



*Sundaram  
Asset Management  
Company Limited*

*20th Annual Report  
2015-2016*

<b>Board of Directors</b>	Pratip Chaudhuri	Chairman
	S Krishnamurthy	
	T T Srinivasaraghavan	
	Rishikesha T Krishnan	
	Arvind Sethi	
	Harsha Viji	Managing Director
	Sunil Subramaniam	Chief Executive Officer
<b>Audit Committee</b>	S Krishnamurthy	Chairman
	Pratip Chaudhuri	
	Harsha Viji	
<b>Executive Committee</b>	T T Srinivasaraghavan	Chairman
	Harsha Viji	
	Sunil Subramaniam	
<b>Nomination and Remuneration Committee</b>	T T Srinivasaraghavan	Chairman
	Pratip Chaudhuri	
	Rishikesha T Krishnan	
	Harsha Viji	
<b>Corporate Social Responsibility Committee</b>	Rishikesha T Krishnan	Chairman
	T T Srinivasaraghavan	
	Harsha Viji	
<b>Registered Office</b>	21, Patullos Road, Chennai - 600 002	
<b>Corporate Office</b>	Sundaram Towers, II Floor, 46, Whites Road, Chennai - 600 014 Tel: 28583362, Fax: 28583156 Website : <a href="http://www.sundarammutual.com">www.sundarammutual.com</a>	
<b>CIN</b>	U93090TN1996PLC034615	
<b>Auditors</b>	M/s. Brahmayya & Co., Chennai Chartered Accountants	
<b>Information Security Assurance Services</b>	M/s. Tejas Brainware Systems (P) Ltd., Chennai	

## Management Team

<b>Investment Management</b>	<b>Equity</b>	<b>Fixed Income</b>
	S Krishnakumar-CIO	Dwijendra Srivastava-CIO
	Shiv Chanani-Fund Manager	Siddharth Chaudhary-Fund Manager
	Avinash Agarwal-Asst. Fund Manager	Sandeep Agarwal-Fund Manager
	Madanagopal Ramu-Head-Research & Asst. Fund Manager	
	S Bharath-Fund Manager - SPM	
<b>Sales and Marketing</b>	Priya A Kumar	National Head - Distribution
	Surendra Singh Yadav	National Head - Sales
	Amit Kumar Ray	Head - Sales (Delhi & East Region)
<b>Risk Management, Operations, Customer Service &amp; Compliance</b>	Lakshminarayanan Duraiswamy	Chief Operating Officer
	T S Sriitharan	Chief Financial Officer
	P Sundararajan	Company Secretary & Head-Compliance
	S Ravi	Head – Customer Service
<b>Subsidiary</b>	Sundaram Asset Management Singapore Pte. Ltd. (Incorporated in Singapore)	
<b>Bankers</b>	AXIS Bank Ltd.	
	HDFC Bank Ltd.	
	ICICI Bank Ltd.	
	IndusInd Bank Ltd	
	Kotak Mahindra Bank Ltd.	
	State Bank of India	

## Sponsor



**SUNDARAM FINANCE**

**Sundaram Finance Limited**

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

## Sundaram Asset Management Company Limited

A subsidiary of



**SUNDARAM FINANCE**  
*Enduring values. New age thinking.*

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## Financial Highlights

Amount ₹ in crores

Year	Own Funds		Average AUM	PBT	PAT	Dividend %
	Paid-up capital	Free Reserves				
2010-11	15.33	43.94	13,946	20.81	13.36	25
2011-12	15.33	51.38	14,226	15.52	11.00	20
2012-13	15.33	62.86	13,574	24.85	16.86	30
2013-14	15.33	72.75	15,248	22.63	15.27	30
2014-15	20.00	114.05	19,511	31.93	21.69	30
2015-16	20.00	114.12	23,664	12.41	4.42	18

## Report of the Directors

To the Members

Your Directors have pleasure in presenting the 20th Annual Report along with the audited financial statements for the year ended March 31, 2016. The summarised financial results of the Company are given below:

(₹ in crore)

Particulars	For the year ended	
	March 31, 2016	March 31, 2015
Average AUM	23582	20293
Gross Income	229.88	149.83
Less: Operating Expenses	206.80	117.90
<b>Operating Profit</b>	23.08	31.93
Less: Diminution in value of investments	10.67	-
<b>Profit before Tax</b>	12.41	31.93
Provision for Taxation	7.99	10.24
<b>Profit After Tax</b>	4.42	21.69
Proposed Dividend	3.60	6.00
Net worth	134.12	134.05

### Company Performance

Your company grew average assets under management to ₹ 23,582 crore for the financial year ended 31 March 2016 from ₹ 20,293 crore in the previous financial year. This represents an increase of 16% over the prior year. The growth in assets is broad based and includes mutual fund assets (both equity and debt) as well as assets under advisory, portfolio management services, and assets managed by your company's Singapore subsidiary. As at 31 March 2016 the Company's mutual fund business had a market share of 1.70% of industry assets placing your company in 15th place (same as in the previous year).

Portfolio management and discretionary services recorded a strong 30% growth in assets crossing the ₹ 1,000 crore mark in average assets.

Revenue grew to ₹ 229.88 crore for the year ended 31 March 2016 when compared to ₹ 149.83 crore for the year prior. A substantial part of the increase was driven by differential routing of fund expenses resulting in a corresponding increase in reported expenses.

Your company reported a profit before tax of ₹ 12.41 crore for the year compared to ₹ 31.93 crore for the previous year. The decline in profit is primarily due to higher absorption of scheme expenses by the company and a provision of ₹ 10.67 crore for diminution in the value of investments in the subsidiary company, Sundaram Asset Management Singapore Pte Ltd (SAMS).

SAMS continues to grow rapidly - current AUM is ₹ 341 crore (₹ 174 crore during the previous year) and income is ₹ 5.2 crore (against ₹ 1.8 crore during the previous year). However, SAMS made a loss of ₹ 5.51 crore for the year ended 31 March 2016, and cumulative losses stand at ₹ 24.4 crores. Your company made a further infusion of ₹ 4.4 crores into the share capital of SAMS to maintain minimum regulatory capital for financial support. The accounts of SAMS are not consolidated into the stand alone accounts of your company.

### Dividend

Your Directors are pleased to recommend a dividend of ₹ 1.80 per share (18%) on the face value of ₹ 10/- per share) for the financial year ended March 31, 2016. Your company's net worth stood at ₹ 134.12 cr. as at 31 March 2016. Which is above the net worth criteria of ₹ 50 cr. prescribed under SEBI (Mutual Funds) Regulations, 1996.

### Fund performance

During the year under review, Sundaram Mutual Fund launched 20 closed-end schemes mobilizing ₹ 1,968 crores. Many of the company's schemes registered good

performance during the year and in line with our philosophy, several schemes distributed sizeable dividends. The SMILE fund posted a one year return of over 100% during the year. Your schemes were recognised by rating agencies and the press. Some of the accolades were:

<b>Select Midcap</b>	Morningstar – Silver
<b>SMILE</b>	Economic Times-best small cap
<b>Gilt Fund</b>	Value Research 5 Star
<b>Money Fund</b>	Value Research 5 Star
	CRISIL CPR-1
<b>Flexible Fund Short Term Plan</b>	CRISIL CPR-1
<b>Rural India</b>	CRISIL CPR-2
<b>Monthly Income Plan</b>	CRISIL CPR-2

### Investors and Distributors

Over 30,000 distributors have distributed the company's schemes during the year nearly 2,000 new distributors were empanelled. The company supports its investors and distributors through 42 branches in addition to over 500 locations operated by Sundaram Finance Ltd., Sundaram Mutual schemes enrolled 1,04,341 fresh Systematic Investment Plans (SIP) during the year. The company had 12.74 lakh investor accounts as at 31 March 2016. During the year, your Company continued its investor awareness initiatives in ten adopted districts in Tamil Nadu. Your Company has been taking active steps including conducting financial literacy campaign in the districts that it has adopted. During the year, Investor Awareness Programs (IAP) were conducted in 70 centres. A sum of ₹ 2.80 crores has been spent towards activities on investor education.

### Market Outlook

The coming year is likely to witness additional volatility globally, which may disproportionately influence share price movements in India, rather than the influence of only domestic or fundamental factors.

2015-16 was also a year of volatility stretching from geopolitics, economy to the financial markets. The year saw a Greek political saga, a political deadlock in Spain, a European migrant crisis, instability in the regions of Syria, Afghanistan, Iraq (among other countries), Iran signing a nuclear deal, Chinese currency reform (sending markets into a tail spin), softening commodity prices, weak demand and weak inflation in developed economies etc. The European Central Bank (ECB) and the Bank of Japan (BoJ) deepened their negative rates in an attempt to depreciate their currencies but saw appreciation. The Federal Reserve on the other hand moved out of their 8 year long policy of near zero interest rates through a rate hike. The US continued to hold to positive economic numbers while the Eurozone slipped.

Coming to India, the Nifty Large Cap Index for the financial year ended 31 March 2016 stood at 7,738 declining from 8,491 for the previous year (a negative return of 9%). While India's financial markets have been buffeted by global winds (more so in equity impact relative to fixed income), fundamentals have not been as volatile. Nor have they been uniformly positive or negative. The Governments reform momentum ran into roadblocks through its inability to handle the politics of reform with the opposition. There has been a pickup in growth on the back of private consumption but investment remains weak.

FY16 has seen a pickup in GDP growth at 7.6% (40 basis points higher than the prior year) mainly on the back of private consumption holding up. Investment however remained weak through the year. The Government continues to hold to its fiscal target of 3.5%, and softening crude prices continue to be a blessing, helping RBI in inflation targeting (CPI saw a drop of 1% to 4.9% in the past year). RBI dropped rates by 75bps during FY16, but the rate cuts of the last 2 years have not fully passed to borrowers as RBI intended. The current account deficit remains low at 1.3% of GDP.

While macro-economic variables appear stable, this does not appear to translate into business confidence and investment. India has seen two consecutive years of poor monsoons and this has taken a toll on rural India and growth in general – a normal monsoon will be welcome. The budget has focused on the rural economy.

The RBI is looking at contained inflation for the fiscal year. However, a full roll out of the 7th pay commission could exert upward pressure on the RBI's inflation trajectory. A normal monsoon would bring continued softness in inflation. This will have a positive impact on bringing down household physical savings which could positively affect the mutual fund industry.

In summary, volatile global markets will likely trump domestic fundamentals, causing fixed income and equity markets to remain volatile. However domestic GDP growth and inflation numbers are encouraging.

### **Regulation**

The Securities and Exchange Board of India has issued multiple circulars impacting the business. The maximum debt exposure to a single issuer is now reduced to 12% impacting yields to investors. SEBI has also introduced the concept of group exposure when assessing exposure and diversification. AMFI and your company are representing against a SEBI circular that requires disclosure to the investor of the actual commission paid to distributors. From 01 April 2016 onwards SEBI has required that half the amount set aside for investor education be transferred to AMFI. AMCs have also been required to disclose salaries of key personnel to investors.

We believe, in an overall analysis, that the recent changes in SEBI's regulations make the business environment more challenging in the mutual fund industry.

SEBI is requesting mutual funds to review and merge their existing schemes. Your company has merged multiple schemes in past years and has responded to SEBI's request by proactively pursuing the merger of certain schemes in investor interest.

### **Risk management**

Your directors wish to place on record the extraordinary efforts put in by the staff of the company and by the staff of Sundaram BNP Paribas Fund Services Limited (our schemes Registrar and Transfer Agent) to ensure smooth continued operation in the face of personal danger during the 'once in a century' floods in Chennai in December 2015. The personal dedication and courage of our staff combined with well-planned disaster and risk management plans allowed us to operate during this period.

The Company has a well-established Enterprise Risk Management (ERM) framework. The core of the ERM framework consists of internal risk control guidelines and policies, risk monitoring and control tools, risk reporting and exception handling mechanisms. The fund portfolio risk and operational risk parameters are tracked regularly to ensure adherence to the risk norms and limits. The company has framed policies on various areas such as equity and fixed income risks, derivatives, Inter Fund Transfers.

Risk control and mitigation mechanisms are constantly reviewed for their effectiveness and practicality and suitable changes are introduced to adapt to a changing business environment. The overall functioning of Risk Management team is overseen by the MD and CEO and governed by the mandate provided by the audit committee and the Board.

The reports of the internal auditor and independent auditor of the schemes relating to the financials and operations of the Company and schemes were reviewed by the Audit Committee which oversees Risk Controls in the system.

### **Internal Control System and Adequacy**

The Company has an adequate internal control systems commensurate with nature and size of its business activity with regard to efficiency of its operations, financial reporting, compliance with applicable laws and



regulations. The internal control system is supplemented by audits conducted by the internal auditors.

During the year there was a fraud committed by an employee of the company, for which see Note 22.9 of the financial statements. Our Company has filed a criminal complaint and an incident report with the Regulator.

### **Board of Directors**

The Board of Directors of the company is vested with general power of superintendence, direction and management of the affairs. During the year under review, five Board Meetings were held.

The changes in the Board for the year were as follows:

Mr. T Ananthanarayanan stepped down as a director of the company from June 26, 2015. He was a member of the Audit committee, Executive Committee and Risk Management committee. Mr S Krishnamurthy a director of your company since its formation relinquished his directorship on May 11, 2016. The Board of Directors placed on record their appreciation for the contribution of both directors.

Mr. Sunil Subramaniam, Deputy Chief Executive Officer of the Company, was inducted to the board as Chief Executive Officer for a term of three years from 26th June 2015. Mr. Arvind Sethi, 58, former Managing Director of Tata Asset Management joined the board on 27 October 2015. Your directors welcome him on the board and are confident that his vast knowledge and rich experience in the industry will benefit the company.

Mr. Harsha Viji, retires at the ensuing General Meeting and being eligible, offers himself for re-appointment. Necessary resolutions are submitted for your approval.

### **Meeting of Independent Directors**

During the year, the Independent Directors of the Company met on 21 January 2016 (i) to review the performance of non-independent directors and the Board as a whole, (ii) to review the performance of the Chairperson of the Company and (iii) to access the

quality, quantity and timeliness of flow of information between the company management and the Board.

The Company has received necessary declaration from each Independent Director as required to be given under Section 149(7) of the Companies Act, 2013.

### **Board Committees**

#### **1. Audit Committee**

The Audit Committee reviewed the internal audit plans, financial statements, adequacy of internal control systems and the reports, the observations of the internal / external auditors with the responses of the management.

#### **2. Executive Committee**

This Committee looks into investment strategy, fund performance and fund management guidelines for new products.

#### **3. Nomination and Remuneration Committee**

The Committee in accordance with the mandate, formulated the criteria for determining qualifications, positive attributes and independence of a director and recommended to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees, which is specified vide **Annexure I**.

The committee recommended to the Board the appointment and re-appointment of independent directors and carried out evaluation of director's performance.

The committee has also evaluated the performance of the key management personnel and approved the proposal of the management on remuneration to key managerial personnel and other employees.

#### **4. Corporate Social Responsibility Committee (CSR)**

During the year under review, your company spends a sum of ₹ 56 lakhs towards CSR Activities as against the requisite amount of ₹ 53 lakhs.

In terms of Section 135 of the Companies Act, 2013, the particulars such as composition, CSR Policy and report on the CSR activities are set out in the prescribed format vide **Annexure II**.

The members of Board committees and number of meetings held during the year 2015-16 are set out vide **Annexure III**.

### Public Deposits

Your company has not accepted any deposits from the public.

### Extract of Annual Return

The extract of the annual return pursuant to Rule 12 (1) of the Companies (Management and Administration) Rules, 2014 is attached vide **Annexure IV**.

### Personnel

Your Company had 285 employees on its rolls as on 31 March 2016. During the year, your Company had carried out various employee engagement activities and welfare measures. Your Board of Directors place on record their acknowledgement for the support, dedication and unswerving commitment displayed by the employees of the Company.

### Particulars of Employee Remuneration

Particulars of employee remuneration pursuant to Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are set out in the Annexure V 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.

### Disclosure under the Prevention of Sexual Harassment of Women at Workplace Act, 2013

The Company has put in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints

Committee (ICC) had been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. No complaints were received during the year 2015-16.

### Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Information under Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules 2014:

#### (a) Conservation of Energy and Technology Absorption:

Your Company has taken following measures on the energy saving and technology absorption:

- i. Substantial savings in energy consumption and heat reduction were achieved by consolidation of servers, network and server virtualization; and
- ii. Implemented video conferencing solution through cloud sharing facility thereby saving energy.

#### (b) Foreign Exchange Earnings and Outgo:

During the year 2015-16, foreign exchange earnings was ₹1.12 cr. (2014-15: ₹1.84 cr.) and foreign exchange outgo during the year was ₹4.43 cr. (2014-15: ₹4.27 cr.)

### Particulars of loans, guarantee and investments pursuant to Section 186 of the Companies Act, 2013

The Company has not given any loan or guarantee to any person or body corporate. The investment in the shares of Sundaram Asset Management Singapore Pte. Ltd., is disclosed in the report separately.

### Particulars of Related Party Transactions pursuant to Section 134(3)(h) of the Companies Act, 2013

There have been no materially significant related party transactions with the company's promoters, directors, the management, their subsidiaries or relatives which may have potential conflict with the interests of the company at large.

Suitable disclosure as required by the Accounting Standard 18 (AS 18) issued by the Institute of Chartered Accountants of India has been made in the Annual Report.

### Directors' Responsibility Statement

Your directors confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. The directors had 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 of the profit of the company for that period;
3. The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. The directors had prepared the annual accounts on a going concern basis;
5. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Auditors

M/s. Brahmayya & Co. Chartered Accountants, Chennai, Statutory Auditors of your Company will hold office until the conclusion of the ensuing 21st Annual General Meeting and are recommended for re-appointment. The Company has received a certificate from them pursuant to Section 139 confirming their eligibility under section 141 of the Companies Act, 2013 and rules issued thereunder.

### 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 and the Sponsors – Sundaram Finance Limited.

Your Board of Directors also thanks the Securities and Exchange Board of India, Monetary Authority of Singapore, Association of Mutual Funds of India, the Company's bankers and other intermediaries for their unstinting support.

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

### Tribute to Trustee Directors

The Board of Directors noted with grief the passing away of Mr R Rajamani, IAS, Director on 25 June 2015 and Mr KV Ramanathan, IAS, Chairman, on 14th November 2015 of Sundaram Trustee Company Limited. Mr Rajamani joined the Board of Trustees in 1998 and continued to be associated as a director after the Board of Trustees converted into a Company in 2003.

Mr KV Ramanathan, IAS, joined the Board of Trustees in 1996 as a First Trustee and continued to be associated as a director after the Board of Trustees converted into a Company in 2003. He was appointed as the Chairman of the Board from July 1, 2004.

Your directors wish to place on record the immense contribution made and guidance given by Mr R Rajamani and Mr KV Ramanathan for the growth of the Company and Sundaram Mutual Fund.

For and On behalf of the Board of Directors

Date: May 11, 2016

**Pratip Chaudhuri**

Place: Chennai

Chairman

**Disclosure pursuant to Section 134 (3) (e) read with Section 178 (3) of the Companies Act, 2013**

**I. Policy on directors' appointment including criteria for determining qualifications, positive attributes and independence of a director**

a. Directors: Section 164 of the Companies Act, 2013 states disqualifications for appointment of any person to become Director of any Company. Any person who in the opinion of the Board is not disqualified to become a Director, and in the opinion of the Board, possesses the ability, integrity and relevant expertise and experience, can be appointed as Director of the Company.

b. Independent Directors: For appointing any person as an Independent Director he/she should also possess qualifications as mentioned in Rule 5 of The Companies (Appointment and Qualification of Directors) Rules, 2014 which states the following:

An independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business.

In addition, the director should satisfy the independence criteria as laid down in section 149(6) of the Act and SEBI (Mutual Funds) Regulations, which states the following :

The independent directors on the Board of the AMC shall not be associate of, or associated in any manner with, the sponsor or any of its subsidiaries or the trustees

c. Positive Attribute: A Director of the Company shall be a person of integrity and shall possess the ability, relevant expertise, experience and qualifications required to effectively discharge his/her duties as a Director.

**II. Remuneration Policy**

**A. Executive and Non-Executive Directors**

The Managing Director is appointed by the shareholders at a general meeting. The terms and conditions of appointed have been approved by the members at a general meeting. In terms of the appointment, his remuneration has been borne by the holding company as such he is not drawing any remuneration from the company.

A sitting fee of ₹10,000/- for attendance at each meeting of the Board, Audit Committee, Executive Committee, Nomination and Remuneration Committee and

Corporate Social Responsibility Committee are being paid to each member of the Board / Committee (excluding to Directors of the holding Company). The Company also reimburses expenses to Directors attending meetings held at the Registered office other than the one in which the Directors reside.

The remuneration by way of Commission to the nonexecutive directors (other than Directors of the holding Company) shall be decided by the Board of Directors and distributed to them every year.

In terms of the resolution passed by the Members at the Annual General Meeting held on 30th June 2014, the Board may decide the payment of remuneration by way of commission to the Non whole-time directors of the Company, of a sum not exceeding 1% per annum of the net profits of the Company for a period of 5 years.

**B. Key Managerial Personnel**

The remuneration of the Key Managerial Personnel of the Company, (other than Managing Director) is reviewed and recommended by the Nomination and Remuneration Committee, based on criteria such as industry benchmarks, the Company's performance vis-à-vis the industry, responsibilities shouldered, performance/track record, macro-economic review on remuneration packages of heads of other organizations. The Company pays remuneration by way of salary, perquisites and allowances (fixed component), performance bonus (variable components) to its KMP. Annual increase in remuneration of the key personnel is decided by the Nomination and Remuneration Committee within the salary scale approved by the Members and is effective from April 1, every year.

**C. Other employees**

The remuneration of other employees mainly consists of basic remuneration, perquisites, allowances and performance Bonus. The components of the total remuneration vary for different employee grades and are governed by industry patterns, qualifications and experience of the employee, responsibilities handled by them, their individual performances, etc. The annual variable pay of Key personnel is linked to the Company's performance in general and their individual performance for the relevant year which is measured against a review of specific performance areas that are closely aligned to the Company's objectives.

Sl.no	CSR Requirements	Particulars
1	A Brief outline of Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs	The Company's CSR policy envisages a number of community focused activities in the areas of education, healthcare and preservation of country's rich culture and heritage. The CSR activities would be carried out through: a. Collaboration with group or other companies undertaking projects/programs in CSR activities; b. Contribution / donation made to such other Organisation/Institutions as may be permitted under the applicable laws from time to time; The company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the website at the following link: <a href="http://www.sundarammutual.com/pdf2/2015/AMC_CSR_Policy.pdf">http://www.sundarammutual.com/pdf2/2015/AMC_CSR_Policy.pdf</a>
2	The Composition of CSR Committee	Mr. Rishikesha T. Krishnan - Chairman Mr. T. T. Srinivasaraghavan - Member Mr. Harsha Viji - Member
3	Average net profit of the company for the last three financial years	₹ 2650.00 lakhs
4	Prescribed CSR expenditure (two percent of the amount as in item 3 above)	₹ 53.00 lakhs
5	Details of CSR spent during the financial year (a) Total amount to be spent for the financial year: (b) Amount unspent, if any: (c) Manner in which the amount spent during the financial year	₹ 53 lakhs Nil ₹ 56 lakhs – Details enclosed
6	In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report	Not Applicable
7	A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.	We hereby state that implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the Company.

Rishikesha T Krishnan  
Chairman - CSR Committee

Harsha Viji  
Managing Director

T T Srinivasaraghavan  
Member - CSR Committee

Place: Chennai  
Date: 6th May 2016

## Manner in which the amount spent during the financial year

(₹ in lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. no	CSR Project or activity identified	Sector in which the Project is covered	Projects or programs: (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs Sub-heads; (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1	Disaster Relief (1 Institution)	Providing rehabilitation for the Flood Victims	Tamil Nadu	12.50	12.50	12.50	12.50
2	Promoting education by providing financial assistance to deserving and meritorious students and also Educational Institutions which work for this cause (2 Institutions)	Educational	Tamil Nadu	28.00	28.00	40.50	28.00
3	Promoting preventive and general health care (2 Institutions)	Healthcare	Tamil Nadu	15.50	15.50	56.00	15.50
	Total			56.00	56.00		56.00

## Board Committees

Annexure III

Name of the Committee	Members of the Committee	No. of Meetings held during 2015-16
Audit Committee	Mr S Krishnamurthy, Chairman Mr Pratip Chaudhuri Mr Harsha Viji	Five
Executive Committee	Mr T T Srinivasaraghavan , Chairman Mr Harsha Viji Mr Sunil Subramaniam	Nil
Nomination and Remuneration Committee	Mr T T Srinivasaraghavan, Chairman Mr Rishikesha T Krishnan Mr Harsha Viji	Three
Corporate Social Responsibility Committee	Mr Rishikesha T Krishnan, Chairman Mr T T Srinivasaraghavan Mr Harsha Viji	One

## Form No. MGT 9

## Extract of Annual Return

as on the financial year ended on 31st March 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS**

i) C I N	U93090TN1996PLC034615
ii) Registration Date	26th February 1996
iii) Name of the Company	Sundaram Asset Management Company Limited
iv) Category / Sub-category of the company	Public Company / Company having Share Capital
v) Address of the Registered office and contact details	21 Patullos Road, Chennai 600 002. Tel:044-28583362; Email: sundararajan@sundarammutual.com
vi) Whether listed company	No
vii) Name, address and contact details of Registrar and Transfer agent, if any	Cameo Corporate Services Limited, 'Subramanian Building', No.1, Club House Road, Chennai 600 002. Tel: 044 28460390 to 0395

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated

Sl. No	Name & description of main products / services	NIC Code of the product/ services	% to total turnover of the company
1	Investment Management and Advisory Services	66301	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sl. No	Name and address of the company	CIN/GLN	Holding/Subsidiary/Associate	% of shares Held	Applicable Section
1	Sundaram Finance Limited, 21, Patullos Road, Chennai 600002.	L6519TN1954P LC002429	Holding Company	100%	Sec. 2(46)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****i) Category-wise Share Holding**

Category of Shareholders	No of Shares held at the beginning of the year				No of shares held at the end of the year				% Change During the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A) Promoter									
1) Indian									
a) Individual / HUF	—	—	—	—	—	—	—	—	—
b) Central Govt	—	—	—	—	—	—	—	—	—
c) State Govt(s)	—	—	—	—	—	—	—	—	—
d) Bodies Corp.	1,24,85,000	75,15,000	2,00,00,000	100%	1,24,85,000	75,15,000	2,00,00,000	100%	Nil
e) Banks / FI	—	—	—	—	—	—	—	—	—
f) Any Other	—	—	—	—	—	—	—	—	—
Sub Total A(1)	1,24,85,000	75,15,000	2,00,00,000	100%	1,24,85,000	75,15,000	2,00,00,000	100%	Nil
2) Foreign									
a) NRIs — Individuals	—	—	—	—	—	—	—	—	—
b) Other Individuals	—	—	—	—	—	—	—	—	—



c) Bodies Corp.	—	—	—	—	—	—	—	—	—
d) Banks / FI	—	—	—	—	—	—	—	—	—
e) Any Other	—	—	—	—	—	—	—	—	—
Sub Total A(2)	—	—	—	—	—	—	—	—	—
Total Shareholding of promoter (A) = A(1) + (A)(2)	1,24,85,000	75,15,000	2,00,00,000	100%	1,24,85,000	75,15,000	2,00,00,000	100%	Nil
B. Public Shareholding									
1) Institutions									
a) Mutual Funds	—	—	—	—	—	—	—	—	—
b) Banks / FI	—	—	—	—	—	—	—	—	—
c) Central Govt	—	—	—	—	—	—	—	—	—
d) State Govt	—	—	—	—	—	—	—	—	—
e) Venture Capital Funds	—	—	—	—	—	—	—	—	—
f) Insurance Companies	—	—	—	—	—	—	—	—	—
g) FIs	—	—	—	—	—	—	—	—	—
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
i) Others (Specify)	—	—	—	—	—	—	—	—	—
Sub Total B(1)	—	—	—	—	—	—	—	—	—
2) Non—Institutions									
a) Bodies Corp.									
i) Indian	—	—	—	—	—	—	—	—	—
ii) Overseas	—	—	—	—	—	—	—	—	—
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 Lakh	—	—	—	—	—	—	—	—	—
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	—	—	—	—	—	—	—	—	—
c) Others Specify	—	—	—	—	—	—	—	—	—
Sub Total B(2)	—	—	—	—	—	—	—	—	—
Total Public Shareholding (B) = B(1) + (B)(2)	—	—	—	—	—	—	—	—	—
C. Shares held by custodian for GDRs & ADRs	—	—	—	—	—	—	—	—	—
Grand Total (A) + (B) + (C)	1,24,85,000	75,15,000	2,00,00,000	100%	1,24,85,000	75,15,000	2,00,00,000	100%	Nil

## ii) Shareholding of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No of Shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No of Shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1	Sundaram Finance Limited	2,00,00,000	100%	Nil	2,00,00,000	100%	Nil	Nil

## iii) Change in Promoter's Shareholding( Please specify, if there is no change)

Sr.No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
1	<b>Sundaram Finance Limited</b>				
	At the beginning of the year:	2,00,00,000	100%	2,00,00,000	100%
	Date wise / increase Decrease	No Change			
	At the end of the year			2,00,00,000	100%

## iv) Shareholding pattern of top ten shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

Sr.No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise / increase Decrease	Nil			
	At the End of the year			Nil	Nil

## v) Shareholding pattern of Directors and Key Managerial Personnel

Sr.No.	Name of the Directors and KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
	At the beginning of the year	Nil	Nil	Nil	Nil Nil
	Date wise increase / Decrease	Nil	Nil	Nil	Nil
	At the End of the year			Nil	Nil

## V) Indebtedness

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(₹ In lakhs)

Sr.No.		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
	<b>Indebtedness at the beginning of the financial year</b>				
	i) Principal Amount	3396.97	—	—	3396.97
	ii) Interest due but not paid	—	—	—	—
	III) Interest accrued but not due	—	—	—	—
	<b>Total (i)+(ii)+(iii)</b>	<b>3396.97</b>	<b>—</b>	<b>—</b>	<b>3396.97</b>
	<b>Change in Indebtedness during the financial year</b>				
	Addition	—	—	—	—
	Reduction	2,036.36	—	—	2,036.36
	<b>Net Change</b>	<b>(2,036.36)</b>	<b>—</b>	<b>—</b>	<b>(2,036.36)</b>
	<b>Indebtedness at the end of the financial year</b>				
	i) Principal Amount	1,360.61	—	—	1,360.61
	ii) Interest due but not paid	—	—	—	—
	III) Interest accrued but not due	—	—	—	—
	<b>Total (i)+(ii)+(iii)</b>	<b>1,360.61</b>	<b>—</b>	<b>—</b>	<b>1,360.61</b>

**VI) Remuneration of Directors and Key Managerial Personnel.**

## a) Remuneration to Managing Director, Whole-time directors and/or Manager

Sl. No	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Mr. Harsha Viji, Managing Director	Mr. Sunil Subramaniam, Chief Executive Officer	
1	Gross Salary			
	a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	Nil	69,30,000	69,30,000
	b) Value of Perquisites u/s 17(2) of the Income Tax Act, 1961	Nil	1,00,97,040	1,00,97,040
	c) Profits in Lieu of salary under section 17(3) of the Income tax Act, 1961.	Nil	Nil	Nil
2	Stock Option	Nil		Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission - as % of Profits	Nil	Nil	Nil
5	Others, Please specify	Nil	Nil	Nil
	Total (A)	Nil	1,70,27,040	1,70,27,040
	Ceiling as per the Act (10% of Net Profits)			2,48,15,636

## b) Remuneration to Other Directors

Name of Directors	Particulars of Remuneration			Total
	Fee for attending Board / Committee Meetings	Commission	Others, please specify	
<b>Independent Directors</b>				
Mr Pratip Chaudhuri	1,10,000	3,00,000	-	4,10,000
Mr S Krishnamurthy	1,10,000	3,00,000	-	4,10,000
Mr Rishikesh T Krishnan	1,00,000	3,00,000	-	4,00,000
Mr T Ananthanarayanan (upto 26th June 2015)	50,000	-	-	50,000
Mr Arvind Sethi (from 27th October 2015)	30,000	3,00,000	-	3,30,000
<b>Other Non-Executive Directors</b>				
Mr D N Ghosh (upto 6th May 2015)	10,000	-	-	10,000
Mr T P Raman (upto 6th May 2015)	-	-	-	-
Mr T T Srinivasaraghavan	-	-	-	-
Total (B)	4,10,000	12,00,000	-	16,10,000
Total Managerial Remuneration (A) + (B)				1,86,37,040
Overall ceiling as per the Act (11% of Net Profits)				2,72,97,200

## c) Remuneration to Key Managerial Personnel other than MD/Manager / WTD

Sl. No	Particulars of Remuneration	Key Managerial Personnel		Total
		Company Secretary	CFO	
1	Gross Salary			
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	34,10,532	34,87,735	68,98,267
	b) Value of Perquisites u/s Section17(2) of the Income Tax Act, 1961	28,800	38,471	67,271
	c) Profits in Lieu of salary under Section 17(3) of the Income tax Act, 1961	-	-	-
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission - as % of Profits	Nil	Nil	Nil
5	Others, Please specify	Nil	Nil	Nil
	Total	34,39,332	35,26,206	69,65,538

**VII. Penalties/ Punishment/Compounding of Offences**

There were no penalties / punishment / compounding of offences against the Company, Directors and other Officers in Default during the year ended 31st March 2016.

## INDEPENDENT AUDITOR'S REPORT

### To the Members of Sundaram Asset Management Company Limited

#### 1. Report on the Financial Statements

We have audited the accompanying financial statements of Sundaram Asset Management Company Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### 2. Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### 3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### 4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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:

- in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### 5. Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section 11 of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraph 3 and 4 of the Order.
- As required by Section 143 (3) of the Act, we report that:
  - We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - with respect to the adequacy of the internal financial controls over financial reporting of the Company and the Operating Effectiveness of such controls, refer to our separate report in "Annexure B".
  - With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - the Company has disclosed the effect of the pending legal proceedings against it in its financial statements as mentioned in Note 22.8 of the Notes to the Accounts;
    - the Company did not have any long term contracts including derivative contracts;
    - there was no amount to be transferred to the Investor Education and Protection Fund by the Company.

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

Place: Chennai  
Date : 11-05-2016

**P. BABU**  
Partner  
Membership No.203358

## “ANNEXURE A” TO THE AUDITORS’ REPORT REFERRED TO IN PARAGRAPH 5 OF OUR REPORT OF EVEN DATE

1. a) The Company is maintaining 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 an annual plan of verification, which in our opinion is reasonable having regard to the size of the Company and the nature of the fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- c) The Company does not own any immovable property.
2. In our opinion and according to the information and explanations given to us, the Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, clauses (iii)(a), (b) and (c) of paragraph 3 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, the Company has not granted any loan to its Director(s) and has not made any investment, provided any guarantee or security as envisaged in Section 185 and Section 186 of the Companies Act, 2013, respectively.
4. The Company has not accepted any deposits from the public.
5. The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act.
6. i) In our opinion and according to the information and explanations given to us, undisputed statutory dues, including Provident Fund, Employees State Insurance, Income tax, sales tax, Service tax, value added tax, cess 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 2016 for a period of more than six months from the date they became payable.
- ii) In our opinion and according to the information and explanations given to us, there are no dues of Income tax and Sales tax which have not been deposited on account of any dispute. The details of Service tax which have not been deposited on account of dispute is as follows:

Nature of dues	Amount (₹ )	Period to which the amount relates	Forum where the dispute is pending
Service Tax	43,02,372/-	2010-11 to 2013-14	Appellate Tribunal

7. The Company has not defaulted in the repayment of dues to banks. The Company does not have any borrowings from financial institutions, Government or by issue of debentures.
8. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and the term loans were applied for the purposes for which the loans were obtained.
9. To the best of our knowledge and belief and according to the information and explanations given to us, during the year, no fraud by the Company was noticed or reported. However, an incident of fraud on the Company by an employee of the company for a sum of ₹6,81,36,940 through unauthorised transfer was detected by the company as elaborated in Note 22.9 of the Notes to the Accounts.
10. The Company has paid/provided for managerial remuneration within the limits of Section 197 read with Schedule V to the Act.
11. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with Section 177 and Section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
12. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
13. In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them.
14. In our opinion and according to the information and explanations given to us, the nature of the Company’s business/ activities during the year has been such that clause (ii), clause (xii) and clause (xvi) of paragraph 3 of the Companies (Auditor’s Report) Order, 2016 is not applicable to the Company for the year.

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

Place: Chennai  
Date : 11-05-2016

**P. BABU**  
Partner  
Membership No.203358

**“ANNEXURE B” TO THE AUDITORS’ REPORT REFERRED TO IN PARAGRAPH 5 OF OUR REPORT OF EVEN DATE****Report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Companies, Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Sundaram Asset Management Company Limited (“the Company”) as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place: Chennai  
Date : 11-05-2016

**P. BABU**  
Partner  
Membership No.203358

**Balance Sheet**

As at 31st March, 2016

(Amount in ₹)

Particulars	Note	31.03.16	31.03.15
<b>I. Equity and Liabilities</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	2	20,00,00,000	20,00,00,000
(b) Reserves and Surplus	3	114,11,67,327	114,05,25,991
(c) Money received against share warrants		-	-
		134,11,67,327	134,05,25,991
<b>2. Share Application Money Pending Allotment</b>		-	-
<b>3. Non-Current Liabilities</b>			
(a) Long Term Borrowings	4	-	13,60,60,611
(b) Deferred Tax Liabilities	5	7,63,74,652	4,50,68,012
(c) Other Long Term Liabilities	6	30,00,000	92,26,000
(d) Long Term Provisions		-	-
		7,93,74,652	19,03,54,623
<b>4. Current Liabilities</b>			
(a) Short Term Borrowings		-	-
(b) Trade Payables	7		
i) Total outstanding dues of micro enterprises and small enterprises		-	-
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		21,93,81,572	5,61,64,406
(c) Other Current Liabilities	8	19,86,15,396	28,98,32,322
(d) Short Term Provisions	9	5,16,19,583	7,87,26,790
		46,96,16,551	42,47,23,518
<b>Total</b>		<b>189,01,58,530</b>	<b>195,56,04,132</b>
<b>II. Assets</b>			
<b>1. Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	10	2,38,96,201	2,96,10,649
(ii) Intangible Assets	10	1,99,602	1,84,342
(iii) Capital work-in-progress		-	-
(iv) Intangible Asset Under Development		-	- (b)
Non-Current Investments	11	19,98,31,795	26,14,57,170
(c) Deferred Tax Assets		-	-
(d) Long Term Loans and Advances	12	80,83,74,214	81,76,73,319
(e) Other Non-Current Assets		-	-
		103,23,01,812	110,89,25,480
<b>2. Current Assets</b>			
(a) Current Investments	13	19,79,87,018	32,26,80,000
(b) Inventories		-	-
(c) Trade receivables	14	10,08,09,089	5,78,99,586
(d) Cash and Bank Balances	15	1,25,99,103	3,16,94,139
(e) Short Term Loans and Advances	16	54,64,61,508	43,44,04,927
(f) Other Current Assets		-	-
		85,78,56,718	84,66,78,652
<b>Total</b>		<b>189,01,58,530</b>	<b>195,56,04,132</b>

Significant Accounting Policies and Notes to Accounts 1 to 22

For **Brahmayya & Co.**  
Chartered Accountants  
Firm Registration No: 000511S

**S Krishnamurthy**  
Director

**Harsha Viji**  
Managing Director

**P.Babu**  
Partner  
Membership No.203358

**Sunil Subramaniam**  
Chief Executive Officer

Chennai  
11th May, 2016

**P. Sundararajan**  
Company Secretary

**T.S.Sritharan**  
Chief Financial Officer



## Profit and Loss Statement

For the year ended 31st March 2016

(Amount in ₹)

Particulars	Note	2015-16	2014-15
<b>Income</b>			
Revenue from operations	17	228,07,71,220	146,81,58,816
Other Income	18	1,80,56,858	3,01,79,046
<b>Total</b>	<b>(A)</b>	<b><u>229,88,28,078</u></b>	<b><u>149,83,37,862</u></b>
<b>Expenditure</b>			
Employee Benefit expenses	19	41,18,46,399	38,71,88,349
Administrative and other expenses	20	37,82,13,499	31,94,39,995
Scheme expenses borne by the company	21	123,06,64,571	43,52,08,073
Finance Cost - Interest		3,09,39,638	1,08,41,881
Depreciation	10	1,63,56,346	2,63,59,055
Provision for Diminution in value of Investments		10,67,13,308	-
<b>Total</b>	<b>(B)</b>	<b><u>217,47,33,761</u></b>	<b><u>117,90,37,353</u></b>
<b>Profit before tax</b>	<b>(A-B)</b>	<b>12,40,94,317</b>	<b>31,93,00,509</b>
Less : Tax Expense			
Current Tax		4,86,00,000	7,81,00,000
Deferred Tax		3,13,06,640	7,99,06,640
<b>Profit after Tax</b>		<b><u>4,41,87,677</u></b>	<b><u>21,69,31,446</u></b>
<b>Earnings per Equity Share</b>			
Number of Equity Shares (Face Value ₹ 10/- Per Share)		2,00,00,000	2,00,00,000
Weighted Average Number of Shares (Face Value ₹ 10/- Per Share)		2,00,00,000	1,53,58,800
Basic & Diluted Earnings per Equity Share		2.21	14.12

For **Brahmayya & Co.**  
Chartered Accountants  
Firm Registration No: 000511S

**P.Babu**  
Partner  
Membership No.203358

Chennai  
11th May, 2016

**S Krishnamurthy**  
Director

**Sunil Subramaniam**  
Chief Executive Officer

**P. Sundararajan**  
Company Secretary

**Harsha Viji**  
Managing Director

**T.S.Sritharan**  
Chief Financial Officer

**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, 2013.

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 use 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. The assets and liabilities have been classified as current and non-current based on a twelve month operating cycle.

**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 II to the Companies Act, 2013. Assets costing ₹ 5000 or less acquired during the year are written down to ₹ 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 and 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 Statement.

**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 Plan*i) Provident Fund*

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

Defined Benefit Plan*i) Gratuity*

The Company contributes annually 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

- Open Ended - Expenses incurred in relation to new fund offer are amortized over a period of 24 Months.
- Close Ended - Expenses incurred in relation to new fund offer are amortized over the tenor of the Scheme.
- 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:

<u>Incurred Towards</u>	<u>Amortized over a period of</u>
Equity Linked Savings Scheme	36 Months
Open Ended Equity Schemes	12 Months

## Notes to the Accounts

forming part of the Balance Sheet as at March 31, 2016

(Amount in ₹)

## Note 2

## Share Capital :

Particulars	31.03.16	31.03.15
<b>Share Capital</b>		
Authorised		
4,00,00,000 Equity Shares of ₹ 10/- each (Previous year 2,00,00,000 Equity shares of ₹ 10/- each)	40,00,00,000	20,00,00,000
5,00,000 Redeemable Preference Shares of ₹ 100/- each	5,00,00,000	5,00,00,000
	<b>45,00,00,000</b>	<b>25,00,00,000</b>
Issued, Subscribed and fully paid up		
2,00,00,000 Equity Shares of ₹ 10/- each	20,00,00,000	20,00,00,000
	<b>20,00,00,000</b>	<b>20,00,00,000</b>

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 31.03.2016
Sundaram Finance Limited	- Holding Company	2,00,00,000	100%

# Includes six equity shares held by nominees of Sundaram Finance Limited.

**Reconciliation of the number of equity shares outstanding at the beginning and at the end of financial year are as follows:**

Particulars	31.03.16	31.03.15
Opening number of Shares outstanding	2,00,00,000	1,53,33,229
Add : Shares issued	-	46,66,771
Less: Shares bought back	-	-
Closing number of shares outstanding	2,00,00,000	2,00,00,000

## Note 3

## Reserves And Surplus

Particulars	31.03.16	31.03.15
a) Securities Premium Account		
Opening balance	31,20,29,769	4,13,57,051
Add: Received during the year	-	27,06,72,718
	<u>31,20,29,769</u>	<u>31,20,29,769</u>
b) General Reserve		
Opening balance	12,62,68,158	10,45,68,158
Add: Transfer from Surplus in the Profit and Loss Statement	-	2,17,00,000
	<u>12,62,68,158</u>	<u>12,62,68,158</u>
c) Surplus in the Profit and Loss Statement		
Opening balance	70,22,28,064	58,15,59,906
Less: Transition provision for Depreciation	-	25,66,288
Add: Profit for the year	4,41,87,677	21,69,31,446
	<b>74,64,15,741</b>	<b>79,59,25,064</b>
<b>Less: Appropriations:</b>		
Dividend		
Final (Proposed)	3,60,00,000	6,00,00,000
Dividend Distribution Tax		
(Including ₹ 2,17,588 pertaining to previous year)	75,46,341	1,19,97,000
General Reserve	-	2,17,00,000
	<u>70,28,69,400</u>	<u>70,22,28,064</u>
	<b>114,11,67,327</b>	<b>114,05,25,991</b>

## Notes to the Accounts

forming part of the Balance Sheet as at March 31, 2016

(Amount in ₹)

**Note 4****Long Term Borrowings:**

Particulars	31.03.16	31.03.15
<b>Deferred Tax Liability</b>		
Secured		
Term loan from Bank	-	13,60,60,611
	<u>-</u>	<u>13,60,60,611</u>

Term Loan is secured by charge on book receivables. The term loan is repayable in 24 equal monthly instalments. The interest is 9.30% p.a.

**Note 5****Deferred Tax Liabilities**

Particulars	31.03.16	31.03.15
<b>Deferred Tax Liability:</b>		
Amortisation of Brokerage	7,85,10,154	4,62,79,727
<b>Deferred Tax Asset:</b>		
Depreciation	21,35,502	12,11,715
	<u>7,63,74,652</u>	<u>4,50,68,012</u>

**Note 6****Other Long Term Liabilities**

Particulars	31.03.16	31.03.15
Long term employee benefits	30,00,000	92,26,000
	<u>30,00,000</u>	<u>92,26,000</u>

**Note 7****Trade Payables**

Particulars	31.03.16	31.03.15
Trade Payables		
i) Total outstanding dues of micro enterprises and small enterprises	-	-
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		
For Expenses	21,83,50,114	5,36,28,798
For Others	10,31,458	25,35,608
	<u>21,93,81,572</u>	<u>5,61,64,406</u>

No amounts due and outstanding to be credited to Investor Education & Protection Fund

**Note 8****Other Current Liabilities**

Particulars	31.03.16	31.03.15
Current Maturities of Long Term Loan from Bank	13,60,60,619	20,36,36,360
Statutory dues Payable	3,66,777	1,09,80,962
Others	6,21,88,000	7,52,15,000
	<u>19,86,15,396</u>	<u>28,98,32,322</u>

Term Loan is secured by charge on book receivables. The term loan is repayable in 24 equal monthly instalments. The interest is 9.30% p.a.

**Note 9****Short Term Provisions**

Particulars	31.03.16	31.03.15
Provision for Employee Benefits	82,90,830	67,29,790
Others		
Dividend	3,60,00,000	6,00,00,000
Dividend Distribution Tax	73,28,753	1,19,97,000
	<u>5,16,19,583</u>	<u>7,87,26,790</u>

**Note: 10**  
**Fixed Assets**

(Amount in ₹)

Description	Gross Block At Cost			Depreciation			Netblock			
	As at 01.04.2015	Additions	Deductions	As at 31.03.2016	As at 31.03.2015	Additions	Deductions	Upto 31.03.2016	As at 31.03.2016	As at 31.03.2015
<b>Tangible Assets</b>										
Office Equipment	1,93,95,546 (1,78,42,772)	7,40,349 (15,52,774)	2,17,908	1,99,17,987 (1,93,95,546)	1,69,24,536 (1,10,81,579)	12,46,157 (31,55,980)	1,39,130	1,80,31,563 (1,69,24,536)	18,86,424 (24,71,010)	24,71,010 (67,61,193)
Electrical Equipment	1,86,87,835 (1,96,30,451)	18,88,560 (14,60,882)	1,13,271	2,04,63,124 (1,86,87,835)	1,28,63,716 (1,08,92,916)	22,76,888 (34,63,942)	80,650	1,50,59,954 (1,28,63,716)	54,03,170 (58,24,119)	58,24,119 (87,37,535)
Computers	7,26,40,461 (5,91,32,571)	39,97,426 (1,38,41,295)	5,41,492	7,60,96,395 (7,26,40,461)	5,97,79,246 (4,74,51,514)	83,06,291 (1,18,66,680)	5,07,663	6,75,77,874 (5,97,79,246)	85,18,521 (1,28,61,215)	1,28,61,215 (1,16,81,057)
Furniture and fixtures	1,52,53,073 (1,52,64,491)	12,34,450 (3,25,421)	2,48,533	1,62,38,990 (1,52,53,073)	1,39,62,564 (1,31,55,888)	5,75,617 (7,76,959)	2,48,706	1,42,89,475 (1,39,62,564)	19,49,515 (12,90,509)	12,90,509 (21,08,603)
Vehicles	28,64,179 (13,22,438)	- (15,92,344)	44,000	28,20,179 (28,64,179)	13,98,983 (9,50,718)	4,35,444 (4,92,573)	39,223	17,95,204 (13,98,983)	10,24,975 (14,65,196)	14,65,196 (3,71,720)
Improvement to rented premises	3,09,99,504 (4,00,66,412)	27,41,455 (60,41,482)	-	3,37,40,959 (3,09,99,504)	2,53,00,904 (3,49,87,027)	33,26,459 (54,22,267)	-	2,86,27,363 (2,53,00,904)	51,13,596 (56,98,600)	56,98,600 (50,79,385)
<b>Total Tangible Assets</b>	<b>15,98,40,598</b>	<b>1,06,02,240</b>	<b>11,65,204</b>	<b>16,92,77,634</b>	<b>13,02,29,949</b>	<b>1,61,66,856</b>	<b>10,15,372</b>	<b>14,53,81,433</b>	<b>2,38,96,201</b>	<b>2,96,10,649</b>
<b>Intangible Assets</b>										
Computer Software	3,02,53,829 (3,02,53,829)	2,04,750	-	3,04,58,579 (3,02,53,829)	3,00,69,487 (2,88,88,833)	1,89,490 (11,80,654)	-	3,02,58,977 (3,00,69,487)	1,99,602 (1,84,342)	1,84,342 (13,64,996)
<b>Total Intangible Assets</b>	<b>3,02,53,829</b>	<b>2,04,750</b>	<b>-</b>	<b>3,04,58,579</b>	<b>3,00,69,487</b>	<b>1,89,490</b>	<b>-</b>	<b>3,02,58,977</b>	<b>1,99,602</b>	<b>1,84,342</b>
<b>Grand Total</b>	<b>19,00,94,427</b>	<b>1,08,06,990</b>	<b>11,65,204</b>	<b>19,97,36,213</b>	<b>16,02,99,436</b>	<b>1,63,56,346</b>	<b>10,15,372</b>	<b>17,56,40,411</b>	<b>2,40,95,802</b>	<b>2,97,94,991</b>
<b>Previous Year</b>	<b>(18,35,12,964)</b>	<b>(2,48,14,198)</b>	<b>(1,82,32,735)</b>	<b>(19,00,94,427)</b>	<b>(14,74,08,475)</b>	<b>(3,02,46,740)</b>	<b>(1,73,55,780)</b>	<b>(16,02,99,436)</b>	<b>(2,97,94,991)</b>	<b>(3,61,04,489)</b>

## Notes to the Accounts

forming part of the Balance Sheet as at March 31, 2016

(Amount in ₹)

## Note 11

## Non - Current Investments

Particulars	31.03.16	31.03.15
Un-Quoted		
Non Trade:		
Investments in Mutual Funds (Net Asset Value as at 31.03.16 - ₹ 4,88,04,404/-)	3,92,61,833	3,80,24,900
Investment in Equity Instruments : Fully paid		
- Subsidiary Company		
Sundaram Asset Management Singapore Pte. Ltd		
Number of Shares Holding : 56,30,001		
Face Value : 1 SGD	26,67,83,270	
Less: Provision for Diminution in Value of Investments	<u>10,67,13,308</u>	22,29,32,270
- Others		
MF Utilities India Private Limited		
Number of Shares Holding : 5,00,000	5,00,000	5,00,000
Face Value : ₹ 1		
	<u>19,98,31,795</u>	<u>26,14,57,170</u>

Particulars	Face Value	As at 31.03.16		As at 31.03.15	
		Holding (Number)	Cost (₹)	Holding (Number)	Cost (₹)
<b>Investments in Mutual Funds</b>					
Sundaram Hybrid C - Growth Option	10	35,00,000	3,50,00,000	35,00,000	3,50,00,000
Sundaram FTP GJ - Growth Option	10	3,00,000	30,00,000	3,00,000	30,00,000
Sundaram World Brand Fund Series I - Growth Option	10	2,490	24,900	2,490	24,900
Sundaram Small Cap Series 2 - Growth Option	10	2,500	25,000	-	-
Sundaram Global Advantage Fund - Growth Option	10	81,827	12,06,933	-	-
Sundaram FTP GY - Growth Option	10	500	5,000	-	-
<b>Total</b>			<u>3,92,61,833</u>		<u>3,80,24,900</u>

The commencement of business of Sundaram Asset Management Singapore Pte. Ltd., subsidiary company was delayed due to Regulatory approvals and the global financial crisis, resulting in an extended gestation period and accumulated losses. The company, as a matter of prudence and in line with Accounting Standards, has provided a sum of ₹ 10.67 crores during the year, towards diminution in the value of its investment.

## Note 12

## Long Term Loans and Advances

Particulars	31.03.16	31.03.15
<b>Unsecured, Considered Good :</b>		
Unsecured, Considered Good :		
Advance Income tax and Tax Deducted at Source(Net)	32,75,57,612	22,67,03,026
Brokerage Recoverable from Mutual Fund Schemes	32,39,00,658	48,35,51,533
Prepaid Expenses	13,90,47,962	8,59,42,510
Security Deposit	1,62,24,539	1,13,52,646
Others	<u>16,43,443</u>	<u>1,01,23,604</u>
<b>Total</b>	<u>80,83,74,214</u>	<u>81,76,73,319</u>

Advance Income tax and Tax deducted at source is net of provision for taxation ₹ 64,81,33,918/- ( 31.03.15 ₹ 59,97,33,918 /-).

## Notes to the Accounts

forming part of the Balance Sheet as at March 31, 2016

(Amount in ₹)

## Note 13

## Current Investments

Particulars	31.03.16	31.03.15
Un-Quoted		
Non Trade:		
Investments in Mutual Funds	19,79,87,018	32,26,80,000
	<b>19,79,87,018</b>	<b>32,26,80,000</b>

Particulars	Face Value	Holding (Number)	As at	Cost (₹)	As at	Cost (₹)
			31.03.16		31.03.15	
<b>Investments in Mutual Funds</b>						
Sundaram FTP EU - Growth Option	10	-	-	-	20,00,000	2,00,00,000
Sundaram FTP GG - Growth Option	10	-	-	-	12,50,000	1,25,00,000
Sundaram Ultra Short Term - Growth Direct	10	-	-	-	1,50,49,347	29,00,00,000
Sundaram Money Fund - Growth Plan - Direct	10	62,83,262	19,78,07,018	-	-	-
HDFC Liquid Fund - Growth - Direct	10	4.30	10,000	4.30	10,000	10,000
Religare Liquid Fund - Growth - Direct	1,000	6.17	10,000	6.17	10,000	10,000
ICICI Liquid Fund - Growth - Direct	100	57.38	10,000	57.38	10,000	10,000
DHFL Pramerica Insta Cash Plus Fund	100	65.25	10,000	65.25	10,000	10,000
Canara Rebecca Liquid Fund - Growth - Direct	1,000	6.97	10,000	6.97	10,000	10,000
DSP Blackrock Liquidity Fund - Growth - Direct	1,000	5.93	10,000	5.93	10,000	10,000
Birlasunlife Cash Plus - Growth - Direct	100	52.99	10,000	52.99	10,000	10,000
IDFC Cash Fund - Growth - Direct	1,000	6.98	10,000	6.98	10,000	10,000
L&T Liquid Fund - Growth - Direct	1,000	6.19	10,000	6.19	10,000	10,000
Axis Liquid Fund - Growth - Direct	1,000	7.65	10,000	7.65	10,000	10,000
JM High Liquidity Fund - Growth - Direct	10	311.02	10,000	311.02	10,000	10,000
SBI Magnum Insta Cash Fund - Growth - Direct	1,000	3.84	10,000	3.84	10,000	10,000
Tata Liquidity Management Fund - Growth - Direct	1,000	6.27	10,000	6.27	10,000	10,000
JP Morgan India Liquid Fund - Growth - Direct	10	654.62	10,000	654.62	10,000	10,000
Reliance Liquid Fund - Growth - Direct	1,000	5.64	10,000	5.64	10,000	10,000
Kotak Liquid Scheme - Growth - Direct	1,000	4.18	10,000	4.18	10,000	10,000
LIC Nomura Liquid Scheme - Growth - Direct	1,000	4.68	10,000	4.68	10,000	10,000
IDBI Liquid Fund - Growth - Direct	1,000	7.91	10,000	7.91	10,000	10,000
<b>Total</b>			<b>19,79,87,018</b>		<b>32,26,80,000</b>	

## Notes to the Accounts

forming part of the Balance Sheet as at March 31, 2016

(Amount in ₹)

Particulars	31.03.16	
	Cost	Net Asset Value
Aggregate of Quoted Investments	-	-
Aggregate of Unquoted Investments	19,79,87,018	20,10,15,956

## Note 14

## Trade Receivables

Particulars	31.03.16	31.03.15
<b>Unsecured, Considered Good :</b>		
Trade Receivables		
Investment Management Fee	6,78,97,026	4,18,28,928
Advisory Fee	46,73,393	1,60,70,658
Portfolio Management Fee & Reimbursements	2,82,38,670	-
<b>Total</b>	<b><u>10,08,09,089</u></b>	<b><u>5,78,99,586</u></b>

## Note 15

## Cash and Bank Balances

Particulars	31.03.16	31.03.15
Cash and Bank Balances		
Cash on Hand	78,626	95,374
Balances with Scheduled Banks in		
Current Accounts	1,12,71,002	1,54,65,571
Deposit Accounts - Less than 3 months	-	1,50,00,000
Balances with Bank held in abroad		
Current Accounts	2,59,297	1,96,995
Deposit Accounts - More than 12 months	9,90,178	9,36,199
(A lien has been created on the deposit in favour of a Bank for Guarantee issued)		
<b>Total</b>	<b><u>1,25,99,103</u></b>	<b><u>3,16,94,139</u></b>



## Notes to the Accounts

forming part of the Balance Sheet as at March 31, 2016

(Amount in ₹)

## Note 16

## Short Term Loans and Advances

Particulars	31.03.16	31.03.15
<b>Unsecured, Considered Good :</b>		
Brokerage Recoverable from Mutual Fund Schemes	28,66,70,198	23,01,39,999
Prepaid Expenses	22,18,94,427	19,01,30,078
Security Deposit	18,82,792	62,60,633
Others	3,56,90,761	77,92,728
Amount receivable from Subsidiary Company	3,23,330	81,489
<b>Total</b>	<b>54,64,61,508</b>	<b>43,44,04,927</b>

## Notes to the Accounts

forming part of the Profit and Loss Statement

(Amount in ₹)

## Note 17

## Revenue from Operations

Particulars	2015-2016	2014-2015
Services Rendered:		
Investment Management Fees (Net)	218,78,63,861	137,66,67,667
Advisory Fees	2,13,06,210	3,43,93,378
Portfolio Management Service Fees (Net)	7,16,01,149	5,70,97,771
<b>Total</b>	<b>228,07,71,220</b>	<b>146,81,58,816</b>

Investment Management fees is net of advisory fees paid ₹ 4,30,058/- (31.03.15- ₹ 5,81,519/-).

Portfolio Management Services fees is Net of brokerage paid ₹ 17,60,11,773/- (31.03.15- ₹ 7,91,05,864/-).

## Note: 18

## Other Income

Particulars	2015-2016	2014-2015
Interest receipts	4,53,171	3,53,888
Interest receipts on account of Income tax refunds	-	1,58,88,247
Dividend Income	-	30,23,577
Profit on Sale of Tangible Assets	1,03,761	6,09,727
Profit on Sale of Current Investment	1,50,48,732	93,26,947
Gain on Exchange Fluctuation	2,10,646	1,47,240
Miscellaneous income	22,40,548	8,29,420
<b>Total</b>	<b>1,80,56,858</b>	<b>3,01,79,046</b>

## Notes to the Accounts

forming part of the Profit and Loss Statement

(Amount in ₹)

## Note: 19

## Employee Benefit Expenses

Particulars	2015-2016	2014-2015
Salaries, allowances and bonus	38,19,05,537	36,20,06,892
Company's contribution to Provident Fund, ESI Scheme	1,59,07,812	1,45,17,141
Contribution to Gratuity Fund	52,69,134	27,91,051
Staff welfare expenses	87,63,916	78,73,265
<b>Total</b>	<b>41,18,46,399</b>	<b>38,71,88,349</b>

## 1. Defined Contribution Plan:

(In ₹)

Company Contribution to	2015-16	2014-15	2013-14	2012-13	2011-12
1. Provident Fund	1,09,17,274	1,04,77,868	1,07,90,984	1,29,75,694	1,26,00,971
2. Pension Fund	38,68,697	26,85,280	16,83,992	18,09,040	18,25,634
3. Employees State Insurance	8,244	9,824	27,672	65,856	1,04,784

## 2. Defined Benefit Plan:

## Gratuity

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

	2015-16	2014-15
Present Value of obligations at the beginning of the Year	3,13,29,992	2,85,71,910
Interest Cost	25,06,399	22,85,753
Current Service Cost	45,12,423	32,88,461
Benefit Paid	(47,99,999)	(27,38,077)
Actuarial (Gain) / Loss on obligation	12,36,156	(78,055)
Present value of obligation at the end of the Year	3,47,84,971	3,13,29,992

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

	2015-16	2014-15
Fair Value of Plan asset at the beginning of the Year	2,85,38,941	2,67,57,282
Expected return on plan assets	27,53,639	24,51,372.45
Contribution	77,89,689	20,68,363.12
Benefit Paid	(47,99,999)	(27,38,077)
Actuarial Gain on obligation	Nil	Nil
Fair Value of plan asset at the end of the Year	3,42,82,269	2,85,38,940.57

## Notes to the Accounts

forming part of the Profit and Loss Statement

(Amount in ₹)

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

	2015-16	2014-15
Present Value of obligations at end of the Year	2,85,38,941	3,13,29,992
Actual return on plan assets	27,53,639	-
Contribution	77,89,689	-
Benefit Paid	(47,99,999)	-
Fair Value of Plan asset at the end of the Year.	3,42,82,269	2,85,38,940.57
Net Liability recognised in the balance sheet	(5,02,702)	27,91,051.43

### D. Expenses recognised in the profit and loss account

	2015-16	2014-15
Current Service Cost	45,12,423	32,88,461
Interest Cost	25,06,399	22,85,753
Expected return on plan assets	(27,53,639)	(24,51,372.45)
Net Actuarial loss recognised in the year	(12,36,156)	(78,055)
Expenses to be recognised in the Profit and Loss Account	55,01,339	30,44,787

### E. Actuarial Gain / Loss recognised

	2015-16	2014-15
Actuarial (gain) / loss on obligation	(12,36,156)	(78,055)
Actuarial gain on plan assets	Nil	Nil
Actuarial (gain) / Loss for the year	(12,36,156)	(78,055)

### F. Actuarial Assumption Per Annum

	31.03.2016	31.03.2015
Discount Rate	8.00%	8.00%
Salary Increment	7.00%	7.00%
Expected Rate of Return	8.35%	9.00%
Attrition Rate	1-3%	1-3%

\* 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.

Particulars	31-03-2016	31-03-2015	31-03-2014	31-03-2013	31-03-2012
Defined Benefit Obligation	3,47,84,971	3,13,29,992	2,84,67,546	3,03,16,459	2,58,67,922
Plan Asset	3,42,82,269	2,85,38,940.57	2,67,57,282	2,43,15,678	2,08,88,682
Surplus / Deficit	(5,02,702)	27,91,051.43	17,10,264	(60,00,781)	(49,79,240)
Expenses Adjustment on Plan Liabilities	(12,36,156)	(78,055)	(30,63,271)	38,00,707	24,45,626
Expenses Adjustment on Plan Asset	Nil	Nil	Nil	Nil	Nil

3. The Present value of obligation towards compensated absences, as per actuarial certificate as on 31.03.16 was ₹ 3,47,84,971/- (31.03.15 ₹ 2,83,35,363/-) and is recognised in the books of accounts.

## Notes to the Accounts

forming part of the Profit and Loss Statement

(Amount in ₹)

**Note: 20****Administrative and other expenses**

<b>Particulars</b>	<b>2015-2016</b>	<b>2014-2015</b>
Rent	4,96,05,019	4,89,67,094
Outsourcing Cost	4,32,24,328	3,73,74,114
Subscription	3,31,22,747	3,19,24,216
Fund Accounting Charges	4,25,49,957	3,61,85,567
Electricity Charges	82,46,165	75,87,717
Communication Expenses	1,94,89,967	1,88,54,266
Professional and Consultancy Fees	1,52,14,817	1,15,06,925
Travelling and Conveyance	2,97,86,051	2,92,13,166
Database and Networking Expenses	2,10,36,720	1,67,43,075
Business Development Expenses	2,28,36,833	2,68,16,824
Repairs and Maintenance		
- Building	79,68,368	81,58,915
- Others	83,35,748	71,81,566
Printing & Stationery	82,32,497	55,66,328
Insurance	22,58,006	24,90,006
Rates and Taxes	27,14,094	4,28,086
Lease Rental	33,44,971	18,54,957
Director's Sitting Fees and Commission	16,10,000	25,60,000
Corporate Social Responsibility	56,00,000	29,00,000
Loss on Sale of Asset	69,095	-
Loss on exchange fluctuation	2,38,127	4,19,954
Investment Advisory Fees	1,55,11,321	77,35,200
Miscellaneous expenses	3,72,18,668	1,49,72,019
<b>Total</b>	<b>37,82,13,499</b>	<b>31,94,39,995</b>

**Note: 21****Scheme expenses borne by the company**

<b>Particulars</b>	<b>2015-2016</b>	<b>2014-2015</b>
Registrar & Transfer Agent Fees	15,94,18,252	13,39,52,810
Upfront Brokerage	37,20,32,805	12,09,23,375
Trail Brokerage	49,42,02,019	-
Marketing & Other Expenses	20,50,11,495	18,03,31,888
<b>Total</b>	<b>123,06,64,571</b>	<b>43,52,08,073</b>

**Note: 22****GENERAL:**

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

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

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

(In ₹)

Particulars	31.03.2016	31.03.2015
Not later than one year	31,44,545	20,14,560
Later than one year and not later than five years	39,25,810	37,17,877
Later than five years	Nil	Nil

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

22.3 Miscellaneous Income includes an amount of ₹ 21,39,118/- pertaining to provision created in an earlier year, no longer required and written back (Previous Year – ₹ 3,00,000/-)

22.4 Miscellaneous expenses in Note 20 Includes Remuneration to Auditors:-

(In ₹)

Particulars	2015-16	2014-15
Statutory Audit	8,50,000	6,50,000
Tax Audit	3,40,000	2,60,000
Certification Fees	3,72,500	3,85,000
Total	15,62,500	12,95,000

**22.5 Related Parties****Holding Company:**

Sundaram Finance Limited

**Subsidiary Company:**

Sundaram Asset Management Singapore Pte 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.

Sundaram BNP Paribas Fund Services Limited.

Sundaram Insurance Broking Services Limited.

Sundaram BPO India Limited

Royal Sundaram General Insurance Company Limited

(w.e.f.29.07.2015)

**Associate:** Sundaram Mutual Fund**Key Management Personnel:** *Mr Harsha Viji*

Managing Director

*Mr. Sunil Subramaniam*

Chief Executive Officer

**Details of Related Parties Transactions for the year ended 31.03.2016**

(Amount in ₹)

Particulars	Holding Company		Fellow Subsidiaries / Associates		Key Management Personnel	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
<b>Income</b>						
Investment Management and Advisory Fees						
Sundaram Mutual Fund	—	—	2,18,82,93,919	1,37,72,49,186	—	—
Sundaram Asset Management Singapore Pte. Ltd (Grouped under Note 17 – Revenue from Operations)	—	—	9,42,850	6,82,478	—	—
Service Income	—	—	18,00,000	18,00,000	—	—
Sundaram Trustee Company Limited (Grouped under Note 19 – Employee Benefits)	—	—	—	—	—	—
<b>Total</b>	<b>—</b>	<b>—</b>	<b>2,19,10,36,769</b>	<b>1,37,97,31,664</b>	<b>—</b>	<b>—</b>
<b>Expenses</b>						
Rent and Office Maintenance						
Sundaram Finance Ltd (Grouped under Note 20 - Administrative Expenses - Rent)	2,11,63,910	1,99,21,206	—	—	—	—
PMS Brokerage (Grouped under Note 17 Portfolio Management Service Fees-Net)	1,99,91,857	31,58,190	—	—	—	—
Additional Incentive	1,73,89,747	17,77,949	—	—	—	—

Particulars	Holding Company		Fellow Subsidiaries / Associates		Key Management Personnel	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
<b>(Grouped under Note 21 -Scheme Expenses absorbed borne by the company)</b>						
Vehicle Lease Rental						
Sundaram Finance Ltd	30,26,970	18,54,957	—	—	—	—
<b>(Grouped under Note 20 - Administrative Expenses – Lease Rent)</b>						
Remuneration						
Key Personnel of the Company	—	—	—	—	1,58,42,200	2,00,00,000
<b>(Grouped under Note 19 - Employee Benefits)</b>						
Payroll processing and AMC Accounting Charges						
Sundaram BPO India Ltd	—	—	19,68,000	17,43,732	—	—
<b>(Grouped under Note 20 - Administrative Expenses – Miscellaneous Expenses)</b>						
Fund Accounting, Registrar and Transfer fees and Call Centre Charges						
Sundaram BNP Paribas Fund Services Ltd	—	—	24,15,69,228	17,80,54,419	—	—
<b>(Grouped under Note 20 - Administrative Expenses)</b>						
Collection Centre Charges & Training Centre Charges	7,000	66,740	—	—	—	—
Sundaram Finance Ltd						
<b>(Grouped under Note 20 - Administrative Expenses – Repairs and Maintenance Cost)</b>						
System Services Cost						
Sundaram Finance Ltd ( Sundaram Infotech Solutions )	14,47,652	18,03,652	—	—	—	—
<b>(Grouped under Note 20 - Administrative Expenses – Repairs and Maintenance Cost)</b>						
Maintenance of Website						
Sundaram Finance Ltd	—	—	—	—	—	—
<b>(Grouped under Note 20 - Administrative Expenses – Repairs and Maintenance Cost)</b>						
Internal, Concurrent and Audit Fees						
Sundaram Finance Ltd	10,00,000	9,00,000	—	—	—	—
<b>(Grouped under Note 20 - Administrative Expenses – Miscellaneous Expenses)</b>						
Investment Advisory Fees	—	—	1,55,11,321	77,35,200	—	—
Sundaram Asset Management Singapore Pte. Ltd						
<b>(Grouped under Note 20 - Administrative Expenses)</b>						
<b>Total</b>	<b>6,40,27,136</b>	<b>2,94,82,694</b>	<b>25,90,48,549</b>	<b>18,75,33,351</b>	<b>1,58,42,200</b>	<b>2,00,00,000</b>
<b>Assets</b>						
Receivable from Sundaram Trustee Co. Ltd	—	—	1,77,748	1,87,611	—	—
Receivable from Sundaram Asset Management Singapore Pte. Ltd	—	—	—	7,63,967	—	—
<b>(Grouped under Note 16 – Short Term Loans and Advances- Others)</b>						
Investment in Trust Securities at the end of the year						
Sundaram Mutual Fund	—	—	23,70,68,851	36,05,24,900	—	—
Investment in Subsidiary Company						
Sundaram Asset Management Singapore Pte. Ltd	—	—	26,67,83,270	22,29,32,270	—	—
<b>(Grouped under Note 13 – Current Investment)</b>						
<b>Total</b>	<b>—</b>	<b>—</b>	<b>50,40,29,869</b>	<b>58,44,08,748</b>	<b>—</b>	<b>—</b>

Particulars	Holding Company		Fellow Subsidiaries / Associates		Key Management Personnel	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
<b>Liabilities</b>						
Other Liabilities						
Sundaram Finance Ltd (Grouped under Note 7 – Trade Payables)	3,79,175	2,25,000	—	—	—	—
Sundaram BPO India Ltd	—	—	7,01,840	1,64,000	—	—
Sundaram BNP Paribas Fund Services Ltd (Grouped under Note 7 – Trade Payables)	—	—	2,83,99,670	2,58,95,473	—	—
Final Dividend	—	6,00,00,000	—	—	—	—
<b>Total</b>	<b>3,79,175</b>	<b>6,02,25,000</b>	<b>2,91,01,510</b>	<b>2,60,59,473</b>	<b>—</b>	<b>—</b>

22.6 a) The Managing Director Mr. Harsha Viji has been nominated by M/s. Sundaram Finance Limited the Holding company and no remuneration is borne by this company.

b) During the year, Sundaram Finance Ltd the holding company has incurred ₹ 19,01,563/- towards employee stock option scheme issued under M/s Sundaram Finance Stock Option Scheme, 2008 to employees of the company.

22.7 Earnings per Share (Basic and diluted)

Sl. No	Particulars		2015-2016	2014-2015
1.	Profit after tax ₹ (A)		4,41,87,677	21,69,31,446
2.	Number of shares (nominal value of ₹ 10/- each) (B)		2,00,00,000	1,53,58,800
3.	Earnings per share (Basic and diluted) – ₹ (A)/(B)		2.21	14.12
4.	Dividend proposed to be distributed – ₹		3,60,00,000	6,00,00,000
5.	Dividend per share – ₹		1.80	3.00

22.8 The Pending Litigation as of 31.03.2016 have been compiled by the company and reviewed by the Statutory Auditors. The effect of the current position of the litigation have been evaluated and appropriately considered and disclosed in the financial statement.

22.9 During the year, a fraud committed by an employee of the Portfolio Management Services division of the Company has resulted in a loss to the Company of ₹ 6,81,36,940/- from the year 2010 onwards through unauthorised diversion of brokerage and other charges. The services of the employee have been terminated and the company is taking steps to recover the amount. Pending recovery, an amount of ₹ 2,78,98,990/- has been grouped under Short Term Loans and Advances. An amount of ₹ 2,42,55,459/- has been charged to the Profit and Loss Account of the company of the current year out of which ₹ 60,58,470/- is included in the finance cost and the balance ₹ 1,81,96,989/- is grouped under Miscellaneous expenses. An

sum of ₹ 1,59,82,491/- stands debited to the Profit and Loss Account of the Company of the earlier years.

22.10 Sundaram Mutual Fund (SMF) had, during the year 2011-12, received Income Tax Recovery notices to the extent of ₹ 10,59,22,630/- pertaining to the Pass Through Certificates (PTCs) subscribed by the schemes of SMF during the financial year 2008-09 wherein IL & FS Trustee Company Ltd was the Trustee to the Securitisation Transaction. IL&FS's appeal before CIT (A) has been partially allowed. IL&FS has preferred an appeal and obtained stay from ITAT against order of CIT (A).

During the year 2012-13, similar notices were received for the Assessment Year 2010-11 to the extent of ₹ 43,91,908/-. SMF has obtained a stay order from the Hon'ble High Court of Mumbai against the recovery proceedings till the disposal of the appeals by the CIT (Appeals).

Based on the opinion obtained and considering the fact that the Mutual Fund schemes are exempt from Income Tax, no provision has been made in the books of accounts of the Company.

22.11 Contingent Liabilities: (In ₹)

Claims against the Company not acknowledged as debts	2015-2016	2014-2015
-Service Tax matters	₹ 43,02,372/-	₹ 6,22,00,904/-

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

22.13 Expenditure in foreign Currency on payments towards Salary, Rent, Travelling etc., – ₹ 4,43,07,036/- (31.03.15 – ₹ 4,27,08,968/-)

22.14 Earnings in Foreign Currency – Advisory fees earned ₹ 1,12,47,602/- (31.03.15 – ₹ 1,83,76,466/-)

22.15 Previous year figures have been regrouped / reclassified wherever necessary to confirm to the current years presentation.

For **Brahmayya & Co.**  
Chartered Accountants  
Firm Registration No: 000511S

**S Krishnamurthy**  
Director

**Harsha Viji**  
Managing Director

**P.Babu**  
Partner  
Membership No.203358

**Sunil Subramaniam**  
Chief Executive Officer

Chennai  
11th May, 2016

**P. Sundararajan**  
Company Secretary

**T.S.Sritharan**  
Chief Financial Officer

## Cash Flow Statement

For the Year ended 31.03.2016

(Amount in ₹)

Particulars	2015-2016	2014-2015
<b>A Cash Flow from Operating Activities :</b>		
Profit/(Loss) after tax	4,41,87,677	21,69,31,446
Add: Profit on sale of tangible assets	(1,03,761)	(6,09,727)
Financial Cost	3,09,39,638	1,08,41,881
Diminution in Value of Non Current Investments	10,67,13,308	-
Profit on sale of Non Current Investments	(1,50,48,732)	(93,26,947)
Loss on Sale of tangible Assets	69,095	-
Loss on sale of Current Investments	-	-
Depreciation	1,63,56,346	2,63,59,055
Income Tax	4,86,00,000	7,81,00,000
Deferred Tax	3,13,06,640	2,42,69,063
Interest Income	(4,53,171)	(3,53,888)
Dividend Income	-	(30,23,577)
Effect of foreign exchange rates on cash and cash equivalents	27,481	2,72,714
<b>Operating Profit Before Working Capital Changes</b>	<b>26,25,94,522</b>	<b>34,34,60,020</b>
(Increase) / Decrease in Current Assets	-	-
(Increase) / Decrease in Long Term Loan and Advances	92,99,105	(41,33,32,118)
(Increase) / Decrease in Short Term Loan and Advances	(16,06,56,581)	(33,70,32,012)
(Increase) / Decrease in Trade Receivables	(4,29,36,984)	4,05,30,793
Increase / (Decrease) in Current Liabilities (Trade Payables)	16,32,17,166	(2,82,78,224)
Increase / (Decrease) in Other Long Term Liabilities	(62,26,000)	(14,76,000)
Increase / (Decrease) in Long Term Liabilities Borrowings	(13,60,60,611)	13,60,60,611
Increase / (Decrease) in Current Liabilities (Other current liabilities)	(9,12,16,926)	22,86,74,553
Increase / (Decrease) in Current Liabilities (Short Term Provisions)	15,61,040	(2,10,401)
<b>Cash generated from Operations</b>	<b>(26,30,19,792)</b>	<b>(37,50,62,798)</b>
Financial Cost	(3,09,39,638)	(1,08,41,881)
Direct Taxes Paid	-	-
<b>Net Cash From Operating Activities</b>	<b>(3,13,64,908)</b>	<b>(4,24,44,659)</b>



## Cash Flow Statement

For the Year ended 31.03.2016

(Amount in ₹)

Particulars	2015-2016	2014-2015
<b>B Cash flow from investing activities</b>		
Purchase / Sale of Current Investments	12,46,39,003	(3,73,94,094)
Purchase / Sale of Non Current Investments	(4,50,87,933)	(15,74,99,759)
Purchase of Fixed Assets - Tangible	(1,06,02,240)	(2,48,14,198)
Purchase of Fixed Assets - In-Tangible	(2,04,750)	-
Sale of Fixed Assets - Tangible	1,84,498	14,86,656
Profit on Sale of Non-Current Investments	1,50,48,732	93,26,947
Loss on Sale of Current Investments	-	-
Dividend Income	-	30,23,577
Interest Income	4,53,171	3,53,888
<b>Net Cash From Investing Activities</b>	<b>8,44,30,481</b>	<b>(20,55,16,983)</b>
<b>C Cash flow from financing activities</b>		
Dividend paid (including corporate dividend tax)	(7,22,14,588)	(5,38,17,337)
Increase in Share Capital	-	4,66,67,710
Increase in Share Premium	-	27,06,72,718
<b>Net Cash From Financing Activities</b>	<b>(7,22,14,588)</b>	<b>26,35,23,091</b>
<b>Net Increase / (Decrease) In Cash &amp; Cash Equivalents - (A) + (B) + (C)</b>	<b>(1,91,49,015)</b>	<b>1,55,61,449</b>
<b>Cash And Cash Equivalents At The Beginning Of The Year</b>	<b>3,07,57,940</b>	<b>1,51,96,491</b>
<b>Cash And Cash Equivalents At The End Of The Year</b>	<b>1,16,08,925</b>	<b>3,07,57,940</b>
<b>Note : Cash &amp; Cash Equivalents comprise the following :</b>		
a. Cash on hand	78,626	95,374
b. Balances with Banks in Current accounts	1,15,30,299	1,56,62,566
c. Fixed Deposits	-	1,50,00,000
<b>Total</b>	<b>1,16,08,925</b>	<b>3,07,57,940</b>

For **Brahmayya & Co.**  
Chartered Accountants  
Firm Registration No: 000511S

**P.Babu**  
Partner  
Membership No.203358

Chennai  
11th May, 2016

**S Krishnamurthy**  
Director

**Sunil Subramaniam**  
Chief Executive Officer

**P. Sundararajan**  
Company Secretary

**Harsha Viji**  
Managing Director

**T.S.Sritharan**  
Chief Financial Officer

## FORM AOC - 1

[Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of the Companies (Accounts) Rules, 2014]

## Statement containing salient features of the financial statement of subsidiaries / associate companies/ joint ventures

## PART "A" : Subsidiaries

₹ in Lakhs

1	Sl. No	1
2	Name of the Subsidiary	M/s Sundaram Asset Management Singapore Pte. Ltd.
3	Reporting Period for the subsidiary concerned, if different from the holding company's reporting period	NA
4	Reporting Currency and Exchange Rate as of the last date of the relevant Financial Year in the case of foreign subsidiaries	Singapore Dollars Exchange rate as on 31/03/2016 ₹ 49.26
5	Share Capital	56,30,001
6	Reserves & Surplus	-51,54,436
7	Total Assets	8,11,183
8	Total Liabilities	8,11,183
9	Investments	2,52,307
10	Turnover	10,88,958
11	Profit before Taxation	-11,64,968
12	Provision for Taxation	-
13	Profit after Taxation	-11,64,938
14	Proposed Dividend	-
15	% of Shareholding	100%

## PART "B" : Associates &amp; Joint Ventures

## Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates / Joint Ventures		
1.	Latest Audited Balance Sheet Date	Not Applicable
2.	Share of Associate / Joint Ventures held by the company on the year end. No. Amount of Investment in Associates / Joint Ventures Extent of Holding %	
3.	Description of how there is significant influence	
4.	Reason why the associate/joint venture is not consolidated	
5.	Networth attributable to share holding as per latest audited balance sheet.	
6.	Profit / Loss for the year i. Considered in Consolidation. ii. Not Considered in Consolidation.	

**S Krishnamurthy**  
Director

**Harsha Viji**  
Managing Director

**Sunil Subramaniam**  
Chief Executive Officer

**P. Sundararajan**  
Company Secretary

**T.S.Sritharan**  
Chief Financial Officer

Chennai  
11th May, 2016

**Branches**

<b>Ahmedabad</b>	<b>Kolkatta-2</b>
<b>Bangalore</b>	<b>Lucknow</b>
<b>Baroda</b>	<b>Ludhiana</b>
<b>Bhilai</b>	<b>Madurai</b>
<b>Bhopal</b>	<b>Mangalore</b>
<b>Bhubaneshwar</b>	<b>Mumbai-4</b>
<b>Calicut</b>	<b>Mysore</b>
<b>Chandigarh</b>	<b>Nagpur</b>
<b>Chennai</b>	<b>Nasik</b>
<b>Cochin</b>	<b>Patna</b>
<b>Coimbatore</b>	<b>Pondy</b>
<b>Dehradun</b>	<b>Pune</b>
<b>Delhi</b>	<b>Raipur</b>
<b>Durgapur</b>	<b>Rajkot</b>
<b>Goa</b>	<b>Ranchi</b>
<b>Guwahati</b>	<b>Salem</b>
<b>Hyderabad</b>	<b>Surat</b>
<b>Indore</b>	<b>Trichy</b>
<b>Jaipur</b>	<b>Trivandrum</b>
<b>Jamshedpur</b>	<b>Vijayawada</b>
<b>Jodhpur</b>	
<b>Kanpur</b>	



**Sundaram Asset Management Singapore Pte. Ltd.**  
**Registration Number 201111900M**

**Annual Report**  
Year ended 31 March 2016



## Directors Report

### Directors' statement

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 March 2016.

In our opinion:

- (a) the financial statements set out on pages FS1 to FS19 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2016 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

### Directors

The directors in office at the date of this statement are as follows:

Ng Teck Sim Colin  
Tallam Puranam Raman  
Sunil Subramaniam  
Vijayendiran Ranganatha Rao  
Benoy Philip

### Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), particulars of interests of director who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants or share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
<b>Ordinary shares</b>		
<b>Tallam Puranam Raman</b>		
Sundaram Finance Ltd		
- interests held	9,128	9,128

Sundaram Asset Management Company Ltd

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
- interests held	1	-
<b>Ordinary shares</b>		
<b>Sunil Subramaniam</b>		
Sundaram Finance Ltd		
- interests held	500	500
<b>Ranganatha Rao Vijayendiran</b>		
Sundaram Finance Ltd		
- interests held	1,400	1,400
<b>Options to subscribe to ordinary shares</b>		
<b>Sunil Subramaniam</b>		
Sundaram Finance Ltd		
- INR 10 per share between	500	1,000

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the year or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### Share options

During the financial year, there were:

- no options granted by the Company to any person to take up unissued shares in the Company; and
- no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

### Auditors

The auditors, KPMG LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

**Vijayendiran Ranganatha Rao**  
Chief Executive Officer

**Benoy Philip**  
Director

29 April 2016



**KPMG LLP**  
16 Raffles Quay #22-00  
Hong Leong Building  
Singapore 048581

Telephone +65 6213 3388  
Fax +65 6225 0984  
Internet www.kpmg.com.sg

## Independent auditors' report

To the member of Sundaram Asset Management Singapore Pte. Ltd.

### Report on the financial statements

We have audited the accompanying financial statements of Sundaram Asset Management Singapore Pte. Ltd. (the "Company"), which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages FS1 to FS19.

### Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at 31 March 2016 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

### Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

### KPMG LLP

Public Accountants and  
Chartered Accountants

### Singapore

29 April 2016

KPMG LLP (Registration No. T08LL1267L), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A) and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.



## Statement of financial position

As at 31 March 2016

	Note	2016 \$	2015 \$
<b>Non-current assets</b>			
Plant and equipment	4	4,361	3,232
		<u>4,361</u>	<u>3,232</u>
<b>Current assets</b>			
Trade and other receivables	5	135,941	156,087
Cash and cash equivalents	6	670,881	985,119
		<u>806,822</u>	<u>1,141,206</u>
<b>Total assets</b>		<u>811,183</u>	<u>1,144,438</u>
<b>Equity</b>			
Share capital	7	5,630,001	4,730,001
Accumulated losses		(5,154,436)	(3,989,468)
<b>Total equity</b>		<u>475,565</u>	<u>740,533</u>
<b>Current liability</b>			
Other payables	8	335,618	403,905
<b>Total liability</b>		<u>335,618</u>	<u>403,905</u>
<b>Total equity and liabilities</b>		<u>811,183</u>	<u>1,144,438</u>

## Statement of comprehensive income

Year ended 31 March 2016

	Note	2016 \$	2015 \$
Revenue	9	1,077,083	380,715
Other income		11,875	1,163
		<u>1,088,958</u>	<u>381,878</u>
Staff costs		(1,329,826)	(1,198,037)
Depreciation expense	4	(3,417)	(23,891)
Operating lease expense		(77,248)	(78,990)
Investor introduction and marketing expense		(501,197)	(408,540)
Other operating expenses		(342,238)	(274,821)
<b>Loss before tax</b>	10	<u>(1,164,968)</u>	<u>(1,602,401)</u>
Tax expense	11	–	–
<b>Loss for the year</b>		<u>(1,164,968)</u>	<u>(1,602,401)</u>
<b>Other comprehensive income for the year</b>		–	–
<b>Total comprehensive income for the year</b>		<u>(1,164,968)</u>	<u>(1,602,401)</u>

The accompanying notes form an integral part of these financial statements.

## Statement of changes in equity

Year ended 31 March 2016

	Note	Share Capital \$	Accumulated Losses \$	Total \$
At 1 April 2014		3,175,001	(2,387,067)	787,934
Loss for the year		–	(1,602,401)	(1,602,401)
<b>Total comprehensive income for the year</b>		–	(1,602,401)	(1,602,401)
<b>Transactions with owners, recognised directly in equity</b>				
Issue of ordinary shares	7	1,555,000	–	1,555,000
Total transactions with owners		1,555,000	–	1,555,000
At 31 March 2015		4,730,001	(3,989,468)	740,533
At 1 April 2015		4,730,001	(3,989,468)	740,533
Loss for the year		–	(1,164,968)	(1,164,968)
<b>Total comprehensive income for the year</b>		–	(1,164,968)	(1,164,968)
<b>Transactions with owners, recognised directly in equity</b>				
Issue of ordinary shares	7	900,000	–	900,000
Total transactions with owners		900,000	–	900,000
At 31 March 2016		5,630,001	(5,154,436)	475,565

## Statement of cash flows

Year ended 31 March 2016

	Note	2016 \$	2015 \$
<b>Cash flows from operating activities</b>			
Loss before tax		(1,164,968)	(1,602,401)
Adjustments for:			
Depreciation		3,417	23,891
Interest income		(1,661)	(1,163)
		(1,163,212)	(1,579,673)
Changes in working capital:			
Trade and other receivables		21,807	(24,240)
Other payables		(68,287)	297,055
<b>Net cash used in operating activities</b>		(1,209,692)	(1,306,858)
<b>Cash flows from investing activities</b>			
Interest received		–	1,163
Purchase of plant and equipment	4	(4,546)	(2,436)
<b>Net cash used in investing activities</b>		(4,546)	(1,273)
<b>Cash flow from financing activity</b>			
Proceeds from issue of ordinary shares	7	900,000	1,555,000
<b>Net cash generated from financing activity</b>		900,000	1,555,000
<b>Net (decrease)/increase in cash and cash equivalents</b>		(314,238)	246,869
Cash and cash equivalents at beginning of year		985,119	738,250
<b>Cash and cash equivalents at end of year</b>	6	670,881	985,119

## Notes to the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 29 April 2016.

### 1 Domicile and activities

Sundaram Asset Management Singapore Pte. Ltd. (the "Company") is a company incorporated in Singapore. The address of the Company's registered office is 47 Hill Street, #03-01, Singapore Chinese Chamber of Commerce & Industry Building, Singapore 179365.

The immediate and ultimate holding companies are Sundaram Asset Management Company Limited and Sundaram Finance Limited respectively, both of which incorporated in the Republic of India.

The principal activities of the Company are those relating to the provision of fund management and related services, for which the Company holds a Capital Markets Services Licence granted by the Monetary Authority of Singapore ("MAS").

The Company continues to manage its first fund, Sundaram India Midcap Fund. Sundaram India Midcap Fund is a USD denominated, daily dealing fund domiciled in Singapore and its investment objective is to invest in India listed midcap equity stocks.

During the year, the Company launched its second fund, Sundaram Global Brand Fund from its Singapore platform. Sundaram Global Brand Fund is a USD denominated, daily dealing fund domiciled in Singapore and its investment objective is to invest in the equities of 30 global brands across the world.

### 2 Basis of preparation

#### 2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

#### 2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis.

#### 2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the Company's functional currency.

#### 2.4 Use of estimates and judgements

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

### 3 Significant accounting policies

#### 3.1 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### 3.2 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognized in profit or loss.

#### 3.3 Financial instruments

##### **Non-derivative financial assets**

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the

trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the loans and receivables category.

#### **Loans and receivables**

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and fixed deposits with bank.

#### **Non-derivative financial liabilities**

All other financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise other payables.

#### **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

### **3.4 Impairment**

#### **Non-derivative financial asset**

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Company, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Company considers evidence of impairment for loans and receivables at both a specific and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### **Non-financial assets**

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks

specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

### *3.5 Employee benefits*

#### **Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

#### **Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

### 3.6 *Plant and equipment*

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Depreciation is based on the cost of an asset. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment.

The estimated useful lives for the current and comparative periods are as follows:

Furniture and fittings	3 years
Office equipment	3 years
Computer equipment	3 years

Depreciation methods and useful lives are reviewed, at the end of each reporting period and adjusted if appropriate.

### 3.7 *Revenue recognition*

Revenue, which comprises of investment advisory fee and investment management fee, is recognised in profit or loss on an accrual basis when services are rendered. Investment management fee rates are applied to the value of assets under management to compute the related revenue.

### 3.8 *Investor introduction and marketing expense*

The investor introduction and marketing expense is recognised on an accrual basis when services are received.

### 3.9 *Lease payments*

Payments made under operating leases are recognised in profit or loss on a straight-line basis

over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

### 3.10 *Finance income*

Finance income comprises interest income on funds invested (including available-for-sale financial assets). Interest income is recognised as it accrues in profit or loss, using the effective interest method. Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

### 3.11 *Tax*

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects either accounting nor taxable profit or loss.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

### 3.12 Key management personnel

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The board of directors and senior management are considered as key management personnel of the Company.

### 3.13 New accounting standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2015, and have not

been applied in preparing these financial statements. The Company is currently assessing the potential impact of adopting these new standards and interpretations, on the financial statements of the Company.

The new standards include, among others, FRS 115 Revenue from Contracts with Customers and FRS 109 Financial Instruments which are mandatory for the adoption by the Company on 1 January 2018.

- FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces a new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 Revenue, FRS 11 Construction Contracts, INT FRS 113 Customer Loyalty Programmes, INT FRS 115 Agreements for the Construction of Real Estate, INT FRS 118 Transfers of Assets from Customers and INT FRS 31 Revenue – Barter Transactions Involving Advertising Services.
- FRS 109 replaces most of the existing guidance in FRS 39 Financial Instruments: Recognition and Measurement. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

As FRS 115 and FRS 109, when effective, will change the existing accounting standards and guidance applied by the Company in accounting for revenue and financial instruments, these standards are expected to be relevant to the Company. The Company is assessing the potential impact on its financial statements and to implement the standards. The Company does not plan to adopt these standards early.

**4 Plant and equipment**

	Furniture and fittings \$	Office equipment \$	Computer equipment \$	Total \$
<b>Cost</b>				
At 1 April 2014	57,220	5,689	6,710	69,619
Additions	–	–	2,436	2,436
At 31 March 2015	57,220	5,689	9,146	72,055
Additions	–	1,698	2,848	4,546
At 31 March 2016	57,220	7,387	11,994	76,601
<b>Accumulated depreciation</b>				
At 1 April 2014	37,508	3,494	3,930	44,932
Depreciation for the year	19,073	1,896	2,922	23,891
At 31 March 2015	56,581	5,390	6,852	68,823
Depreciation for the year	639	694	2084	3,417
At 31 March 2016	57,220	6,084	8,936	72,240
<b>Carrying amount</b>				
At 1 April 2014	19,712	2,195	2,780	24,687
At 31 March 2015	639	299	2,294	3,232
At 31 March 2016	–	1,303	3,058	4,361

**5 Trade and other receivable**

	2016 \$	2015 \$
Trade receivables	73,325	41,681
Amount due from immediate holding company (trade)	–	40,000
Security deposits	33,044	34,388
Other receivables	5,291	15,854
Loans and receivables	111,660	131,923
Prepayments	24,281	24,164
	135,941	156,087

Trade and other receivables are neither past due nor impaired. Amount due from immediate holding company was unsecured, non-interest bearing and repayable on demand.

**6 Cash and cash equivalents**

	2016 \$	2015 \$
Cash at bank	418,574	732,812
Fixed deposits with bank	252,307	252,307
	670,881	985,119

**7 Share capital**

	2016 Number of shares	2015 Number of shares
Issued and fully paid shares with no par value:		
At 1 April	4,730,001	3,175,001
Issued for cash during the year	900,000	1,555,000
At 31 March	5,630,001	4,730,001

**Issue of ordinary shares**

During the year, the Company issued 900,000 (2015: 1,555,000) ordinary shares for a cash consideration of \$ 900,000 (2015:\$1,555,000).

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

**Capital management**

The Company defines "capital" to be share capital and accumulated profits. The immediate holding company ensures that the Company has adequate capital in order to meet its obligations and to sustain the operations of the Company. The Company is subject to externally imposed minimum base capital requirements under Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licenses) Regulations.

The Company has complied with the base capital and financial resources requirements.

**8 Other payables**

	2016 \$	2015 \$
Amount due to immediate holding company	–	16,791
Accrued expenses	331,988	260,577
Others	3,630	126,537
	335,618	403,905

Amounts due to immediate holding company and a director are unsecured, interest-free and repayable on demand.

**9 Revenue**

	2016 \$	2015 \$
Investment management fees	757,083	220,715
Investment advisory fees from immediate holding company	320,000	160,000
	1,077,083	380,715



**10 Loss before tax**

The following items have been included in arriving at loss before tax:

	2016	2015
	\$	\$
Contribution to a defined contribution plans included in staff costs	39,191	41,737
Depreciation expense	3,417	23,891
Legal and professional fee	133,412	106,584
Subscription and licence fee	48,651	42,215
Travelling expenses	49,641	25,034
Foreign exchange loss/(gain), net	7,075	(10,027)

**11 Tax expense**

	2016	2015
	\$	\$

**Current tax expense**

Current year	–	–
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**Reconciliation of effective tax rate**

Loss before tax	(1,164,968)	(1,602,401)
Income tax using the Singapore tax rate of 17% (2015: 17%)	(198,045)	(272,408)
Non-deductible expenses	581	4,061
Current year losses for which no deferred tax asset was recognised	197,464	268,347
	–	–

Unutilised tax losses amounting to \$4,490,621 (2015: \$3,329,068) are available for set off against taxable profits of future periods subject to compliance with the provisions of Section 37 read with Section 14U of the Singapore Income Tax Act, Chapter 134 and agreement with the Inland Revenue Authority of Singapore.

Deferred tax assets have not been recognised in respect of these tax losses because it is not probable that future taxable profits will be available against which the Company can utilise the benefits.

**12 Commitments****Operating lease commitment**

At the end of the reporting period, the Company has

commitments for future minimum lease payments under non-cancellable operating leases in respect of premises as follows:

	2016	2015
	\$	\$
Within 1 year	104,402	108,396
After 1 year but within 5 years	–	53,400
	104,402	161,796

**13 Related parties**

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The compensation details of key management personnel are as follows:

	2016	2015
	\$	\$
Director's fees	35,000	35,000
Remuneration and short-term employee benefits	794,494	721,940
Contribution to a defined contribution plan	10,260	15,809

**14 Financial risk management****Overview of risk management**

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks.

The Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

**Credit risk***Exposure to credit risk*

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company has no significant exposures to credit risk at the balance sheet date.

Concentration of credit risk exist when a number of counterparties are engaged in similar activities, or operate in the same geographical areas or industry sectors and have

similar economic characteristics so that their ability to meet contractual obligations is similarly affected by changes in economic, political or other conditions.

As at reporting date, there were no significant concentrations of credit risks. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. Cash is placed with a bank which has reputable credit standing.

The ageing of loans and receivables at the reporting date was:

	2016		2015	
	Gross	Impairment losses	Gross	Impairment losses
	\$	\$	\$	\$
Not past due	109,999	–	131,923	–

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages the liquidity structure of its assets, liabilities and commitments so that cash flows are appropriately balanced and all funding obligations are met when due. The carrying amounts of the financial liabilities as at 31 March 2016 and 31 March 2015 approximates their contractual cash flows and are repayable on demand or due within 6 months from the end of the reporting period.

#### Currency risk

As the functional currency of the Company is the Singapore dollar, the Company is exposed to currency risk on asset and liabilities that are denominated in currencies other than Singapore dollar.

The Company's exposure to foreign currency is mainly in United States dollars (US\$) as follows:

	Profit or loss	
	2016	2015
	\$	\$
United States dollars	(9,791)	(4,413)

#### Interest rate risk

##### Risk management policy

The Company's earnings are affected by changes in market interest rates mainly arising from its bank deposits. The Company does not have a formal policy to hedge its exposure to changes in interest rates on borrowings on a fixed-rate basis.

##### Exposure to interest rate risk

At the end of the reporting period, the interest rate profile of the interest-bearing financial instruments, as reported to the management, was as follows:

	Carrying amount	
	2016	2015
	\$	\$

#### Fixed rate instrument

Fixed deposits	252,307	252,307
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#### Sensitivity analysis for interest bearing instruments

The Company is not exposed to significant interest rate risk, since it has no variable interest rate instruments or such borrowings as at the end of the year. Accordingly, in the assessment of the Management, there is no significant interest rate risk for the Company.

#### Estimation of fair values

The carrying amounts of financial assets and financial liabilities as disclosed in the statement of financial position approximate their fair values because of their short period of maturity.

#### Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Note	Loan and	Other	Total	Fair
		receivables	financial	carrying	value
		\$	\$	\$	\$
<b>2016</b>					
Trade and other receivables	5	111,660	–	111,660	111,660
Cash and cash equivalents	6	670,881	–	670,881	670,881
Other payables	8	–	(186,918)	(186,918)	(186,919)
		782,541	(186,918)	595,623	595,623
<b>2015</b>					
Trade and other receivables	5	131,923	–	131,923	131,923
Cash and cash equivalents	6	985,119	–	985,119	985,119
Other payables	8	–	(403,905)	(403,905)	(403,905)
		1,117,042	(403,905)	713,137	713,157

The carrying amounts of the Company's financial assets and financial liabilities as at 31 March 2016 and 31 March 2015 is a reasonable approximation of their fair values. A fair value hierarchy for financial assets and financial liabilities not carried at fair value but for which fair values are disclosed is not presented as the financial assets' and financial liabilities' carrying amounts measured on the amortised cost basis approximates their fair values due to the short period to maturity.



