95,27,813	15,60,152
Total	2,63,40,570	2,22,47,395	1,95,27,813	2,90,60,152

(In ₹)

Particulars	Opening Balances as on 01.04.2010	Additions during the year	Deductions/ Appropriation during the year	Closing Balances as on 31.03.2011
General Reserve	1,05,00,000	1,20,00,000	–	2,25,00,000
Surplus *	1,11,43,802	1,92,24,581	2,65,27,813	38,40,570
Total	2,16,43,802	3,12,24,581	2,65,27,813	2,63,40,570

* Surplus Appropriation includes

Particulars	2011-12	2010-11
General Reserve	50,00,000	1,20,00,000
Dividend	1,25,00,000	1,25,00,000
Dividend Distribution Tax	20,27,813	20,27,813
Total	1,95,27,813	2,65,27,813

**NOTES TO THE ACCOUNTS (Contd.)****Note 4: Trade Payables***

(In ₹)

	31.03.2012	31.03.2011
For Expenses	10,88,692	11,61,814
For Others	81,047	71,311
	<u>11,69,739</u>	<u>12,33,125</u>

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

Note 5: Short Term Provisions

(In ₹)

	31.03.2012	31.03.2011
Proposed Dividend	1,25,00,000	1,25,00,000
Dividend Distribution Tax	20,27,813	20,27,813
	<u>14,527,813</u>	<u>14,527,813</u>

Note 6: Long-Term Loans and Advances

(In ₹)

	31.03.2012	31.03.2011
Advance Income Tax and Tax deducted at source (net of provision)	1,17,24,876	97,34,096

Advance payment of Income Tax and tax deducted at source is net of provision for taxation of ₹ 2,75,88,227/- (31/03/2011 – ₹ 1,94,88,227/-)

Note 7: Current investments - Others

(In ₹)

Face Value	31.03.2012		31.03.2011	
	Holding	Book Value	Holding	Book Value
Unquoted, Valued at cost				
Investments in Mutual Funds:				
Kotak Floater Short Term Growth	10	58,832 5,95,164	–	–
IDFC Savings Advantage Fund	1000	–	1,508	15,08,827
Sundaram Ultra Short Term Fund	10	–	5,29,213	55,37,489
Sundaram Interval Fund	10	–	2,50,000	25,00,000
Aggregate amount of Unquoted Investments		<u>5,95,164</u>		<u>95,46,316</u>

NOTES TO THE ACCOUNTS (Contd.)**Note 8: Trade Receivables**

(In ₹)

	31.03.2012	31.03.2011
Unsecured considered good		
Service Income	1,87,41,699	1,30,04,974
Brokerage	14,974	—
	<u>1,87,56,673</u>	<u>1,30,04,974</u>

Note 9: Cash and Cash Equivalents

(In ₹)

	31.03.2012	31.03.2011
Balances with Banks	5,16,629	18,16,952

Note 10: Short-term Loans and Advances

(In ₹)

	31.03.2012	31.03.2011
Unsecured considered good		
Loans and advances to related parties		
To Holding company	1,53,00,000	—
To Fellow Subsidiary	—	1,00,00,000
Service Tax Input Credit	3,64,154	2,99,352
	<u>1,56,64,154</u>	<u>1,02,99,352</u>

Note 11: Other Current Assets

(In ₹)

	31.03.2012	31.03.2011
Interest accrued on Investments	208	1,97,260

NOTES TO THE ACCOUNTS (Contd.)
Profit and Loss Statement
Note 12: Revenue from Operations:

	(In ₹)	
	2011-12	2010-11
Service Income	5,47,57,040	3,94,39,580
Insurance Commission	–	1,00,62,925
Brokerage	3,08,959	–
	<u>5,50,65,999</u>	<u>4,95,02,505</u>

Note 13: Other Income

	(In ₹)	
	2011-12	2010-11
Interest Income	8,24,344	11,92,372
Dividend Income	6,38,162	1,49,475
Net gain on sale of current investments	28,679	60,414
Other Non-Operating Income	7,998	6,83,615
	<u>14,99,183</u>	<u>20,85,876</u>

Note 14: Administrative and Other Expenses

	(In ₹)	
	2011-12	2010-11
Outsourcing cost	3,11,07,789	2,24,67,474
Rates and Taxes	12,729	13,536
Miscellaneous expenses	94,711	83,590
Reversal of diminution in value of investments	–	(1,397)
	<u>3,12,15,229</u>	<u>2,25,63,203</u>

Miscellaneous expenses include Remuneration to auditors towards:

	(In ₹)	
	2011-12	2010-11
Audit Fee		
Statutory Audit	55,000	45,000
Tax Audit	20,000	15,000

NOTES TO THE ACCOUNTS (Contd.)

Note 15: General

- 15.1 The operations of the Company are conducted by outsourced personnel.
- 15.2 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'.
- 15.3 Related Party disclosures: In accordance with the Accounting Standard 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

Caltec Servicez Private Limited

Associate:

Sundaram Mutual Fund

**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	12,94,955 (13,35,422)			12,94,955 (13,35,422)
Income				
Infreight Logistics Solutions Ltd				
Interest on Inter Corporate Loan		85,479 (8,00,000)		85,479 (8,00,000)
Sundaram Finance Limited				
Interest on Inter Corporate Deposit	7,38,865 (3,92,372)			7,38,865 (3,92,372)
Assets				
Sundaram Mutual Fund				
- Investment in Trust Securities			4,53,20,630 (7,20,43,577)	4,53,20,630 (7,20,43,577)
- Disinvestment in Trust Securities			5,33,58,120 (6,62,34,060)	5,33,58,120 (6,62,34,060)
- Investment in Trust Securities at the end of the year			- (80,37,489)	- (80,37,489)
Inter Corporate Deposit				
Sundaram Finance Limited				
- Investment	1,68,00,000 (-)			1,68,00,000 (-)
- Disinvestment	15,00,000 (75,00,000)			15,00,000 (75,00,000)
- Outstanding	1,53,00,000 (-)			1,53,00,000 (-)

NOTES TO THE ACCOUNTS (Contd.)

Nature of Transactions	Holding Company	Fellow Subsidiaries	Associate	Total
Inter Corporate Loan				
Infreight Logistics Solutions Ltd				
– Disbursement				
– Repayment		1,00,00,000		1,00,00,000
		(–)		(–)
– Outstanding		–		–
		(1,00,00,000)		(1,00,00,000)
Interest Receivable				
Infreight Logistics Solutions Ltd		–		–
		(1,97,260)		(1,97,260)
Sundaram Finance Limited	208			208
	(–)			(–)
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	2,46,908			2,46,908
	(1,63,246)			(1,63,246)

No amount has been written off / written back during the year. Previous year figures are given in brackets.

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

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

	2011-12	2010-11
15.5 Earnings per share (Basic and diluted):		
A. Profit for the year after taxation (₹)	1,72,47,395	1,92,24,581
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)	68.99	76.90
D. Dividend Proposed to be distributed (₹)	1,25,00,000	1,25,00,000
E. Dividend per share (₹)	50.00	50.00

15.6 The company does not have any employees on its rolls.

15.7 The Presentation in the Balance Sheet, Profit and Loss Statement and Notes to the Accounts has been in terms of the Revised Schedule VI to the Companies Act, 1956 which has become mandatory with effect from 01st April, 2011. Previous years figures have been regrouped / reclassified wherever necessary to conform to current year's classification.

15.8 Figures have been rounded off to nearest rupee.

Signatures to Schedules 1 to 15

As per our report of even date attached
For **Brahmayya & Co.,**
Chartered Accountants
Registration Number. 000511S
L Ravi Sankar
Partner
Membership No.25929
Chennai
21st May 2012

Paramesh Krishnaier
M Ramaswamy
G Sundararajan
Directors

Cash Flow Statement

for the Year Ended 31st March, 2012

(In ₹)

	2011-12	2010-11
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit	1,72,47,395	1,92,24,581
Add: Provision for Taxation (including Deferred Tax)	81,02,558	98,00,597
	2,53,49,953	2,90,25,178
Less: Net gain/loss on sale of investments	(28,679)	(60,413)
Less: Dividend Income	(6,38,162)	(1,49,475)
Less: Interest Income	(8,24,344)	(11,92,372)
Add: Diminution in value of investments	-	(1,397)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	2,38,58,768	2,76,21,521
(Increase)/Decrease in Long Term Loans and Advances	(47,90,780)	(49,28,887)
(Increase)/Decrease in Short Term Loans and Advances	(53,64,802)	72,00,648
(Increase)/Decrease in Trade Receivables	(57,51,700)	(68,75,300)
(Increase)/Decrease in Other Current Assets	1,97,052	2,52,008
Increase/(Decrease) in Trade Payables	(63,386)	1,55,496
Cash generated from Operations	(1,57,73,616)	(41,96,035)
Direct Taxes Paid	(53,00,000)	(53,00,000)
NET CASH FROM OPERATING ACTIVITIES (A)	27,85,152	1,81,25,486
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Current Investments	(7,59,96,370)	(9,94,16,725)
Sale of Current Investments	8,49,47,522	9,59,11,037
Interest Received	8,24,344	11,92,372
Dividend Received	6,38,162	1,49,475
Net Gain/Loss on sale of investments	28,679	60,413
NET CASH FROM INVESTING ACTIVITIES (B)	1,04,42,337	(21,03,428)
C) CASH FROM FINANCING ACTIVITIES		
Dividend paid	(1,45,27,813)	(1,45,76,094)
NET CASH FROM FINANCING ACTIVITIES (C)	(1,45,27,813)	(1,45,76,094)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A) + (B) + (C)	(13,00,323)	14,45,965
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	18,16,952	3,70,987
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5,16,629	18,16,952
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Current Account with Banks	5,16,629	18,16,952
Cash, Stamps and Stamp Papers on Hand	-	-

As per our report of even date attached
For **Brahmayya & Co.**,
Chartered Accountants
Registration Number. 000511S

L Ravi Sankar
Partner
Membership No.25929
Chennai
21st May 2012

Paramesh Krishnaier

M Ramaswamy

G Sundararajan

Directors

LGF SERVICES LIMITED