

Sundaram Finance Limited

58th Annual Report
2010-11



SUNDARAM FINANCE
Enduring values. New age thinking.

Board of Directors

S Viji	Chairman
S Ram	
T R Seshadri	
N Venkataramani	
P N Venkatachalam	
S Prasad	
S Ravindran	
Aroon Raman	
Srinivas Acharya	
T T Srinivasaraghavan	Managing Director
Harsha Viji	Director (Strategy & Planning)

Audit Committee

S Prasad	Chairman
S. Ravindran	
S Viji	

Share Transfer & Investor Relations Committee

S Prasad	Chairman
T T Srinivasaraghavan	
Srinivas Acharya	

Compensation Committee

S Ravindran	Chairman
Aroon Raman	
T T Srinivasaraghavan	

Risk Management Committee

T T Srinivasaraghavan	Chairman
Srinivas Acharya	
S Venkatesan	
A N Raju	
M Ramaswamy	
Harsha Viji	

Asset Liability Management Committee

T T Srinivasaraghavan	Chairman
Srinivas Acharya	
S Venkatesan	
A N Raju	
M Ramaswamy	

CFO & Secretary

S Venkatesan

Auditors

M/s. Brahmaya & Co., Chartered Accountants
48, Masilamani Road, Balaji Nagar, Royapettah, Chennai 600 014

Information Security Assurance Services

M/s. Tejas Brainware Systems (P) Ltd.,
'Lakshmi Bagh', New No.28, Old No.19, Second Main Road
C.I.T. Colony, Mylapore, Chennai 600 004

Registered Office

21, Patullos Road, Chennai - 600 002
Tel: 044 2852 1181, Fax: 044 2858 6641
Website : www.sundaramfinance.in

Management Team

S Venkatesan	CFO & Secretary
P S Raghavan	Executive Director & Head – Sundaram Business Services
A N Raju	Executive Director
Paramesh Krishnaier	Executive Director
K Swaminathan	Executive Director (Sundaram Infotech Solutions)
M Ramaswamy	Executive Director & Head – Treasury
Malli J. Sivakumar	Senior Vice President (Sundaram Infotech Solutions)
V K Raman	Senior Vice President & Head – Group Internal Audit
P Viswanathan	Deputy Secretary & Compliance Officer
S Ravindran	Vice President (Operations)
S Srinivasan	Vice President & Head – Leasing
S Sivakumar	Vice President (Operations)
Shridhar Iyer	Vice President
M J Kulkarni	Vice President & Head – Western Region
K Sankarakumar	Vice President & Head – Distribution
D Ravindran	Vice President (Sundaram Infotech Solutions)
Rajesh Venkat	General Manager & Head (Projects)
V P R V P Varma	General Manager (Operations)
H Venkatesan	General Manager (Audit)
Balachander Gopinath	General Manager & Head – Kerala Region
S Krishnamurthy	General Manager & Head – Tamil Nadu (South)
C Balasubramanian	General Manager & Head – Tamil Nadu (West)
S Mahadevan	General Manager & Head – Personnel and Administration
G Vaikuntam	General Manager & Head – Quality & Process Improvement
S Balasubramanian	General Manager & Head – Andhra Region
N Ramachandran	General Manager & Head – Central Region
S Srinivasan	General Manager (Operations)
N Veeraraghavan	General Manager (Information Systems)
Venkatesh Kumaraswami	General Manager (Services)
S Sridhar	General Manager (Treasury)
Subramaniam Ravi	General Manager - Special Projects

Subsidiaries

Sundaram BNP Paribas Home Finance Limited	LGF Services Limited
Sundaram Asset Management Company Limited	Sundaram Infotech Solutions Limited
Sundaram Trustee Company Limited	Sundaram Business Services Limited
Sundaram Finance Distribution Limited	Professional Management Consultants Limited
Infreight Logistics Solutions Limited –	Sundaram BNP Paribas Fund Services Limited
Sundaram Parekh Warehousing Services Limited –	Sundaram Insurance Broking Services Limited

Bankers

State Bank of India	Axis Bank Ltd.
State Bank of Travancore	HDFC Bank Ltd.
State Bank of Patiala	ICICI Bank Ltd.
State Bank of Hyderabad	The Hongkong and Shanghai Banking Corporation Ltd.
Bank of India	Standard Chartered Bank
IDBI Bank Ltd.	Citibank N. A
Indian Overseas Bank	The Royal Bank of Scotland N.V
Canara Bank	Bank of America
United Bank of India	

Debenture Trustee

IDBI Trusteeship Services Limited
Asian Building, Ground Floor
17, R. Kamani Marg, Ballard Estate, Mumbai 400 001

CURRENCY EQUIVALENTS

₹ One Million =	₹ 10 Lakhs	US\$ 1 =	Indian ₹ 44.65*
₹ One Billion =	₹ 100 Crores or		*RBI Reference Rate as on 31.03.2011
	₹ 10,000 Lakhs		

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SUNDARAM FINANCE
Enduring values. New age thinking.

A member of the



International Finance & Leasing Association

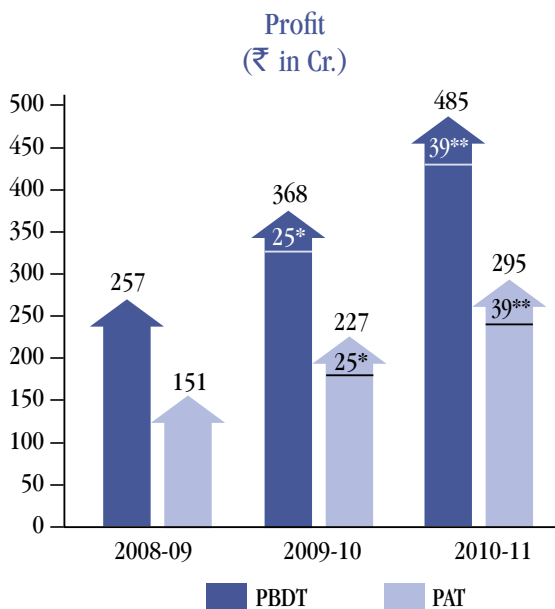
Directors' Report

Your directors have pleasure in presenting the 58th Annual Report with audited accounts for the year ended 31st March 2011. The summarised financial results of the Company are given hereunder:

FINANCIAL RESULTS:

(₹ in Cr.)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Income from Operations	1370.78	1204.15
Profit on Sale of Shares	–	25.39
Other Income	79.63	41.42
Total Income	1450.41	1270.96
Less: Total Expenditure	1020.04	947.49
Profit before Tax	430.37	323.47
Profit after Tax	295.23	226.75
Surplus brought forward	61.02	41.96
Transfer from Special Reserve	–	76.00
Amount available for appropriation	356.25	344.71
Appropriations have been made as under:		
Transfers to:		
– Statutory Reserve	59.10	45.40
– General Reserve	154.79	175.00
Dividend – Interim	38.89	33.33
Final (Proposed)	38.89	22.22
Dividend Tax	4.45	7.74
Surplus carried to balance sheet	60.13	61.02
	356.25	344.71

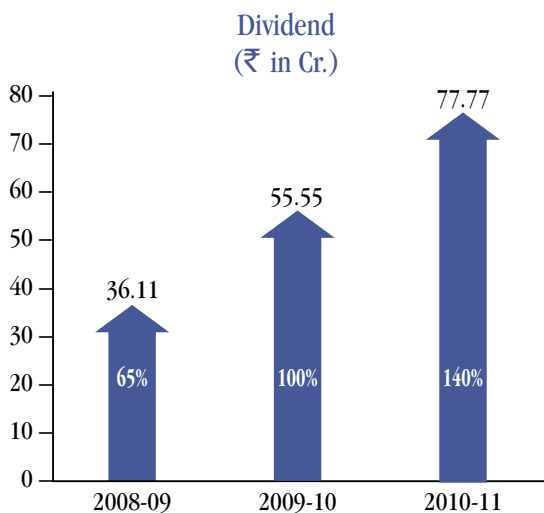


* Profit on sale of shares.

** Special Dividend received from a Subsidiary Company.

DIVIDEND

Your Company paid a tax-free interim dividend of ₹ 7/- per share (70% on the face value of ₹ 10/-). Your directors are now pleased to recommend a final dividend of ₹ 7/- per share (70% on the face value of ₹ 10/-). This, together with the interim dividend, aggregates to a total dividend of ₹ 14/- per share (140% on the face value of ₹ 10/-) for the financial year ended 31st March 2011, on the paid-up capital of ₹ 55.55 cr.



CORPORATE GOVERNANCE

3 > abq^fiba obml oq lk `lom lo^qb dlsbok^k`b ql dbqeb o t fje ^ certificate from the Statutory Auditors, in compliance with Clause 49 of the Listing Agreement, is attached as part of this report.

3 @l j mif^k`b obml oq qk obpmb`q lc ^ii i^ t p ^mmif`^_ib ql qeb Company have been reviewed by the Board of Directors.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The global economy grew at 3.7% in 2010-11, belying earlier expectations of higher growth. While the Asian economies, with the exception of Japan, grew in excess of 7%, the developed economies such as the US, UK and Europe reported lower growth in the range of 3 to 4%. The Asian economies, it may be recalled, were less affected by the recession during the last two years thereby enabling a faster return to normalcy. Further, these economies were supported by strong domestic demand and rapid growth in service exports. The Japanese economy, which was slowly progressing towards recovery, was badly affected by the recent earthquake, tsunami and nuclear accidents. These tragedies are likely to affect the global economy as well, especially the automobile sector. All the emerging economies were impacted by rising oil, food and commodity prices forcing several Central Banks to take a series of anti inflationary measures.

INDIAN ECONOMY

India's GDP growth in 2010-11 has been estimated at 8.6% with the agriculture, industry and services sectors registering growth rates of 5.4%, 7.8% and 9.5% respectively. GDP growth is estimated to average 8.2% over the 11th Plan as against 7.7% during the previous Plan. Though the performance fell short of the 9% target at the beginning of the Plan, it is to be viewed in light of the unprecedented crisis which derailed the global economy. GDP growth during the 12th Plan period has been indicated in the range of 9 to 9.5%, reflective of the growth imperatives of an emerging economy.

Thanks to the higher than anticipated non-tax revenue from 3G spectrum auctions, the fiscal deficit was lower at 5.1% of GDP for the year 2010-11 and is budgeted to drop to 4.6% of the GDP for the year 2011-12. The estimated revenue deficit for the year 2010-11 was also lower at 3.4% of GDP. Exports grew by nearly 28.7% during April- March, while imports have grown at a lower level of 20.3%, indicative of a strong revival in external trade. This is expected to continue in the wake of the continuing global recovery and domestic demand. The current account deficit during the first nine months of the fiscal year was sharply higher but has since narrowed. With capital inflows projected to be healthy, India's balance of payments position is likely to remain comfortable.

Inflation, based on Wholesale Price Index (WPI), showed signs of easing from August 2010, after remaining in double digits in April - July 2010. With food and commodity inflation remaining high, inflation based on WPI, which came down to 8.3% in February 2011, has risen again to 8.55% during May 2011. With global crude oil and commodity prices remaining volatile, RBI has indicated that inflation is expected to be close to 9% in the first half of 2011-12, moderating to 6% by the end of the year. While the bumper crop of last year and the promise of a normal monsoon this year should address the issue of adequacy of food grain stocks, storage, distribution and affordability will continue to be challenges and will have a significant bearing on inflation.

While the Reserve Bank of India has continued the process of exiting from the expansionary monetary policy, it has focussed its attention on controlling inflation. Between April 2010 and May 2011, RBI revised its policy rates seven times, raising Repo rates from 5.25% to 7.25% and Reverse Repo rates from 3.75% to 6.25%.

The stance of the monetary policy announced by RBI in May 2011 is clearly aimed at inflation targeting. The key priorities as set out by the policy are:

1. To maintain an interest rate environment that moderates inflation and anchors inflation expectations.
2. To foster an environment of price stability that is conducive to sustaining growth in the medium-term, coupled with financial stability.

3. To manage liquidity in order to ensure that it remains broadly in balance, with neither a large surplus diluting monetary transmission nor a large deficit choking off fund flows.

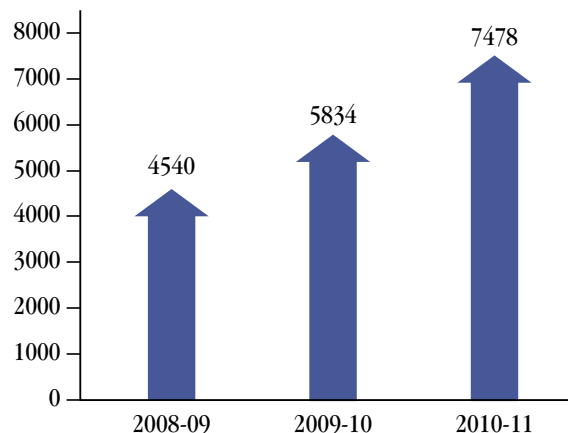
AUTOMOTIVE SECTOR

Sales of medium and heavy commercial vehicles (M/HCV) registered an increase of 32% during 2010-11, aided in large measure by the new emission norms that took effect from October 2010, as against 33% during 2009-10. Sales of light commercial vehicles (LCV) witnessed a lower growth rate of 23% as against 43% during 2009-10. Sales of Cars and multi-utility vehicles (PCs) recorded 29% growth in 2010-11 as against 25% in 2009-10.

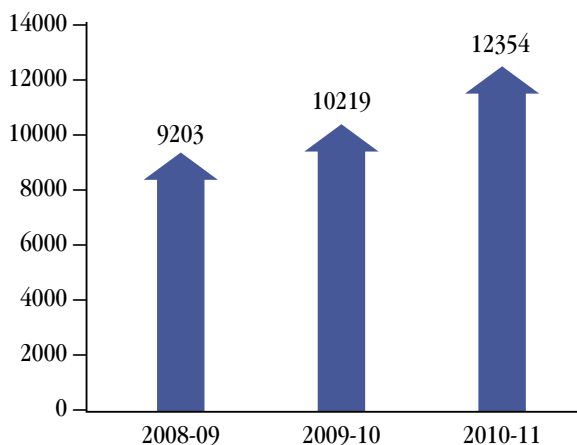
OPERATING & FINANCIAL PERFORMANCE

Your Company's hire purchase and loan disbursements at ₹ 7478 cr. for the year, registered a growth of 28%, over the previous year's figure of ₹ 5834 cr. with M/HCVs and PCs being the key drivers of growth. Your Company has also increased its presence in the rapidly growing Construction Equipment (CE) and Tractor segments. The company's unwavering focus on asset quality backed by finely honed credit appraisal and collection skills has ensured that the portfolio continues to be one of the best in the industry. Gross NPAs as at 31st March, 2011 stood at 0.77% as against 1.26% in the previous year and Net NPAs at 0.20% as against 0.45% in the previous year.

**Hire Purchase and
Hypothecation Loan Disbursements
(₹ in Cr.)**



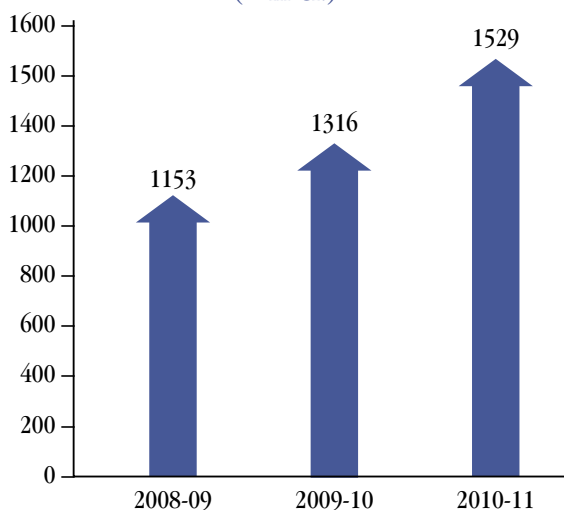
Receivables Under Management (₹ in Cr.)



The gross receivables managed by the Company, including assets sold or securitised stood at ₹ 12354 cr. as at 31st March 2011, as against ₹ 10219 cr. in the previous year.

The net profit from operations was ₹ 257.50 cr. as against ₹ 201.36 cr. in the previous year (excluding special items), registering a growth of 28%. The company's Net-Worth crossed the ₹ 1500 cr. mark and stood at ₹ 1529.34 cr. as on 31.3.2011. Capital Adequacy (CRAR) at 16.24% was comfortably higher than

Own Funds (₹ in Cr.)



the statutory requirement of 12%. Last year, your Company started making a voluntary general provision at 0.4% of Standard Assets. During the year, RBI has mandated a contingent provision against Standard Assets at 0.25%. Your Directors have decided, as a measure of prudence, to continue with the provision at the higher level of 0.4% and transferred an amount of ₹ 6.46 cr. towards contingent provision on Standard Assets.

RESOURCE MOBILISATION

a) Deposits

During the year, your Company mobilised fresh deposits aggregating to ₹ 260.24 cr. Renewal of deposits during the year amounted to ₹ 384.80 cr. representing 75% of the matured deposits of ₹ 512 cr. Deposits outstanding at the year-end were at ₹ 1192.03 cr. as against ₹ 1094.91 cr. in the previous year.

As at 31st March 2011, 3512 deposits amounting to ₹ 12.63 cr., had matured for payment and were due to be claimed or renewed. After close follow-up, the figures are currently down to 2147 and ₹ 6.83 cr. respectively. Steps are continuously being taken to arrange for repayment or renewal of these deposits. Investor Relation Services – Deposits has been re-certified by Bureau Veritas Certification (India) Private Limited under the upgraded ISO 9001:2008 Standard.

b) Term Funding

During the year, your Company raised term funding from mutual funds and insurance companies in the form of non-convertible debentures and term loans from banks to the tune of ₹ 3155.95 cr., across various tenors.

c) Bank Finance

Your Company's bankers continue to extend their support, providing funding at competitive rates. Your Company issued several tranches of Commercial Paper aggregating to ₹ 2670 cr., during the year. The maximum amount outstanding at any time was ₹ 1290 cr., and the amount outstanding at the end of the year was ₹ 580 cr. As part of its overall funding plan, your Company reduced its working capital credit limits with banks from ₹ 1650 cr. to ₹ 1500 cr.

d) Sell-down of Receivables

During the year, your Company sold hire purchase and hypothecation loan receivables to the extent of ₹ 750.94 cr.

CREDIT RATINGS

All the borrowings of the Company are rated. The short term borrowings (including commercial papers) are rated "A1+ / P1+ / F1+" (highest safety). Fixed Deposits are rated "AAA" (highest safety). The long term borrowings are rated "AA+" (high safety). The long term ratings have a "Stable outlook" from ICRA, CRISIL and FITCH.

REGULATORY CHANGES

During the year, RBI announced several changes in the regulatory guidelines applicable to NBFCs. Notable among these are:

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- 3 @ l k q f k d b k q M o l s f p f l k l c - + / 2 " l k P q ^ k a ^ o a > p p b q p +
- 3 O b j l s ^ i l c M o f l o f v p b ` q l o p q ^ q r p c l o ? ^ k h i b k a f k d q l K ? C @ p other than MFIs.

RBI has set up a Working Group on NBFCs under the Chairmanship of Smt. Usha Thorat, former Deputy Governor, RBI, to examine a range of emerging issues pertaining to regulation of the NBFC (non-banking financial companies) sector. The broad terms of reference of the Working Group are:

- 3 q l c l ` r p l k q e b a b c f k f q f l k ^ k a ` i ^ p p f r f ` ^ q f l k l c K ? C @ p +
- 3 q l ^ a a o b p p o b d r i ^ q l o v d ^ m p ^ k a o b d r i ^ q l o v ^ o _ f q o ^ d b +
- 3 q l j ^ f k q ^ f k p q ^ k a ^ o a p l c d l s b o k ^ k ` b f k q e b K ? C @ P b ` q l o ^ k a appropriate approach to NBFC supervision.

Over a period spanning nearly 70 years, Asset financing NBFCs have played a stellar role in delivering affordable credit to large sections of the unbanked population, especially in semi urban and rural areas and were perhaps the earliest practitioners of what is today fashionably called 'Financial Inclusion'. It is to be hoped that the Working Group will take into account the heterogeneity of the

sector, the vital contribution of the asset financing NBFCs in fostering financial inclusion and address the various issues that have been raised by them over the years, in order that they may continue to play their important role in India's growth story.

OUTLOOK

The Index of Industrial Production has been on a declining trend for several months and worryingly, the capital goods index, an indicator of new investment, actually fell by 18.4% in February 2011. The relentless increase in interest rates over the past year has already started exerting pressure on corporate and retail borrowers alike. The rise in funding costs comes at a time when manufacturing segments of industry are already under strain with rising costs of oil, commodities and other inputs. Similarly, as inflation stretches the wallets of families grappling with higher prices of food and other essentials on the one hand and their commitments on vehicle and home loans climbing, the strains are very visible. As always, global events, oil and commodity price movements, geo political factors and inevitably, the behaviour of the monsoon, will all come to bear on the trajectory of India's economic growth in 2011-12.

The automotive industry, coming off two successive years of high growth, is exhibiting clear signs of slowing down. With fleet replacements having been largely completed to comply with emission norm changes and demand for consumer goods beginning to moderate, sales of M/HCVs are projected to grow at between 5 and 8% in 2011-12. With prices of M/HCVs having increased by nearly 10% over the past year, the imminent increase in diesel prices and higher interest costs, sentiment in the M/HCV segment is muted. Sales of passenger cars and utility vehicles are also projected to seek a lower trajectory, as per the industry's own estimates. The LCV / mini LCV, construction equipment and tractor segments are however expected to continue growing at a healthy pace.

Your company's fortunes are closely linked to those of the automotive industry. Consequently, the growth prospects for 2011-12 are likely to be broadly reflective of those trends. In the projected scenario of low to moderate growth, continuing inflation and higher interest costs, your Company will continue to strive for

meaningful growth, focussing as always on, delivering outstanding customer service, superior credit quality, a balanced portfolio mix and efficient cost management, in order to sustain profitability.

INTERNAL AUDIT

As part of the effort to evaluate the effectiveness of the internal control systems, your Company's internal audit department reviews all the control measures on a periodic basis and recommends improvements, wherever appropriate. The internal audit department is manned by highly qualified and experienced personnel and reports directly to the Audit Committee of the Board. The Audit Committee regularly reviews the audit findings as well as the adequacy and effectiveness of the internal control measures. Additionally, an Information Security Assurance Service is also provided by independent external professionals. Based on their recommendations, the Company has implemented a number of control measures both in operational and accounting related areas, apart from security related measures.

RISK MANAGEMENT

Your Company, being in the business of financing of commercial vehicles, cars, other vehicles and equipment in the retail segment, has to manage various risks. These risks include credit risk, liquidity risk, interest rate risk and operational risk. The Risk Management Committee and the Asset Liability Management Committee review and monitor these risks at periodic intervals.

The Company manages credit risk through stringent credit norms established through several years of experience in this line of business and continues to follow the time tested practice of personally assessing every borrower, before committing to a credit exposure. This process ensures that the expertise in lending operations acquired by the Company over decades is put to best use and acts to mitigate credit risks. Liquidity risk and interest rate risk arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of the maturity profiles. The Company monitors ALM periodically to mitigate the liquidity risk. The Company also measures the interest rate risk by the duration gap method.

Operational risks arising from inadequate or failed internal processes, people and systems or from external events are adequately addressed by the internal control systems and are continuously reviewed and monitored by a dedicated team of people. Process improvements and quality control are on-going activities and are built into the employee's training module, as well.

The technology platform supporting the business is being redesigned and upgraded in stages to meet the long term future needs. The new system and the Business Continuity Plan of the Company are on continuous review by the independent systems auditors.

HUMAN RESOURCES

Your Company believes that its greatest assets are its people and training is an investment in long term people development, for organisational excellence. During the year under review, your Company has taken several new initiatives to ensure that the knowledge and wisdom gained over decades is handed down to the next generation of employees. A well balanced mix of domain knowledge and behavioural training was taken up towards talent transformation. These initiatives have paid good dividends in the form of a strong group of in-house facilitators of domain knowledge and an inspired team of employees geared to serving the needs of your company's valued customers.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements, drawn up in accordance with the applicable Accounting Standards, form part of the Annual Report.

In accordance with the general exemption granted by the Central Government under Section 212(8) of the Companies Act, 1956 in February 2011, the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and Report of the Auditors of the Subsidiary Companies, are not attached to the Balance Sheet of your Company. The financial information relating to all the Subsidiary Companies, in the aggregate, has been disclosed in the consolidated financial statements, as required. Further,

³ Qeb ^kkr^i ^^`l rkqp lc ^ii qeb Pr_pfaf^ov @l j m^kfbp have been posted by your Company on its website – www.sundaramfinance.in.

3 >kkr^i ^` l r k q p l c q e b P r _ p f a f ^ o v @ l j m ^ k f b p ^ k a o b i ^ q b a
detailed information will be available for inspection by the members, at the head offices of the Company and the Subsidiary Companies concerned and will also be made available to the members upon request.

SUBSIDIARIES

3 P r k a ^ o ^ j ? K M M ^ o f _ ^ p E l j b C f k ^ k ^ b l f j f q b a

The company, approved loans aggregating to ₹ 1496 cr. as against ₹ 915 cr. in the Previous Year (PY), while disbursements at ₹ 1211 cr. (PY ₹ 743 cr.), grew significantly by 63%. The company earned a gross income of ₹ 308 cr. (PY ₹ 236 cr.) and reported an impressive 72% growth in profit after tax at ₹ 47.68 cr. (PY ₹ 27.72 cr.). The loan portfolio as at 31st March 2011 stood at ₹ 2653 cr. as against ₹ 1981 cr. in the previous year. The gross and net NPA stood at 0.29% and 0.09% respectively as of 31.03.11, clearly one of the best in the industry. The company proposed a higher dividend of 15% for the year as against 10% during the previous year.

3 P r k a ^ o ^ j > p p b q J ^ k ^ d b j b k q @ l j m ^ k v l f j f q b a

Sundaram BNP Paribas Asset Management Company Limited and Sundaram BNP Paribas Trustee Company Limited became wholly owned subsidiaries of your company from October 2010, consequent to the acquisition of 49.90% equity shares held by the joint venture partner, BNP Paribas Asset Management, France in these companies. The names of the companies were thereafter changed to Sundaram Asset Management Company Limited and Sundaram Trustee Company Limited respectively.

The Average Assets under Management (AUM) of Sundaram Asset Management Company Ltd. were ₹ 13946 cr. for the year 2010-11 as compared to ₹ 13878 cr. in the previous year. The investor base of Sundaram Asset Management Company Limited stands at 2.22 million.

Sundaram Asset Management Company Limited earned a gross income of ₹ 122.40 cr. as against ₹ 111.83 cr. in the previous year. Reflecting the volatility in the stock market and several

regulatory changes, the company reported a profit after tax of ₹ 13.36 cr. as against ₹ 20.84 cr. in the previous year. The company recommended a dividend of 25% for the year as against 40% during the previous year.

3 P r k a ^ o ^ j Q o r p q b b @ l j m ^ k v l f j f q b a

Sundaram Trustee Company Limited earned a gross income of ₹ 129.18 lakhs as against ₹ 124.10 lakhs in the previous year and reported a profit after tax of ₹ 40.90 lakhs for the year, as against ₹ 42.15 lakhs in the previous year. The company recommended a higher dividend of 800% for the year as against 600% during the previous year.

3 P r k a ^ o ^ j C f k ^ k ^ b A f q o f _ r q f l k l f j f q b a % P C A I &

SFDL's income from operations at ₹ 7.79 cr. (PY ₹ 5.61 cr) grew by 39% over the previous year. During the year, SFDL divested its holdings in Credit Analysis and Research Limited (CARE), resulting in a profit of ₹ 50.15 cr. (net of tax outgo). Consequently, the profit after tax for the year was higher at ₹ 54.33 cr as against ₹ 1.97 cr. in the previous year.

During February 2011, SFDL paid a Special Interim Dividend of 7770% which was treated as final dividend for the year as against 225% paid during the previous year.

3 I D C P b o s f ^ b p l f j f q b a

During the year, LGF Services Limited earned an income from operations of ₹ 4.95 cr. as against ₹ 5.59 cr. in the previous year. The profit after tax for the year was higher at ₹ 1.92 cr. as against ₹ 1.83 cr. in the previous year. The company recommended a dividend of 500% for the year, in line with the previous year.

3 P r k a ^ o ^ j F k c l q b ^ e P l i r q f l k p l f j f q b a

The company earned a gross income of ₹ 21.22 cr., as against ₹ 18.82 cr. in the previous year. The profit after tax for the year was at ₹ 0.83 cr. as against ₹ 1.31 cr. in the previous year.

3 P r k a ^ o ^ j ? r p f k b p p P b o s f ^ b p l f j f q b a % P ? P I &

During the year, SBSL earned a gross income of ₹ 22.82 cr., as against ₹ 19.91 cr. in the previous year. The company reported

a loss of ₹ 1.51 cr. as against ₹ 3.11 cr. in the previous year. The company remains focused on the Banking, Financial Services and Insurance segments and the Accounting and Payroll horizontal. The company has embarked on further business development efforts in Australia and expects to make further progress during 2011-12.

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During the year, PMC earned a gross income of ₹ 4.83 cr. as against ₹ 4.87 cr. in the previous year. The company enforced strict cost control which resulted in profit of ₹ 2.38 lakhs as against loss of ₹ 68.98 lakhs in the previous year. The company has stepped up its business development efforts and expects to make further progress during the year 2011-12.

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Sundaram BNP Paribas Fund Services Limited successfully completed the process of migration in relation to a few schemes of Sundaram Asset Management Company Limited from its existing service provider and the operations in respect of those schemes went live with effect from 6th December 2010. The company handled 24 New Fund Offers aggregating to ₹ 1755.21 cr. from 32,436 investors. The company earned an income of ₹ 3.66 cr. during the year as against ₹ 1.13 cr. for the period ended October 2009 to March 2010. The company is servicing 92 schemes amounting to ₹ 3393 cr. in assets. The company reported a loss of ₹ 17.02 cr. during the year as against ₹ 2.22 cr. for the period ended October 2009 to March 2010.

3 [Fkcofbdeq lldfpgf`p Plirqfllkp If j fqba %Fkcofbdeq&](#)

During the year, Infreight earned a gross income of ₹ 19.16 cr. as against ₹ 17.26 cr. in the previous year. The company continued its efforts to streamline its business operations to further increase the productivity and reduce operating loss. The efforts yielded satisfactory results. Loss for the year was at ₹ 1.27 cr. as against ₹ 2.07 cr. in the previous year.

The company has since transitioned contracts relating to select transportation clients for a consideration of ₹ 4.75 cr., which was used for settling a major portion of their borrowings which

would reduce the interest burden and strengthen the financials of the company.

3 [Prka^o^j M^obhe T^obe l rpfkd Pbosf`bp If j fqba](#)

Sundaram Parekh Warehousing Services Limited was incorporated in August 2010 by Infreight Logistics Solutions Limited as its subsidiary with 51% shareholding and Parekh Integrated Services Pvt. Ltd., holding the balance with the objective of providing full fledged high-end warehousing services across the country. Parekh Integrated Services Pvt. Ltd. is one of the largest distribution and logistics company catering to specialised industry like pharmaceuticals, which will make available its expertise in operating warehousing facilities across the country. The company proposes to take on lease warehousing facilities at different locations and is expected to become operational during the financial year 2011-12.

3 [Prka^o^j Fkpro^k`b ?o l hfk d Pbosf`bp If j fqba](#)

Sundaram Insurance Broking Services Limited was incorporated as a subsidiary of your Company on 15th November 2010 to provide insurance broking services. The company is yet to commence its operations.

JOINT VENTURES

3 [Ol v^i Prka^o^j >iif^k`b Fkpro^k`b @l j m^kv lqa \(Royal Sundaram\)](#)

Royal Sundaram posted a top-line growth of 25 percent with a Gross Written Premium (GWP) of ₹ 1143.99 cr., during the year, as compared to the GWP of ₹ 913.11 cr., in the previous year. The Company has also recorded a healthy Profit before Tax (before motor pool loss) of ₹ 60.93 cr., registering a growth of 18 percent over the last year.

However, in March 2011 IRDA announced a steep increase in loss ratios for the third party motor pool, requiring the company to make a higher provision of ₹ 75.81 cr. for the year, as against ₹ 17.67 cr., in the previous year. Hence, after making provision for tax and motor pool losses, the company reported a loss of ₹ 20.14 cr. for the year as against profit of ₹ 30.97 cr. in the previous year.

Your Company has been receiving enquiries regarding its continuance in the general insurance business and its investment in Royal Sundaram Insurance Company. Your Company wishes to clarify that while preliminary discussions had taken place in connection with a potential divestment, no further progress has been made, in view of the lack of clarity on the regulatory front, regarding mergers and acquisitions.

³ [?KM M^of_^p Prka^o^j Dil_^i Pb` rofifbp Operations Private Limited](#)

BNP Paribas Sundaram Global Securities Operations Private Limited earned gross income of ₹ 54.38 cr. during the year as against ₹ 24.75 cr. for the six months ended March 2010. The company reported a profit after tax of ₹ 6.42 cr. during the year as against ₹ 4.31 cr. for the six months ended March 2010. The company recommended a dividend of 67% for the year ended 31st March 2011 as against 44% for the six months ended 31st March 2010.

DIRECTORS

Sri S Narayanan, a Director of your Company, retired from the Board on 24th September 2010. Your directors place on record the sterling contribution made by him to the growth and development of your Company through his wealth of knowledge and experience during his long tenure of over 24 years as a Director of your Company.

Sri N Venkataramani and Sri P N Venkatachalam were co-opted as independent directors during the year. Sri Harsha Viji was co-opted as additional director and appointed as Director (Strategy & Planning) with effect from 24th September 2010.

Sri Srinivas Acharya and Sri S Ravindran retire by rotation and, being eligible, offer themselves for re-election. Sri T R Seshadri, Director, who retires by rotation has not offered himself for re-election. Your directors place on record the immense contribution made by him to the growth and development of your Company through his rich experience and expertise in financial sector during his tenure of 16 years as a Director of your Company. The Board recommends that the vacancy caused by his retirement not be filled.

Sri N Venkataramani, Sri P N Venkatachalam and Sri Harsha Viji hold office as Additional Directors up to the date of the ensuing Annual General Meeting. The Company has received due notices from some members, proposing their appointment as directors of the Company.

AUDITORS

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

INFORMATION AS PER SECTION 217(1) (e) OF THE COMPANIES ACT, 1956

Your Company has no activity relating to conservation of energy or technology absorption. During 2010-11, expenditure in foreign currencies amounted to ₹ 16.94 lakhs on account of other charges. Foreign Currency earnings amounted to ₹ 68.41 lakhs.

PERSONNEL

In accordance with the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Directors' Report is being sent to all the shareholders of the Company excluding the annexure prescribed under Section 217(2A) of the Companies Act. The said annexure, is available for inspection by the Members at the Registered Office of the Company during office hours till the date of the Annual General Meeting.

SUNDARAM FINANCE EMPLOYEE STOCK OPTION SCHEME

Your Board of Directors, based on the recommendations of the Compensation Committee, granted 16,500 stock options to its eligible employees, on 30.05.2011. The disclosure required under SEBI Guidelines, in this regard, is furnished in the Annexure.

DIRECTORS' RESPONSIBILITY STATEMENT

Your directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed;

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

CORPORATE SOCIAL RESPONSIBILITY

The Sundaram Finance Group is involved in a number of community focused activities that exemplify its strong commitment to society at large. Some of the major initiatives that the Group is involved in, are in the areas of health, education and promotion of the country's rich culture and heritage.

Healthcare

Your Company has been deeply involved with the Sundaram Medical Foundation, a non-profit Trust that runs the Dr. Rangarajan Memorial Hospital, since its inception. The hospital occupies an eminent position in the healthcare sector of India as a model of cost-conscious, affordable, healthcare delivery and corporate involvement in social projects. For the past 14 years, the Group has also been associated with the Hindu Mission Hospital in Tambaram, Chennai that caters to the medical needs of under served rural communities. Cancer, schizophrenia, kidney and ophthalmic care are some of the other health care causes that the Group supports through organisations such as the Cancer Institute, Cancer Relief Society, Schizophrenia Research Foundation, Tanker Foundation and Sankara Nethralaya.

Education

Foremost among the many causes that the Group is involved with, in the field of education, is Laxmi Charities, established 37 years ago. A charitable educational institution, it assists meritorious students from the lower income groups to pursue higher education. Over the nearly four decades of its existence, this institution has assisted over 34000 deserving and needy scholars in pursuing their careers. The Group has also been actively supporting several schools, colleges, Universities and NGOs involved in primary education.

Environment, Heritage, Culture and Sports

The Group is also involved in a wide spectrum of activities ranging from the upkeep and maintenance of a public park in the heart of Chennai, ecology awareness campaigns, to a host of activities aimed at encouraging children's participation in art and craft, music and personality development, through year round programmes. The Group is also closely involved with a popular annual festival that showcases folk art, music and dance, again with emphasis on children and an All-India Veterans Tennis tournament.

ACKNOWLEDGEMENT

Your directors gratefully acknowledge the support and co-operation extended to your Company by all the customers, depositors, shareholders, bankers, mutual funds, automotive manufacturers and vehicle dealers.

For nearly six decades, your Company has grown on the strong foundation of a set of values that we call the 'Sundaram Way'. It is these values that have been our anchor in difficult times and our beacon when we have forged ahead on the path to growth. This would not have been possible without the complete dedication and unswerving commitment displayed by the employees of the Company, thus enabling it to report a strong performance during the year.

For and on behalf of the Board

Chennai 600 002
30th May 2011

S VIJI
Chairman

Annexure

Disclosure under Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

S. No	Particulars	Sundaram Finance Employee Stock Option Scheme - 2008
(a)	Options Granted	44,250
(b)	The pricing formula	₹ 10/- per share (at par)
(c)	Options vested	10,500
(d)	Options exercised	10,500
(e)	The total number of shares arising as a result of exercise of Option	10,500
(f)	Options lapsed	Nil
(g)	Variation of terms of Options	Not Applicable
(h)	Money realized by exercise of Option	₹ 1,05,000/-
(i)	Total number of Options in force	33,750
(j)	Employee-wise details of Options granted on 28th May 2010 (Grant 2) & 30th May 2011 (Grant 3)	
(i)	Senior Managerial Personnel:	
1	Sri. S Venkatesan	2,750
2	Sri. P S Raghavan	1,500
3	Sri. A N Raju	4,500
4	Sri. Paramesh Krishnaier	3,500
5	Sri. K Swaminathan	2,000
6	Sri. M Ramaswamy	4,000
7	Sri. S Ravindran	750
8	Sri. P Viswanathan	2,750
9	Sri. S Srinivasan	1,750
10	Sri. S Sivakumar	750
11	Sri. Shridhar Iyer	1,000
12	Sri. M J Kulkarni	1,500
(ii)	Any other employee who receives a grant in any one year of Option amounting to 5% or more of Option granted during that year:	
1.	Sri T P Raman, Managing Director, Sundaram Asset Management Company Limited	2,500
2.	Sri Srinivas Acharya, Managing Director, Sundaram BNP Paribas Home Finance Limited	4,500

S. No	Particulars	Sundaram Finance Employee Stock Option Scheme - 2008	
	(iii) Identified employees who were granted Option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Not Applicable	
(k)	Diluted earnings per share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'	Not Applicable	
(l)	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock Options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the Options, shall be disclosed.	₹ 0.08 lakh	
	The impact of this difference on profits and on EPS of the Company shall also be disclosed.	Impact on Profit - would be less by ₹ 0.08 lakh. Impact on EPS - Nil.	
(m)	Weighted average exercise prices and weightage average fair values of Options shall be disclosed separately for Options whose exercise price either equals or exceeds or is less than the market price of the stock.	Grant 1	Grant 2
		₹ 10/- per share (at par) and Fair Value is ₹ 266.51	₹ 10/- per share (at par) and Fair Value is ₹ 385.50
(n)	A description of the method and significant assumptions used during the year to estimate fair values of Options, including following weighted average information:	Black Scholes Model	Black Scholes Model
	(i) risk free interest rate,	4.13%	5.07%
	(ii) expected life,	368 days	369 days
	(iii) expected volatility,	55.92%	38.27%
	(iv) expected dividends, and	No dividend rights during the vesting period.	No dividend rights during the vesting period.
	(v) the price of the underlying share in market at the time of Option grant.	₹ 276.10	₹ 395.00

Financial Highlights

(₹ in Cr.)

Year	Paid-up Capital	Reserves	Deposits	Total Receivables	PBDT	PAT	Dividend %	Dividend Amount
1954	0.02		0.10	0.10				
1972	1.00	0.58	8.35	9.86	0.73	0.30	16.00	0.16
1976	1.50	0.99	13.57	19.87	1.78	0.67	16.00	0.24
1978	2.00	1.37	14.65	27.18	2.01	0.77	18.00	0.36
1982	3.00	3.00	45.20	76.60	4.28	1.58	20.00	0.60
1986	6.00	6.59	104.10	184.66	10.35	2.67	16.00	0.96
1990-91	12.00	30.24	201.02	483.21	34.69	12.01	25.00	3.00
1995-96	24.00	204.31	550.44	1637.05	127.50	64.92	35.00	8.40
2004-05	27.78	655.22	740.25	4488.30	144.55	75.99	75.00	21.87
2005-06	27.78	783.06	627.98	5452.18	227.21	170.59 [@]	135.00 [#]	37.50
2006-07	27.78	850.10	658.47	7327.02	165.01	100.47	105.00	29.17
2007-08	27.78	1015.15	756.62	8925.05	333.02	212.54 [@]	150.00	41.67
2008-09	55.55	1097.12	940.06	9203.53	257.47	150.73	65.00	36.11
2009-10	55.55	1260.57	1094.91	10218.80	368.29	226.75 [@]	100.00	55.55
2010-11	55.55	1473.79	1192.03	12354.38	485.06	295.23 [§]	140.00	77.77

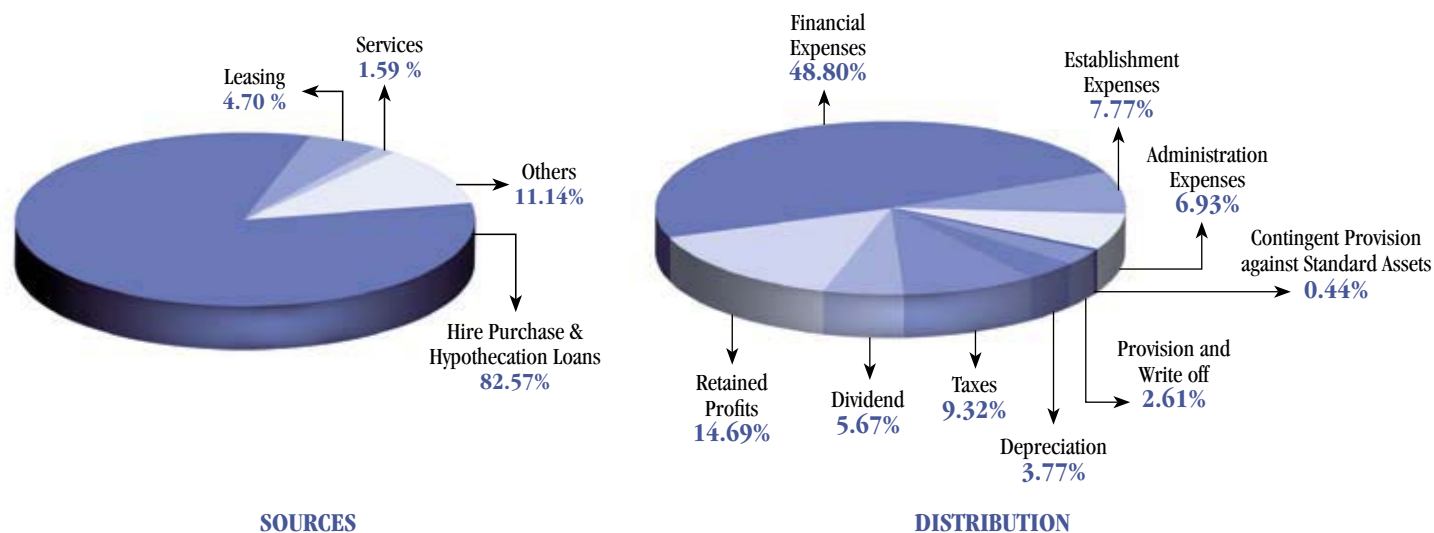
includes 50% Special Dividend

@ includes profit on sale of shares - ₹ 88.13 cr., ₹ 76.82 cr., and ₹ 25.39 cr., respectively.

§ includes Special Dividend received from a Subsidiary Company - ₹ 38.85 cr.

Sources and Distribution of Income (2010-11)

₹ 1450.41 cr.



Auditors' Report

To The Members of M/s. Sundaram Finance Limited

1. We have audited the attached Balance Sheet of Sundaram Finance Limited, (the Company) as at 31st March 2011, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (the Act), and based on the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - iii. the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - iv. in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act, to the extent applicable.
 - v. On the basis of written representations received from the directors, as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act, and
 - vi. in our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011;
 - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

L. RAVI SANKAR
Partner

Place: Chennai
Date: 30th May, 2011

Membership No. 25929

Annexure To The Auditors’ Report Referred to in Paragraph 3 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.

Section 301 of the Act. The maximum amount involved during the year was ₹ 3000 lakhs for the secured debentures and ₹ 400 lakhs for the unsecured loans. The balance outstanding at the end of the year was ₹ 2000 lakhs in respect of the secured debentures and ₹ 400 lakhs in respect of the unsecured loan.
- b) The Company has a phased programme of physical verification of fixed assets, which in our opinion, is reasonable having regard to the size of the Company and nature of fixed assets. In accordance with the programme, the fixed assets have been physically verified by the management during the year. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets have not been disposed off by the Company during the year.
2. a. i) The Company has granted secured loans to three companies and unsecured loans to four companies covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year was ₹ 8596.68 lakhs for the secured loans and ₹ 3000.00 lakhs for the unsecured loans. The balance outstanding at the end of the year was ₹ 8359.15 lakhs in respect of the secured loans and ₹ 2390.00 lakhs in respect of the unsecured loans.

ii) The rate of interest and other terms and conditions of the loan are, prima facie, not prejudicial to the interest of the Company.

iii) The payment of interest is regular.

iv) There is no amount overdue on the loans.

v) Apart from the above, the Company has not taken loans from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- b. i) The Company has issued secured debentures to a company and taken an unsecured loan from a company covered in the register maintained under
3. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and sale of goods and services. During the course of our audit, no major weakness has been noticed in the above controls and therefore the reporting of the same does not arise.

ii) The rate of interest and other terms and conditions of the loan are, prima facie, not prejudicial to the interest of the Company.

iii) The payment of interest is regular.

iv) There is no amount overdue on the loans.

Apart from the above, the Company has not taken loans from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered in the register maintained under that Section have been so entered.
- b) In our opinion, according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under Section 301 of the Act and exceeding the value of rupees five lakhs in respect of any party during the year, prima facie, have been made at prices which are reasonable having regard to the nature of the service and the prevailing market prices at the relevant time.

5. In our opinion and according to the information and explanations given to us, the company has complied with the directives issued by Reserve Bank of India and the provisions of Section 58A, Section 58AA or any other relevant provisions of the Act, and the rules framed thereunder with regard to deposits accepted from the public.
6. The Company has an internal audit system, which in our opinion, is commensurate with the size and the nature of its business.
7. The Central Government has not prescribed the maintenance of cost records under Section 209(1) (d) of the Act.
8. a) According to the records of the Company and the information and explanations given to us, undisputed statutory dues including provident fund, employee state insurance, income tax, wealth tax, service tax, sales tax, value added tax, customs duty and excise duty were regularly deposited during the year with the appropriate authorities.
b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, excise duty and cess which are outstanding as at 31st March, 2011 for a period of more than six months from the date they became payable.
9. According to the records of the Company and the information and explanations given to us, there are no dues of wealth tax, customs duty, excise duty and cess which have not been deposited on account of dispute. Details of disputed sales tax and service tax not deposited are as follows:

Nature of dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where the dispute is pending
Sales Tax	956.37	Assessment years 1993-94 to 2007-2008	Various appellate authorities
Service Tax	2776.75	2003-2004 to December 2009	Commissioner (Appeals) (Large Tax Payer Unit)
10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the current and immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit societies are not applicable to the Company.
14. Based on our examination of records and the information and explanations given to us, the Company does not deal/trade in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
16. To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the Company, prima facie, were applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment, pending application.
17. According to the cash flow statement and other records examined by us and the information and explanations given to us, on an overall examination of the Balance Sheet of the Company, funds raised on short term basis, prima facie, have not been used during the year for long term investment.
18. According to the information and explanations given to us, the Company has created securities in respect of secured debentures issued.
19. The Company has not raised money by public issues during the year.
20. To the best of our knowledge and according to the information and explanations given to us, during the year no fraud on or by the Company was noticed or reported during the course of our audit.
21. In our opinion and according to the information and explanations given to us, the nature of the company's business / activities during the year have been such that clauses ii, xiii and xviii of paragraph 4 of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company for the year.

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

L. RAVI SANKAR
Partner

Place: Chennai
Date: 30th May, 2011

Membership No. 25929

Balance Sheet

as at 31st March, 2011

(₹ in Lakh)

		31.03.2011		31.03.2010	
I SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Capital	1	55,55.19		55,55.19	
b) Stock Option Outstanding Account	2	55.34		23.28	
c) Reserves and Surplus	3	1473,79.01	1529,89.54	1260,57.18	1316,35.65
2. Loan Funds					
a) Secured Loans	4	7486,10.42		5884,17.27	
b) Unsecured Loans	5	2463,28.67	9949,39.09	2609,60.87	8493,78.14
Total		11479,28.63		9810,13.79	
II APPLICATION OF FUNDS					
1. Fixed Assets	6				
a) Gross Block		520,38.61		466,28.07	
b) Less: Depreciation		244,07.03		231,93.45	
c) Net Book Value		276,31.58		234,34.62	
d) Less: Lease Adjustment Account		2,10.82		1,96.82	
e) Net Block			274,20.76		232,37.80
2. Investments	7		945,99.52		537,44.80
3. Deferred Tax Asset (Net)	8				
Deferred Tax Asset		50,39.09		61,24.40	
Less: Deferred Tax Liability		4,11.25	46,27.84	5,90.75	55,33.65
4. Current Assets, Loans and Advances					
a) Current Assets	9	1271,82.77		1664,89.36	
b) Loans and Advances	10	9626,32.48		7993,63.96	
(A)		<u>10898,15.25</u>		<u>9658,53.32</u>	
Less: Current Liabilities and Provisions					
a) Current Liabilities	11	546,99.71		550,84.13	
b) Provisions	12	138,35.03		122,71.65	
(B)		<u>685,34.74</u>		<u>673,55.78</u>	
Net Current Assets	(A-B)	<u>10212,80.51</u>		<u>8984,97.54</u>	
Total		11479,28.63		9810,13.79	
Notes to the Accounts	19				

As per our report of even date attached
For **Brahmayya & Co.,**
Chartered Accountants
Registration No.000511S
L. Ravi Sankar
Partner
Membership No.25929
Chennai
Dated : 30th May, 2011

S. Viji
Chairman
T. T. Srinivasaraghavan
Managing Director
Harsha Viji
Director (Strategy & Planning)
S. Venkatesan
CFO & Secretary

S. Prasad
S. Ravindran
S. Ram
Srinivas Acharya
Directors

T. R. Seshadri
P. N. Venkatachalam
Aroon Raman
Directors

Profit and Loss Account for the Year Ended 31st March, 2011

	Schedule	2010-11	2009-10
(₹ in Lakh)			
INCOME			
Income from Operations	13	1370,78.14	1204,14.91
Profit on Sale of Shares		–	25,38.90
Other Income	14	79,63.16	41,42.57
TOTAL	(A)	<u>1450,41.30</u>	<u>1270,96.38</u>
EXPENDITURE			
Financial Expenses	15	707,82.00	633,79.55
Establishment Expenses	16	112,66.94	100,11.23
Administrative and Other Expenses	17	100,53.72	82,67.81
Contingent Provisions against Standard Assets		6,46.30	31,61.69
Provisions and Write Off	18	37,86.51	54,46.90
Depreciation		54,68.81	44,81.57
TOTAL	(B)	<u>1020,04.28</u>	<u>947,48.75</u>
Profit before Tax	(A) - (B)	430,37.02	323,47.63
Taxation			
– Current (Including Wealth Tax)		126,08.09	101,11.69
– Deferred		9,05.81	(4,38.92)
Profit after Tax		<u>295,23.12</u>	<u>226,74.86</u>
Add: Balance brought forward from previous year		61,02.04	41,96.67
Transfer from Special Reserve		–	76,00.00
Amount available for Appropriation		<u>356,25.16</u>	<u>344,71.53</u>
APPROPRIATIONS			
Dividend			
– Interim		38,88.64	33,33.12
– Final (Proposed)		38,88.64	22,22.07
– Dividend Tax		4,44.77	7,74.30
Statutory Reserve		59,10.00	45,40.00
General Reserve		154,79.24	175,00.00
Surplus - Balance carried to Balance Sheet		60,13.87	61,02.04
		<u>356,25.16</u>	<u>344,71.53</u>
Notes to the Accounts	19		
Earnings per Equity Share (Refer Note 4.4 Schedule 19)			
Number of Shares considered (Face Value ₹ 10/- per share)		5,55,51,930	5,55,51,930
Basic and Diluted earnings per share (in ₹)		53.15	40.82

As per our report of even date attached
For **Brahmayya & Co.**,
Chartered Accountants
Registration No.000511S
L. Ravi Sankar
Partner
Membership No.25929
Chennai
Dated : 30th May, 2011

S. Viji
Chairman

T. T. Srinivasaraghavan
Managing Director

Harsha Viji
Director (Strategy & Planning)

S. Venkatesan
CFO & Secretary

S. Prasad

S. Ravindran

S. Ram

Srinivas Acharya
Directors

T. R. Seshadri

P. N. Venkatachalam

Aroon Raman
Directors

SCHEDULES

(₹ in Lakh)

	31.03.2011		31.03.2010
1 Capital			
Authorised			
10,00,00,000 Equity Shares of ₹ 10/- each	<u>100,00.00</u>		<u>100,00.00</u>
Issued, Subscribed and fully paid-up			
5,55,51,930 Equity Shares of ₹ 10/- each (includes 5,09,75,545 Equity Shares allotted as fully paid-up by way of bonus shares by Capitalisation of Reserves and Securities Premium and 37,75,965 Equity Shares of ₹ 10/- each allotted for consideration other than cash pursuant to a Scheme of Amalgamation)	<u>55,55.19</u>		<u>55,55.19</u>
2 Stock Option Outstanding Account			
Per Last Balance Sheet	27.94		-
Less: Shares transferred on Exercise	7.18		-
Less: Transfer to General Reserve	20.76		-
Add: Granted during the year	66.41		27.94
Less: Deferred Employee Compensation Cost	<u>11.07</u>	<u>55.34</u>	<u>4.66</u>
			<u>23.28</u>
3 Reserves and Surplus			
Capital Reserve		50,79.64	50,79.64
General Reserve			
Per Last Balance Sheet	845,00.00		670,00.00
Add: Transfer from Stock Option Outstanding account	20.76		-
Add: Transfer from Profit and Loss account	<u>154,79.24</u>	1000,00.00	<u>175,00.00</u>
			845,00.00
Statutory Reserve			
Per last Balance Sheet	303,75.50		258,35.50
Add: Transfer from Profit and Loss account	<u>59,10.00</u>	362,85.50	<u>45,40.00</u>
			303,75.50
Special Reserve			
Per Last Balance Sheet	-		76,00.00
Less: Transfer to Profit and Loss account	-	-	<u>76,00.00</u>
Surplus - Balance in Profit and Loss account		<u>60,13.87</u>	<u>61,02.04</u>
		<u>1473,79.01</u>	<u>1260,57.18</u>
4 Secured Loans			
Non - Convertible Debentures		3744,25.75	3176,82.03
From Scheduled Banks		<u>3741,84.67</u>	<u>2707,35.24</u>
		<u>7486,10.42</u>	<u>5884,17.27</u>
5 Unsecured Loans			
Fixed deposits			
From Public	1186,82.24		1088,49.35
From Directors	<u>5,20.56</u>	1192,02.80	<u>6,41.54</u>
			1094,90.89
Non - Convertible Debentures		-	335,00.00
Subordinated Non Convertible Debentures		387,10.00	245,00.00
Debenture Application Money – Subordinated		10,00.00	-
Non Convertible Debentures			
Short Term Loans and advances			
From Scheduled Banks		301,95.66	302,37.82
From Subsidiary Companies		5,20.00	1,80.00
From Others		-	9,24.00
Commercial Paper		<u>567,00.21</u>	<u>621,28.16</u>
		<u>2463,28.67</u>	<u>2609,60.87</u>

SCHEDULES

6 Fixed Assets													(₹ in Lakh)
DESCRIPTION	GROSS BLOCK AT COST				DEPRECIATION				Net Book Value	Balance in Lease Adjustment Account as at 31.03.2011	NET BLOCK		
	As at 31.03.2010	Additions	Deductions	As at 31.03.2011	Upto 31.03.2010	Additions*	Deductions	Upto 31.03.2011			As at 31.03.2011	As at 31.03.2010	
1 Freehold Land and Buildings	73,87.71	1,04.27	–	74,91.98	13,07.58	1,35.67	–	14,43.25	60,48.73	–	60,48.73	60,80.13	
2 Leasehold Office / Residential Premises	15,55.96	0.10	–	15,56.06	7,36.28	40.99	–	7,77.27	7,78.79	–	7,78.79	8,19.68	
3 Plant and Machinery and Computers	68,47.81	18,37.40	1,78.67	85,06.54	41,05.01	8,14.25	1,70.69	47,48.57	37,57.97	–	37,57.97	27,42.80	
4 Vehicles	187,36.21	81,51.10	26,77.99	242,09.32	69,23.56	40,01.19	15,66.67	93,58.08	148,51.24	–	148,51.24	118,12.65	
5 Furniture/Office Equipment	33,03.43	1,68.80	56.43	34,15.80	22,30.24	2,20.21	45.54	24,04.91	10,10.89	–	10,10.89	10,73.19	
6 Intangible Assets:													
Computer Software	10,80.71	6,17.47	–	16,98.18	4,83.78	2,61.08	–	7,44.86	9,53.32	–	9,53.32	5,96.93	
7 Assets on Finance Lease:													
a) Plant and Machinery and Computers	44,43.08	–	41.70	44,01.38	41,86.35	36.57	39.60	41,83.32	2,18.06	(1,99.27)	18.79	49.05	
b) Vehicles	31,85.39	–	25,13.81	6,71.58	31,40.08	14.59	24,89.47	6,65.20	6.38	(6.38)	–	62.18	
c) Furniture/Office Equipment	87.77	–	–	87.77	80.57	1.00	–	81.57	6.20	(5.17)	1.03	1.19	
Total	466,28.07	108,79.14	54,68.60	520,38.61	231,93.45	55,25.55	43,11.97	244,07.03	276,31.58	(2,10.82)	274,20.76	232,37.80	
Previous Year	507,88.66	84,72.66	126,33.25	466,28.07	301,82.89	45,90.76	115,80.20	231,93.45	234,34.62	(1,96.82)	232,37.80	202,41.05	

* Finance Lease Depreciation of ₹ 52.16 Lakhs (Previous Year - ₹ 98.66 Lakhs) has been netted off against Lease Income.

Depreciation on assets used for development of Computer Software amounting to ₹ 4.58 Lakhs (Previous Year - ₹ 10.53 Lakhs) taken to Advance for Purchase of Assets.

SCHEDULES

	Face Value (FV)	(₹ in Lakh)	
		31.03.2011	31.03.2010
7 Investments			
Long Term - At Cost			
I In Government / Trust Securities			
Non Trade			
A Quoted:			
Government Securities			
Central Government Loans (Face Value of ₹ 450 lakhs acquired during the year)	102,89.30	103,30.82	98,78.16
State Government Loans (Face Value of ₹ 640 lakhs acquired during the year and Face Value of ₹ 40 lakhs sold during the year)	29,48.00	29,78.93	23,71.54
	<u>132,37.30</u>	<u>133,09.75</u>	<u>122,49.70</u>
B Unquoted:			
Trust Securities			
Investment in Mutual Funds			
Sundaram Energy Opportunities - Growth @ 20,00,000 units of ₹ 10/- each		1,57.01	1,66.60
		<u>1,57.01</u>	<u>1,66.60</u>
II In Equity Shares - Fully paid			
Quoted:			
Sundaram Clayton Limited 45,46,170 Equity Shares of ₹ 5/- each		17,19.14	17,19.14
Wheels India Limited 13,33,741 Equity Shares of ₹ 10/- each		8,38.14	8,38.14
Reliance Industries Limited 40,850 Equity Shares of ₹ 10/- each		3,47.22	3,47.22
India Motor Parts & Accessories Limited 7,35,392 Equity Shares of ₹ 10/- each		2,79.26	2,79.26
Techtran Polylenes Limited @ 2,50,000 Equity Shares of ₹ 10/- each		51.89	32.13
IDBI Limited (14,240 Equity Shares of ₹ 10/- each sold during the year)		—	11.40
		<u>32,35.65</u>	<u>32,27.29</u>

SCHEDULES

(₹ in Lakh)

7 Investments (contd.)
Unquoted:
i) In Subsidiary Companies:

	31.03.2011	31.03.2010
Sundaram Asset Management Co. Ltd. 1,53,33,229 Equity Shares of ₹ 10/- each (76,51,281 Equity Shares of ₹ 10/- each acquired during the year)	153,13.84	12,09.86
Sundaram BNP Paribas Home Finance Ltd. * 4,01,56,296 Equity Shares of ₹ 10/- each	61,39.10	61,39.10
Sundaram BNP Paribas Fund Services Ltd. * 2,16,75,000 Equity Shares of ₹ 10/- each (65,25,000 Equity Shares of ₹ 10/- each subscribed during the year)	21,67.54	15,15.00
Sundaram Business Services Ltd. 1,50,00,000 Equity Shares of ₹ 10/- each	15,00.00	15,00.00
Professional Management Consultants Ltd. \$ (2,20,600 Equity Shares of ₹ 10/- each acquired during the year)	10,37.24	–
Infreight Logistics Solutions Ltd. (44,10,000 Equity Shares of ₹ 10/- each sold during the year)	–	4,41.00
Sundaram Infotech Solutions Ltd. \$ 40,00,000 Equity Shares of ₹ 10/- each	4,00.00	4,00.00
Sundaram Trustee Company Ltd. 50,000 Equity Shares of ₹ 10/- each (24,950 Equity Shares of ₹ 10/- each acquired during the year)	2,28.62	2.51
Sundaram Finance Distribution Ltd. 5,00,000 Equity Shares of ₹ 10/- each	65.18	65.18
Sundaram Insurance Broking Services Ltd. (5,00,000 Equity Shares of ₹ 10/- each subscribed during the year)	50.00	–
LGF Services Ltd. 2,50,000 Equity Shares of ₹ 10/- each	5.00	5.00

ii) In Joint Venture Companies

Royal Sundaram Alliance Insurance Company Ltd. 12,47,50,000 Equity Shares of ₹ 10/- each (1,99,60,000 Equity Shares of ₹ 10/- each subscribed at a premium of ₹ 6.25 per share during the year)	137,67.83	105,24.33
BNP Paribas Sundaram Global Securities Operations Pvt Ltd. * 36,48,050 Equity Shares of ₹ 10/- each (4,63,050 Equity Shares of ₹ 10/- each acquired during the year)	3,64.92	3,18.50

Carried forward
410,39.27
221,20.48

SCHEDULES

(₹ in Lakh)

7 Investments (contd.)**iii) In Associate Companies**

The Dunes Oman LLC (FZC)
22,93,725 Equity Shares of value 1 Omani Riyal each
(3,65,025 Equity Shares of value 1 Omani Riyal each subscribed during the year)

Flometallic India Ltd.
(1600 Equity Shares of ₹ 1,00,000/- each subscribed during the year)

Axles India Ltd.
98,91,754 Equity Shares of ₹ 10/- each

Sundaram Hydraulics Ltd.
73,50,000 Equity Shares of ₹ 10/- each

Turbo Energy Ltd.
19,20,000 Equity Shares of ₹ 10/- each

Sundaram Dynacast Private Ltd.
11,70,000 Equity Shares of ₹ 10/- each

Transenergy Ltd.
30,000 Equity Shares of ₹ 100/- each

iv) In Other Companies

Equifax Credit Information Services Pvt. Ltd. *
75,00,000 Equity Shares of ₹ 10/- each
(25,00,000 Equity Shares of ₹ 10/- each subscribed during the year)

Experian Credit Information Company of India Pvt Ltd.
42,00,000 Equity Shares of ₹ 10/- each

Credit Information Bureau (India) Ltd.
6,25,000 Equity Shares of ₹ 10/- each

Vishnu Forge Industries Ltd.
2,97,110 Equity Shares of ₹ 10/- each

Lucas-TVS Ltd.
63,224 Equity Shares of ₹ 100/- each

Delphi TVS Diesel Systems Ltd.
2,52,896 Equity Shares of ₹ 10/- each

Brakes India Ltd.
1,59,460 Equity Shares of ₹ 100/- each

NTTF Industries Pvt Ltd.
75,000 Equity Shares of ₹ 10/- each

§ Less : Provision for diminution in the value of investments

* These shares are subject to a lock in period

	31.03.2011	31.03.2010
Brought forward	410,39.27	221,20.48
The Dunes Oman LLC (FZC) 22,93,725 Equity Shares of value 1 Omani Riyal each (3,65,025 Equity Shares of value 1 Omani Riyal each subscribed during the year)	26,94.86	22,64.33
Flometallic India Ltd. (1600 Equity Shares of ₹ 1,00,000/- each subscribed during the year)	16,00.00	—
Axles India Ltd. 98,91,754 Equity Shares of ₹ 10/- each	10,15.70	10,15.70
Sundaram Hydraulics Ltd. 73,50,000 Equity Shares of ₹ 10/- each	7,35.00	7,35.00
Turbo Energy Ltd. 19,20,000 Equity Shares of ₹ 10/- each	1,88.41	1,88.41
Sundaram Dynacast Private Ltd. 11,70,000 Equity Shares of ₹ 10/- each	1,17.00	1,17.00
Transenergy Ltd. 30,000 Equity Shares of ₹ 100/- each	30.00	30.00
iv) In Other Companies		
Equifax Credit Information Services Pvt. Ltd. * 75,00,000 Equity Shares of ₹ 10/- each (25,00,000 Equity Shares of ₹ 10/- each subscribed during the year)	7,50.00	5,00.00
Experian Credit Information Company of India Pvt Ltd. 42,00,000 Equity Shares of ₹ 10/- each	4,20.00	4,20.00
Credit Information Bureau (India) Ltd. 6,25,000 Equity Shares of ₹ 10/- each	1,25.01	1,25.01
Vishnu Forge Industries Ltd. 2,97,110 Equity Shares of ₹ 10/- each	45.93	45.93
Lucas-TVS Ltd. 63,224 Equity Shares of ₹ 100/- each	27.22	27.22
Delphi TVS Diesel Systems Ltd. 2,52,896 Equity Shares of ₹ 10/- each	18.15	18.15
Brakes India Ltd. 1,59,460 Equity Shares of ₹ 100/- each	15.33	15.33
NTTF Industries Pvt Ltd. 75,000 Equity Shares of ₹ 10/- each	15.00	15.00
	488,36.88	276,37.56
§ Less : Provision for diminution in the value of investments	12,07.24	4,41.00
	476,29.64	271,96.56

SCHEDULES
7 Investments (contd.)

(₹ in Lakh)

	31.03.2011	31.03.2010
III In Preference Shares		
Unquoted:		
Axles India Ltd.	6,00.00	6,00.00
12%, 6,00,000 Redeemable Cumulative Non-Convertible Preference Shares of ₹ 100/- each		
Sundaram Hydraulics Ltd.	5,00.00	—
(9%, 5,00,000 Redeemable Cumulative Non-Convertible Preference Shares of ₹ 100/- each subscribed during the year)		
	11,00.00	6,00.00
A) Non Trade - Quoted		
Reliance Industries Ltd.	1,30.05	1,30.05
1,29,880 Zero Coupon Secured Redeemable Non-Convertible Debentures of ₹ 100/- each		
	1,30.05	1,30.05
B) Non Trade - Unquoted		
Rural Electrification Corporation Limited	—	50.00
(5.50%, 500 Non-Convertible Redeemable Taxable Bonds Series VII of ₹ 10,000/- each redeemed during the year)		
	—	50.00
Current Investments		
a) In Trust Securities (Unquoted)		
HDFC Cash Management Fund Treasury Advantage-Wholesale Plan Growth (1,63,18,060.38 units of ₹ 10/- each purchased during the year)	35,06.41	—
Birla Sun Life Cash Manager-Plan C Instl. Growth (1,83,39,899.41 units of ₹ 10/- each purchased during the year)	30,07.36	—
Sundaram Ultra Short Term Super Instl. Growth (2,27,28,661.79 units of ₹ 10/- each purchased during the year)	30,07.16	—
Kotak Floater Long-Term-Growth (1,61,14,461.07 units of ₹ 10/- each purchased during the year)	25,07.62	—
Reliance Quarterly Interval Fund– Series I– Instl. Growth (2,38,44,268.31 units of ₹ 10/- each purchased during the year)	25,00.00	—
ICICI Prudential Instl. Liquid Plan Super IP Growth (17,24,368.64 units of ₹ 100/- each purchased during the year)	25,00.00	—
Reliance Money Manager Fund-Instl. Plan Growth (1,50,364.71 units of ₹ 1000/- each purchased during the year)	20,08.87	—
UTI- Liquid Fund-Cash Plan-Instl. Growth (93,198.39 units of ₹ 1000/- each purchased during the year)	15,00.00	—
IDFC Saving Advantage Fund-Growth (1,09,303.98 units of ₹ 1000/- each purchased during the year)	15,00.00	—
Carried forward	220,37.42	—

SCHEDULES**7 Investments (contd.)**

(₹ in Lakh)

Current Investments**a) In Trust Securities (Unquoted)**

	31.03.2011	31.03.2010
Brought forward	220,37.42	—
SBI Premier Liquid Fund-Super Instl-Growth (64,87,145.72 units of ₹ 10/- each purchased during the year)	10,00.00	—
Canara Robeco Liquid-Super Instl-Growth (83,90,669.58 units of ₹ 10/- each purchased during the year)	10,00.00	—
Religare Liquid Fund - Super Instl. - Growth (74,260.10 units of ₹ 1000/- each purchased during the year)	10,00.00	—
Templeton India Treasury Management A/c-Super Instl. Plan-Growth (68,619.03 units of ₹ 1000/- each purchased during the year)	10,00.00	—
Tata Liquid Super High Investment Plan - Appreciation (55,247.97 units of ₹ 1000/- each purchased during the year)	10,00.00	—
Baroda Pioneer Liquid Fund Instl. Plan - Growth (89,068.44 units of ₹ 1000/- each purchased during the year)	10,00.00	—
Sundaram Rural India Fund - Growth (45,17,936.21 units of ₹ 10/- each)	5,00.00	5,00.00
Sundaram Select Focus - Appreciation (8,71,148.43 units of ₹ 10/- each)	5,00.00	5,00.00
Reliance Quarterly Interval Fund—Series II—Instl. Growth (3,20,39,067.73 units of ₹ 10/- each redeemed during the year)	—	40,00.43
Birla Sunlife FT Fund-Long Term—Instl— Growth (3,71,19,182.39 units of ₹ 10/- each redeemed during the year)	—	40,00.40
Birla Sunlife Short Term Opportunities Fund—Instl— Growth (96,19,269.32 units of ₹ 10/- each redeemed during the year)	—	10,00.00
Sundaram Capex Opportunities Fund - Growth (12,37,742.09 units of ₹ 10/- each redeemed during the year)	—	1,23.77
	290,37.42	101,24.60

SCHEDULES
7 Investments (contd.)

(₹ in Lakh)

SUMMARY OF INVESTMENTS
I In Government / Trust Securities

	31.03.2011	31.03.2010
A Quoted	133,09.75	122,49.70
B Unquoted - Long Term	1,57.01	1,66.60
C Unquoted - Current	290,37.42	101,24.60

II In Equity Shares

A Quoted	32,35.65	32,27.29
B Unquoted	476,29.64	271,96.56

III In Preference Shares - Unquoted

	11,00.00	6,00.00
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IV In Bonds / Debentures / Others

A Quoted	1,30.05	1,30.05
B Unquoted	–	50.00

GRAND TOTAL

	945,99.52	537,44.80
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Aggregate of quoted Investments - Long Term

	Cost	MV # 31.03.2011
Government Securities	133,09.75	125,26.85
Equity Shares	32,35.65	149,91.20
Debentures	1,30.05	1,30.05

(A) 166,75.45 276,48.10
Aggregate of unquoted Investments - Long Term

Trust Securities	1,57.01	
Equity Shares	476,29.64	
Preference Shares	11,00.00	
Bonds	–	

(B) 488,86.65
Aggregate of unquoted Investments - Current

Trust Securities	290,37.42	
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(C) 290,37.42
GRAND TOTAL [A + B + C]

	945,99.52	
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Cost has been considered wherever market value is not available.

@ These Investments have been marked to market.

SCHEDULES

Units of Mutual Funds Purchased and redeemed during the year

Current Investments

Name of the Fund	Face Value (₹)	Units (in Lakh)	Amount (₹ in Lakh)
Baroda Pioneer Liquid Fund Instl. Plan Growth	10	15,63	176,00
Baroda Pioneer PSU Bond Fund	10	1,16	12,00
Baroda Pioneer Short Term Bond Fund-Growth	10	20	2,00
Baroda Pioneer Treasury Advantage Fund-Instl. Growth	10	9,22	98,01
Birla Sunlife Cash Plus-Instl. Premium-Growth	10	25,99	395,00
Birla Sunlife Cash Manager-Instl. Plan Growth	10	5,21	84,93
Birla Sunlife Savings Fund Instl. Growth	10	5,49	97,21
Birla Sunlife Short Term Instl. Growth	10	4,96	54,34
BNP Paribas Overnight Instl. Growth	10	67	10,00
Canara Robeco Floating Rate Short Term Growth	10	2,12	31,00
Canara Robeco Liquid Super IP-Growth	10	24,07	274,04
Canara Robeco Short Term Instl. Growth	10	2,33	25,00
Canara Robeco Treasury Adv. Super Instl. Growth	10	13,40	189,03
DWS Insta Cash Plus Fund-IP-Growth	10	1,83	25,00
DWS Money Plus Fund IP Growth	10	1,43	15,00
Fortis Overnight Instl. Growth	10	85	12,00
Fortis Money Plus-IP-G	10	86	12,00
Fidelity Ultra Short Term Debt Fund Super Inst. Growth	10	1,60	20,00
HDFC Floating Rate Income Fund-ST-Whole Sale Option-Growth	10	9,34	148,03
HDFC Cash Management Fund Savings Plan	10	2,79	55,00
HDFC Cash Management Fund Treasury Adv Plan Whosale Option	10	4,37	92,94
HDFC Liquid Fund - Premium Plan - Growth	10	11,02	207,27
HDFC Liquid Fund Premium Plus Plan Growth	10	9,32	178,00
HSBC Cash Fund-Institutional Plus - Growth	10	1,35	20,00
ICICI Pru Flexible Income Plan Premium Growth	100	69	120,02
ICICI Prudential Floating Rate Plan Plan D Growth	100	32	45,00
ICICI Prudential Institutional Liquid Plan Super IP Growth	100	2,88	402,00
ICICI Prudential Ultra STP Super Premium Growth	10	6,86	71,10
IDFC Cash Fund - Super IP Plan C - Growth	10	19,30	219,00
IDFC Money Manager Fund - Treasury Plan Super Intl Plan C-Growth	10	6,37	72,01
IDFC Savings Advantage Fund- Plan A - Growth	1000	4	53,01
JM High Liquidity Fund Super Instl. Plan	10	2,80	41,00
JM Money Manager Fund Super Plus Plan- Growth	10	1,15	15,00
JP Morgan India Liquid Fund Super IP Growth	10	13,77	166,00
JP Morgan India Short Term Income Fund- Growth	10	2,28	23,00
JP Morgan India Treasury Fund Super IP Growth	10	8,72	106,01
Kotak Flexi Debt Scheme IP - Growth	10	4,55	52,01

SCHEDULES

Current Investments (Contd.)

Name of the Fund	Face Value (₹)	Units (in Lakh)	Amount (₹ in Lakh)
Kotak Floater Short Term-Growth	10	20,68	324,02
Kotak Floater Long Term Growth	10	4,81	74,92
Kotak Liquid Institutional Premium Growth	10	21,44	359,01
L&T Freedom Income -Short Term Fund-Cum- Instl. Plan	10	1,29	20,00
LIC MF Liquid Fund Growth	10	13,47	207,01
LIC MF Savings Plus Fund Growth	10	4,42	65,08
LIC MF Income Plus Fund-Growth Plan	10	5,25	65,01
Principal Cash Management Fund Instl. Premium	10	2,07	30,00
Peerless Liquid Fund Super Instl. Growth	10	5,60	59,00
Reliance Liquid Fund-Treasury Plan-IP-Growth	10	5,48	124,00
Reliance Liquid Plus Fund-Instl. Plan-Growth	10	55	7,00
Reliance Liquid Fund Cash Plan Growth	10	21,35	333,01
Reliance Liquid Fund TP-IP Growth	10	1,60	38,00
Reliance Liquidity Fund-Growth	10	14,02	199,00
Reliance Medium Term Fund Retail Plan Growth	10	52	10,00
Reliance Money Manager-Instl-Growth	1000	19	241,93
Reliance Short Term Fund	10	3,27	57,51
Religare Liquid Fund Super Instl. Plan-Growth	10	16,67	231,10
Religare Overnight Fund-Growth	10	5,41	62,00
Religare Ultra Short Term Fund-Instl. - Growth	10	11,86	152,41
SBI MF Magnum Insta Cash Fund	10	4,61	97,00
SBI Premier Liquid Fund Instl. Plan Growth	10	1,01	15,00
SBI Premier Liquid Fund Super Instl. Plan Growth	10	8,01	119,17
SBI SHF Ultra Short Term Fund IP Growth	10	4,63	57,00
SBI SHDF Short Term Instl. - Growth	10	3,28	35,03
Sundaram Flexible Fund ST Instl. Growth	10	5,32	83,15
Sundaram Money Fund Super IP Growth	10	32,53	619,01
Sundaram Ultra ST Fund Super IP Growth	10	13,68	176,94
Tata Floater Fund Growth	10	9,54	133,03
Tata Liquid Super High Invt. Fund - Appreciation	1000	18	306,00
Templeton India Treasury Management A/C - Super Instl. - Growth	1000	12	172,00
Templeton India Ultra Short Bond Fund Super Instl. Growth	10	7,98	95,01
UTI Liquid Fund - Cash Plan - IP - Growth	1000	15	214,06
UTI Floating Rate Fund Short Term Plan Instl. Plan Growth	1000	9	97,01
UTI Money Market-Growth	1000	5	50,00
UTI Treasury Adv. Fund-IP-Growth	1000	11	134,02

SCHEDULES

(₹ in Lakh)

	31.03.2011	31.03.2010
8 Deferred Tax Asset (Net)		
Deferred Tax Assets		
Provision for Investments, Standard Assets, NPA etc.	33,86.42	46,18.36
Income deferment on Non-performing Assets	2,11.51	3,35.44
Depreciation	10,76.19	8,86.61
Others	3,64.97	2,83.99
	50,39.09	61,24.40
Less: Deferred Tax Liabilities		
Hire Purchase Income	3,89.40	5,68.38
Others	21.85	22.37
	4,11.25	5,90.75
	46,27.84	55,33.65
9 Current Assets		
a) Stock-on-hire and bills purchased		
Net Investment in Stock-on-hire	160,23.32	217,61.96
Repossessed assets	6,61.99	10,76.35
Debtors on Securitisation	24.08	19.23
Trade bills purchased (unsecured, considered good)		
– Outstanding for a period exceeding six months	–	–
– Others	8,46.12	5,97.35
Net Investment in lease	49,19.64	45,16.06
	224,75.15	279,70.95
b) Interest accrued on investments	1,81.55	1,64.94
c) Cash and bank balances		
With scheduled banks in		
– Current Accounts	16,28.67	12,90.86
– Unpaid dividend account	63.65	59.27
– Deposit accounts	1007,47.89	1347,08.36
Cash on hand	10,10.85	12,62.41
Stamps and Stamp Papers on hand	1,07.78	58.16
	1035,58.84	1373,79.06
d) SFL Shares trust	5,94.30	5,94.30
e) SFL Employees Welfare Trust	3,72.93	3,80.11
	1271,82.77	1664,89.36

SCHEDULES

(₹ in Lakh)

	31.03.2011	31.03.2010
10 Loans and Advances		
Secured Loans	9172,71.18	7599,76.19
Unsecured Loans – Subsidiary Companies	18,90.00	23,50.00
– Others	31,69.47	30,66.78
Advance Income Tax and Tax Deducted at Source (Net of Provision)	80,66.56	67,11.98
Advance Fringe Benefit Tax (Net of Provision)	9.29	21.64
Advances and deposits recoverable in cash or kind or for value to be received		
– Subsidiary Companies	55.45	69.65
– Others	25,36.00	23,29.29
Advance for purchase of assets		
– Business Assets	166,84.01	129,32.96
– Others	31,91.24	30,72.86
Income receivable	97,59.28	88,32.61
	<u>9626,32.48</u>	<u>7993,63.96</u>
11 Current Liabilities*		
Sundry Creditors		
– For expenses	52,71.26	48,02.31
– For other finance	229,45.33	234,98.90
Unpaid dividend	63.65	59.27
Interest accrued but not due	264,19.47	267,23.65
	<u>546,99.71</u>	<u>550,84.13</u>
* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund		
12 Provisions		
Non-performing Assets	55,42.50	64,70.12
Contingent Provisions against Standard Assets	38,07.99	31,61.69
Investments	1,51.73	1,41.68
Dividend	38,88.64	22,22.07
Dividend Tax and Surcharge	4,44.17	2,76.09
	<u>138,35.03</u>	<u>122,71.65</u>

SCHEDULES

(₹ in Lakh)

	2010-11	2009-10
13 Income from Operations		
Hire Purchase / Hypothecation Loans (net) (tax deducted at source ₹ 329.82 lakhs)	1197,69.45	1020,10.16
Lease (net) (tax deducted at source ₹ 165.64 lakhs)	68,13.51	56,22.08
Investments (tax deducted at source ₹ 113.10 lakhs)	49,03.16	62,07.04
Income from Securitisation / Sell-down of Receivables	9,99.10	29,34.07
Interest on Loans (tax deducted at source ₹ 40.36 lakhs)	5,25.76	5,49.34
Bills Purchased	1,33.93	1,84.97
Services (tax deducted at source ₹ 184.88 lakhs)	23,01.20	18,47.51
Recovery of Bad debts / Loss on Sale of assets	14,77.77	9,66.98
Profit on Sale of Leased Assets	1,54.26	92.76
	1370,78.14	1204,14.91
14 Other Income		
Interest receipts (tax deducted at source ₹ 0.57 lakh)	6,62.88	5,92.33
Dividend		
– Subsidiary Companies	44,44.81	10,18.38
– Others	14,07.59	11,79.27
Rent receipts (tax deducted at source ₹ 87.82 lakhs)	8,31.38	9,09.86
Profit on sale of assets	39.69	29.38
Miscellaneous income	5,76.81	4,13.35
	79,63.16	41,42.57
15 Financial Expenses		
Interest – Fixed loans	294,89.29	226,41.00
– Debentures	350,35.78	339,95.71
– Others	3,78.58	95.58
Other financial expenses	58,78.35	66,47.26
	707,82.00	633,79.55

SCHEDULES

	2010-11	2009-10
		(₹ in Lakh)
16 Establishment Expenses		
Salaries, allowances, commission and bonus	102,73.98	92,73.29
Company's contribution to Provident Fund, Gratuity, Superannuation and Employees' State Insurance Scheme	6,18.21	4,76.24
Staff welfare expenses	3,74.75	2,61.70
	<u>112,66.94</u>	<u>100,11.23</u>
17 Administrative and other expenses		
Rent	7,80.28	6,99.04
Rates and taxes	12,13.42	3,92.23
Communication expenses	7,30.17	6,87.08
Electricity expenses	3,55.28	3,48.70
Travelling and conveyance	9,48.39	8,84.30
Advertisement charges	2,08.99	2,05.30
Outsourcing cost	16,49.22	10,50.16
Directors' sitting fee	11.70	16.10
Insurance	98.02	1,01.21
Repairs		
– Buildings	21.34	59.15
– Others	8,42.57	7,69.43
Donations	3,37.10	2,98.10
Miscellaneous expenses	28,57.24	27,57.01
	<u>100,53.72</u>	<u>82,67.81</u>
18 Provisions and Write off		
Bad Debts	28,66.37	34,54.60
Loss on Assets sold/written off	9,02.10	13,67.68
Provision against non-performing assets (net)	(11,57.75)	4,79.98
Loss on sale of investments	4,09.66	–
Provision against Investments (net)	7,66.13	1,44.64
	<u>37,86.51</u>	<u>54,46.90</u>

SCHEDULES

19. 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 provisions of the Companies Act, 1956. Besides, the Company follows the directions prescribed by the Reserve Bank of India (RBI) for Non Banking Financial Companies.

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

- 1.2 Income recognition:

- a) Income from Hypothecation Loans and Hire Purchase transactions is accounted on the basis of the Internal Rate of Return method.
- b) Lease income is accounted as per the terms of the lease agreements for contracts entered into upto 31st March 2001. Income from leases entered into on or after 1st April, 2001 is accounted as per Accounting Standard – AS 19 – Leases.
- c) Income from other financing activities and services is recognised on accrual basis.

- 1.3 Financial Instruments:

Commercial Paper, Zero Coupon Non Convertible Debentures etc., issued at a discount to the face value are accounted at their carrying cost, comprising issue price and accrued finance cost.

- 1.4 Fixed Assets and Depreciation / Amortisation:

Fixed Assets are stated at historical cost less accumulated depreciation.

Depreciation on assets is provided on the Written Down Value method at rates prescribed in Schedule XIV to the Companies Act, 1956. Assets costing ₹ 5000 or less acquired during the year are fully depreciated.

Cost of assets given on lease is amortised during the lease period for all leased assets acquired prior to 01-04-2001, as recommended in the "Guidance Note on Accounting for Leases (Revised)" issued by The Institute of Chartered Accountants of India (ICAI).

Lease Equalisation Account, which represents the excess/shortfall of annual lease charge when compared with statutory depreciation, is recognised. The value of assets on Finance Lease is further adjusted for balance in Lease Adjustment Account.

Items of computer software acquired /developed are recorded as intangible assets and their cost is amortised over their expected useful life.

- 1.5 Valuation of Investments:

Long-term investments are stated at cost and provision for diminution in value, other than temporary, is considered wherever necessary.

Current investments are valued at lower of cost and market value/net asset value.

- 1.6 Foreign Currency Transactions:

Transactions in foreign currencies are accounted at the prevailing rates of exchange on the date(s) 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 are accounted for in the Profit and Loss Account.

SCHEDULES

19. NOTES TO THE ACCOUNTS (Contd.)

Exchange differences on forward exchange contracts, entered into for hedging foreign exchange fluctuation risk in respect of asset / liability are recognised in the Profit and Loss Account in the reporting period in which the exchange rate changes. Premium on forward exchange contracts is expensed over the tenure of the contract.

Interest accrued on secured / unsecured foreign currency loans which are covered by forward contracts, has been provided at the forward exchange contract rate and on loans not so covered at the exchange rate prevailing at the year-end.

1.7 Employee Benefits:

A) Short Term Employee Benefits:

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

B) Post employment benefits:

Defined Contribution Plan

i) Provident Fund

Contributions are made to the company's Employees Provident Fund Trust in accordance with the fund rules. The interest rate payable by the trust to the beneficiaries every year is notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investment of the trust and the notified interest rate.

The Company also contributes to a government administered Employees Pension Scheme under the Employees Provident Fund Act and to Employees' State Insurance Schemes on behalf of its employees.

ii) Superannuation

The Company makes fixed contributions as a percentage on salary to the Superannuation Fund, which is administered by trustees and managed by the Life Insurance Corporation of India (LIC).

The above contributions are charged to the Profit and Loss Account.

Defined Benefit Plan

i) Gratuity

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

ii) Leave Encashment

The Company contributes to a staff leave encashment scheme managed by SBI Life. 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 of the above benefit plans are recognised in the profit and loss account on the basis of an actuarial valuation.

C) Other Long Term Employee Benefits:

The estimated liability in respect of other long term benefits like Employee Assured Bonus Scheme, reimbursement of medical expenses and entitlement of sick leave has been provided on the basis of actuarial valuation.

D) Employee Stock Options:

The Company determines the compensation cost based on the intrinsic value method. The compensation cost is amortised on a straight line basis over the vesting period.

SCHEDULES

19. NOTES TO THE ACCOUNTS (Contd.)

1.8 Taxation:

Current tax is provided on the taxable income for the year.

Deferred tax liabilities arising from timing differences have been fully provided for. Deferred tax assets are recognised on the consideration of prudence.

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 recoverable amount is the higher of the net selling price of the 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.

2. BALANCE SHEET:

2.1 Secured Loans:

- a) Non convertible debentures amounting to ₹ 374425.75 lakhs (31.03.2010 – ₹ 317682.03 lakhs), are redeemable at par between 2011 and 2015.

The above debentures are secured by mortgage of two immovable properties ranking *pari passu* with charges created in favour of the trustees in addition to specific assets covered by Hire Purchase / Lease agreements and a charge on Hypothecation Loan Receivables with a security cover of 100% / 125%, as per the terms of issue.

These Debentures include zero coupon debentures of ₹ 72425.75 lakhs of face value ₹ 80500 lakhs (31.03.2010 – ₹ 34383.03 lakhs, face value ₹ 38100 lakhs).

- b) Loans from scheduled banks under “Secured Loans” include

	(₹ in Lakh)	
	31.03.2011	31.03.2010
Working Capital Demand Loans	73984.67	98611.54
Term Loans	300200.00	172123.70
Total	<u>374184.67</u>	<u>270735.24</u>

- i) ₹ 73984.67 lakhs availed under working capital facilities are secured by hypothecation of assets covered by Hire Purchase / Lease agreements and a charge on Hypothecation Loan Receivables, ranking *pari passu*, excluding assets which are specifically charged to others.
- ii) ₹ 300200.00 lakhs availed as Term Loans are secured by hypothecation of specific assets covered by Hire Purchase / Lease agreements and a charge on Hypothecation Loan Receivables. The charge in respect of Term Loan amounting to ₹ 60000.00 lakhs is pending creation.

SCHEDULES

19. NOTES TO THE ACCOUNTS (Contd.)

2.2 Unsecured Loans:

- a) Non convertible debentures amounting to Nil (31.03.2010 – ₹ 33500 lakhs) are partly secured by mortgage of an immovable property, ranking *pari passu*, with the charges created in favour of the debenture trustees.
- b) During the year, the Company issued subordinated non convertible debentures of ₹ 15210 lakhs (2009-10 – ₹ 19500 lakhs) which are redeemable at the end of 10 years.

The debentures are subordinated to the existing and future unsecured borrowings of the Company and qualify as Tier II Capital under the Non Banking Financial (Deposit accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

- c) Short Term Loans and Advances:

The maximum amount of face value of the commercial paper outstanding at any time during the year was ₹ 129000 lakhs (2009-10 – ₹ 150000 lakhs). The face value of the commercial paper outstanding as of 31.03.2011 was ₹ 58000 lakhs (31.03.2010- ₹ 63500 lakhs)

2.3 Derivative Contracts:

Derivative contracts outstanding as on 31.03.2011, for Interest Rate Swaps is ₹ 54500 lakhs (31.03.2010 – ₹ 12500 lakhs) for hedging interest rate risk.

2.4 Fixed Assets:

- a) Buildings on leasehold land include ₹ 1228.16 lakhs (31.03.2010 – ₹ 1228.16 lakhs) being the cost of ownership flats in co-operative societies / associations.
- b) Land and Buildings include ₹ 1086.80 lakhs representing undivided share of land (31.03.2010- ₹ 1086.80 lakhs).
- c) Plant and Machinery and Vehicles include assets costing ₹ 26713.75 lakhs (gross block) on operating lease contracts (31.03.2010 – ₹ 20047.67 lakhs).

- d) Intangible Assets:

In accordance with Accounting Standard – AS 26 – Intangible Assets, software purchased / developed amounting to ₹ 617.47 lakhs (2009-10 – ₹ 447.66 lakhs) is amortised over their expected useful life of three to five years based on a technical evaluation.

- e) The details of assets on operating lease after 01.04.2001 are: (₹ in Lakh)

	31.03.2011			31.03.2010		
	Plant and Machinery	Vehicles	Computers	Plant and Machinery	Vehicles	Computers
Gross carrying amount (Cost)	33,36.29	225,05.07	8,49.29	20,35.97	171,61.68	8,26.91
Accumulated Depreciation	7,92.14	85,41.60	6,55.04	5,18.41	61,27.63	5,42.16
Depreciation recognised in Profit and Loss Account for the Year	2,73.73	35,79.36	1,19.52	1,75.63	27,83.00	1,66.75

Maturity Pattern of the future minimum lease payments is given below: (₹ in Lakh)

	31.03.2011	31.03.2010
Less than 1 year	66,02.06	39,25.58
Later than 1 year and not later than 5 years	107,61.21	99,04.60
Total	173,63.27	138,30.18

SCHEDULES

19. NOTES TO THE ACCOUNTS (Contd.)

2.5 Investments:

In accordance with the Reserve Bank of India directives, the Company has created a floating charge on the statutory liquid assets comprising investment in Government Securities of face value ₹ 13237.30 lakhs (Cost ₹ 13309.75 lakhs) and bank deposits of ₹ 6154.50 lakhs (grouped under Schedule 9, Current Assets – Cash and Bank Balances) in favour of trustees representing the public deposit holders of the Company.

2.6 Current Assets:

- a) Cash and Bank balances - with scheduled banks in deposit accounts includes ₹ 12723.60 lakhs (31.03.2010 – ₹ 14595.20 lakhs) provided as collateral for sell down transactions for which a lien has been noted.
- b) In accordance with Accounting Standard – AS 19 – Leases, the reconciliation between the total gross investment in the lease and the present value of minimum lease payments (MLP) receivables as on 31.03.2011 and 31.03.2010 is as follows:

	31.03.2011	31.03.2010
Gross Investment in lease	249,82.48	302,80.01
Less: Unearned Finance Charges	34,31.87	41,41.63
MLP Receivables	<u>215,50.61</u>	<u>261,38.38</u>

Maturity Pattern of the Gross investment in lease / Present Value of MLP receivables:

	31.03.2011		31.03.2010	
	Gross Investment in Lease	MLP Receivables	Gross Investment in Lease	MLP Receivables
Less than 1 year	141,38.62	120,85.47	163,39.52	137,99.80
Later than 1 year and not later than 5 years	108,43.86	94,65.14	139,40.49	123,38.58
Total	<u>249,82.48</u>	<u>215,50.61</u>	<u>302,80.01</u>	<u>261,38.38</u>

Accumulated provision for un-collectible minimum lease payments receivable: ₹ 509.50 lakhs.

- 2.7 “Secured Loans” from Scheduled Banks and Current Accounts with Scheduled Banks under “Cash and Bank Balances” are stated after deduction / addition of cheques on hand to the extent of ₹ 4828.87 lakhs (31.03.2010 – ₹ 4480.76 lakhs).

- 2.8 Loans and advances are secured, considered good. Unless otherwise stated.

- a) Secured loans include Nil (31.03.2010 – ₹ 18.45 lakhs) due from a Director of the Company. Maximum amount due at any time during the year ₹ 18.45 lakhs (2009-10 – ₹ 19.72 lakhs).
- b) Unsecured loans include ₹ 0.12 lakh (31.03.2010 – ₹ 0.18 lakh) due from officer of the Company. Maximum amount due at any time during the year ₹ 0.18 lakh (2009-10 – ₹ 0.24 lakh).
- c) Advance income tax and tax deducted at source is net of provision for tax of ₹ 38134.20 lakhs (31.03.2010 - ₹ 35489.44 lakhs) and includes ₹ 3751.69 lakhs (31.03.2010 – ₹ 2050.77 lakhs) towards income tax paid under dispute. Advance Fringe Benefit tax is net of provision for Fringe Benefit tax of ₹ 160.87 lakhs (31.03.2010 – ₹ 298.52 lakhs).
- d) Advances and deposits recoverable in cash or kind or for value to be received include ₹ 213.09 lakhs (31.03.2010 – ₹ 213.09 lakhs) towards sales tax paid under dispute in respect of which appeals are pending.

SCHEDULES

19. NOTES TO THE ACCOUNTS (Contd.)

2.9 Current liabilities:

- Sundry creditors for expenses include ₹ 201.00 lakhs (31.03.2010 - ₹ 182.00 lakhs) payable to directors.
- Interest accrued but not due includes ₹ 51.15 lakhs on deposits of Directors (31.03.2010 – ₹ 106.64 lakhs).

3. PROFIT AND LOSS ACCOUNT

3.1 Income from operations:

- Hypothecation Loans / Hire Purchase is net of business origination cost of ₹ 3034.91 lakhs (previous year – ₹ 2641.09 lakhs).
- During the year, the Company sold a part of its Hire Purchase / Hypothecation Loan receivables 'at par' representing the principal component, aggregating to ₹ 75094.31 lakhs. The excess interest spread (EIS) which the Company is entitled to retain from the interest to be collected from the borrowers, over and above the specified amount of interest to be passed on to the acquirer, will be accounted over the remaining life of the assets sold.
- Lease income is net of depreciation of ₹ 52.16 lakhs (Previous Year ₹ 98.66 lakhs) and Lease Equalisation Account ₹ 40.53 lakhs (Previous Year – ₹ (91.85) lakhs).

3.2 Income from operations - Investments comprise: (₹ in Lakh)

	2010 - 11	2009 -10
Interest	33,70.94	34,08.99
Profit on sale of investments:		
Long Term Investments	2,18.95	3,12.97
Current Investments	13,13.27	24,85.08
Total	<u>49,03.16</u>	<u>62,07.04</u>

3.3 Income from Services includes Trading of Computer Accessories and Software:

(₹ in Lakh)

	2010-11	2009-10
The details relating to trading items are as under:		
Sales	11.40	9.11
Purchases	10.54	9.02

The revenue from sale of computer accessories and software and their individual related costs constitute less than 10% of the total turnover of the Company. Therefore, quantitative information relating to this business has not been stated.

3.4 Other Income-Interest Receipts details:

(₹ in Lakh)

	2010 - 11	2009 -10
Income tax refunds	4,97.96	4,55.85
Loans to staff	1,59.70	1,31.57
Sundry Deposits	5.22	4.91
Total	<u>6,62.88</u>	<u>5,92.33</u>

SCHEDULES

19. NOTES TO THE ACCOUNTS (Contd.)

3.5 Financial Expenses:

Interest – Fixed loans includes interest on fixed / cumulative deposits amounting to ₹ 55.12 lakhs paid / credited to Directors (Previous Year - ₹ 75.98 lakhs).

3.6 Employee Benefits:

Defined Contribution Plan:

During the year, the Company has recognised the following amounts in the Profit and Loss account, which are included in Establishment Expenses in Schedule 16:

	(₹ in Lakh)			
	2010-11	2009-10	2008-09	2007-08
Contribution to Provident Fund	1,68.15	1,41.89	1,37.50	1,23.63
Contribution to Pension Fund	1,60.89	1,53.31	1,60.42	1,54.84
Contribution to Employees' State Insurance	45.77	6.13	11.80	25.27
Contribution to Superannuation Fund	1,09.09	99.15	1,00.00	87.32

Defined Benefit Plans

(₹ in Lakh)

Description of Benefits Plan	Funded Gratuity	
	2010-2011	2009-2010
A) Reconciliation of opening and closing balances of the present value of the defined benefit obligation		
Opening Balance: Present value of obligation	9,83.51	9,02.15
Current service cost	87.63	86.95
Interest cost	75.50	70.14
Benefits paid	(1,04.27)	(64.56)
Actuarial (gain) / loss on obligations	(47.70)	(11.17)
Closing Balance: Present value of obligation	10,90.07	9,83.51
B) Reconciliation of opening and closing balances of the fair value of plan assets		
Opening Balance: Fair value of plan assets	10,50.83	9,61.16
Expected return on plan assets	86.99	78.27
Contributions made	1,27.51	70.05
Benefits paid	(1,04.27)	(64.56)
Actuarial gain / (loss) on plan assets	4.64	5.91
Closing Balance: Fair value of plan assets	1165.70	10,50.83

SCHEDULES
19. NOTES TO THE ACCOUNTS (Contd.)

(₹ in Lakh)

Description of Benefits Plan	Funded Gratuity	
	2010-2011	2009-2010
C) Reconciliation of present value of defined benefit obligation and fair value of plan assets to the assets and liabilities recognised in the Balance sheet		
Closing Balance: Present value of obligation	10,90.07	9,83.51
Closing Balance: Fair value of plan assets	11,65.70	10,50.83
Unrecognised past service cost	–	–
Net Asset/(Liability) recognised in Balance Sheet (included under Loans & Advances in Schedule 10)	75.63	67.32
D) Expenses recognised in the Profit and Loss account		
Current service cost	87.63	86.95
Interest cost	75.50	70.14
Expected return on plan assets	(86.99)	(78.27)
Net actuarial (gain) / loss recognised	43.06	(17.08)
Total Expenses (included under Establishment Expenses in Schedule 16)	1,19.20	61.74
E) Actual return on plan assets		
Expected return on plan assets	86.99	78.27
Actuarial gain / (loss) on plan assets	4.64	5.91
Actual return on plan assets	91.63	84.18
F) Actuarial assumptions *		
Discount rate	8%	8%
Expected rate of return on plan assets	8%	8%
Rate of increase in compensation levels	6% - 7%	6%

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

Amount for the current and previous three years are as follows:

(₹ in Lakh)

Particulars	2010-11	2009-10	2008-09	2007-08
Defined Benefit Obligation	10,90.07	9,83.51	9,02.15	7,77.11
Plan Assets	11,65.70	10,50.83	9,61.16	8,04.02
Suprlus / (deficit)	75.63	67.32	59.01	26.91
Experience adjustments on plan Liabilities	47.70	11.17	(65.96)	(1,33.88)
Experience adjustments on plan Assets	4.64	5.91	(1.78)	(3.52)

SCHEDULES

19. NOTES TO THE ACCOUNTS (Contd.)

(₹ in Lakh)

Defined Benefit Plans	Funded Compensated Absences
A) Reconciliation of opening and closing balances of the present value of the defined benefit obligation	
Opening Balance: Present value of obligation	3,82.54
Current service cost	35.91
Interest cost	31.47
Benefits paid	(70.10)
Actuarial (gain) / loss on obligations	(8.24)
Closing Balance: Present value of obligation	3,71.58
B) Reconciliation of opening and closing balances of the fair value of plan assets	
Opening Balance: Fair value of plan assets	3,71.72
Expected return on plan assets	29.35
Contributions made	1,05.18
Benefits paid	(70.10)
Actuarial gain / (loss) on plan assets	-
Closing Balance: Fair value of plan assets	4,36.15
C) Reconciliation of present value of defined benefit obligation and fair value of plan assets to the assets and liabilities recognised in the Balance sheet	
Closing Balance: Present value of obligation	3,71.58
Closing Balance: Fair value of plan assets	4,36.15
Unrecognised past service cost	-
Net Asset / (Liability) recognised in Balance Sheet (included under Loans & Advances in Schedule 10)	64.57
D) Expenses recognised in the Profit and Loss account	
Current service cost	35.91
Interest cost	31.47
Expected return on plan assets	(29.35)
Net actuarial (gain) / loss recognised	(8.24)
Total Expenses (included under Establishment Expenses in Schedule 16)	29.79
E) Actual return on plan assets	
Expected return on plan assets	29.35
Actuarial gain / (loss) on plan assets	-
Actual return on plan assets	29.35
F) Actuarial assumptions	
Discount rate	8%
Expected rate of return on plan assets	8%
Rate of increase in compensation levels	6%

The estimated value of sick leave entitlement as on 31.03.2011 is ₹ 69.43 lakhs and is provided for in the books of accounts.

Other Long Term Benefits

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

(₹ in Lakh)

	2010-11	2009-10	2008-09	2007-08
³ B j mi lvbb ^pproba _ lkrp p`eb j b	3). .+51	./)-0+0-	3)24+ -3	.)5. +40
³ Pq^cc J baf`^i P`eb j b	.)- /+2-	45+3-	45+65	63+66
³ Obqfoba B j mi lvbb J baf`^i P`eb j b	.) /6+02	.)0 /+20	.)10+ -1	.)14+31

SCHEDULES

19. NOTES TO THE ACCOUNTS (Contd.)

3.7 Employee Stock Option Scheme - SFESOS

- 1 The Board has approved issue of stock Options in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as follows:

Particulars	Grant 2	Grant 1
Board Meeting Date	28/5/2010	29/5/2009
Options Granted	17,250	10,500
Exercise Price	₹ 10/- per share	₹ 10/- per share
Grant Date	28/5/2010	29/5/2009
Vesting Date	31/5/2011	31/5/2010
Vesting Period	12 months	12 months
Exercise Period	01/06/2011 - 31/08/2011	01/06/2010 - 31/08/2010
Market Price on a date immediately prior to Grant Date	395.00	276.10
Intrinsic Value	385.00	266.10
Total Expenses to be recognised for 2010-11 (₹ in Lakh)	55.34	4.66

- 2 The Company has followed Intrinsic Value for accounting SFESOS.

Had compensation cost for the stock options granted under the Scheme been determined based on fair value approach, the Company's Profit after Tax and Earnings per Share would have been as per the amounts indicated below:

	2010-2011	2009-10
		₹ In Lakhs
Profit after Tax (as reported)	295,23.12	226,74.86
Add: SFESOS compensation expense included in net profit	60.00	23.28
Less: SFESOS compensation expense determined under fair value based method	60.08	23.32
Profit after Tax (adjusted)	295,23.04	226,74.82
Basic Earnings per Share of ₹ 10/- each (as reported) (₹)	53.15	40.82
Basic Earnings per Share of ₹ 10/- each (adjusted) (₹)	53.14	40.82

- 3 The key assumptions used for calculating fair value as on the date of the grant are:

	28/5/2010	29/5/2009
Date of Grant	28/5/2010	29/5/2009
Risk Free Interest Rate (%)	5.07	4.13
Exercise Price (₹)	10	10
Life of the option	369 days	368 days
Expected Volatility	38.27%	55.92%
Dividend Yield	No Dividend Rights during vesting period	
Price of the underlying share in market at the time of the Option grant (₹)	395.00	276.10
Fair Value of the Option (₹) (computed using Black Scholes Model)	385.50	266.51

SCHEDULES

19. NOTES TO THE ACCOUNTS (Contd.)

3.8 Remuneration to Directors:		(₹ in Lakh)	
	2010-11	2009-10	
i) Salary	43.91	49.80	
ii) Commission			
– Wholetime Directors	1,65.00	1,50.00	
– Non Wholetime Directors	36.00	32.00	
iii) Sitting fees to Wholetime Directors	1.90	2.90	
iv) Contribution to Provident, Superannuation and Gratuity Funds	12.61	16.16	
v) Other Allowances and Perquisites	48.33	39.28	
Total	3,07.75	2,90.14	
3.9 Computation of net profit for calculation of commission to directors:		(₹ in Lakh)	
Net Profit		2,95,23.12	
Add: Directors' Remuneration	3,07.75		
Directors' Sitting Fee (other than Wholetime Directors)	9.80		
Depreciation as per books	55,20.97		
Loss on Sale of Investments	4,09.66		
Provision of Taxation (including Wealth Tax)	135,13.90		
Contingent Provision against Standard Assets	6,46.30		
Provision for Investments	7,66.14		
Lease Equalisation Account	40.53	212,15.05	
Less:		507,38.17	
Depreciation as per Sec.350 of the Companies Act, 1956	55,20.97		
Profit on Sale of Investments	15,32.22		
Reversal of Provision against Non-Performing Assets	11,57.75		
		82,10.94	
Net profit as per Section 198 of the Companies Act, 1956		425,27.23	
1% thereof		4,25.27	
Commission to Whole-time Directors		1,65.00	
Commission to Non-Wholetime Directors		36.00	
3.10 Miscellaneous expenses under "Administrative and other expenses" includes remuneration towards:		(₹ in Lakh)	
	2010-11	2009-10	
Statutory Audit	27.00	27.00	
Tax Audit	9.00	9.00	
Certification	18.86	19.59	
Service Tax	5.65	5.73	
Travelling Expenses	2.72	4.32	
3.11 Contingent Provision against Standard Assets of ₹ 646.30 lakhs (Previous Year – ₹ 3161.69 lakhs) has been made during the year @ 0.40% of the outstanding Standard Assets. Reserve Bank of India requires a contingent provision @ 0.25% of the outstanding Standard Assets.			
3.12 Provisions and Write offs:			
Loss on sale of investments comprises ₹ 12.76 lakhs (Previous Year – NIL) pertaining to current investments and ₹ 396.90 lakhs (Previous Year – NIL) pertaining to long term investments.			

SCHEDULES

19. NOTES TO THE ACCOUNTS (Contd.)

- 3.13 Exchange difference amounting to ₹ 0.27 lakh (net loss) (Previous Year – ₹ 2.88 lakhs-net loss) arising on account of foreign currency transactions has been accounted in the Profit and Loss account in accordance with Accounting Standard – AS 11 – Accounting for the effects of changes in foreign exchange rates.

4. GENERAL

4.1 Segment Reporting:

Segment information is presented in the Consolidated Financial Statements in terms of the Accounting Standard – AS 17 – Segment Reporting.

4.2 Related Parties Disclosures:

4.2.1 Related party disclosures, as stipulated by Accounting Standard – AS 18 – Related Party Disclosures, are given below:

Related Parties:

Subsidiary Companies:

Sundaram Finance Distribution Ltd.
Sundaram BNP Paribas Home Finance Ltd.
Sundaram Asset Management Company Ltd.
Sundaram Trustee Company Ltd.
LGF Services Ltd.
Infreight Logistics Solutions Ltd.
Sundaram Infotech Solutions Ltd.
Sundaram Business Services Ltd.
Professional Management Consultants Ltd.
Sundaram BNP Paribas Fund Services Ltd.
Sundaram Parekh Warehousing Services Ltd.
Sundaram Insurance Broking Services Ltd.

Associates:

Axles India Ltd.
Turbo Energy Ltd.
Transenergy Ltd.
Sundaram Dynacast Private Ltd.
Sundaram Mutual Fund
Sundaram Medical Foundation
Sundaram Hydraulics Ltd.
The Dunes Oman LLC (FZC)
Flometallic India Ltd.

Joint Ventures:

Royal Sundaram Alliance Insurance Company Ltd.
Gulf Outsourcing Services Ltd. (till 16.02.2011)
BNP Paribas Sundaram Global Securities Operations Private Ltd. (BNP Paribas Sundaram GSO)

Key Management Personnel:

Mr. T. T. Srinivasaraghavan, Managing Director
Mr. Harsha Viji, Director (Strategy & Planning) - with effect from 24.09.2010

Relatives of Key Management Personnel:

Mr. T. T. Srinivasaraghavan	Mr. T. T. Rangaswamy Mrs. Vimala Rangaswamy Mrs. Bagyam Raghavan Miss. Anjana Raghavan Mr. T. T. Venkatraghavan Mr. T. T. Narendran	Father Mother Wife Daughter Son Brother
Mr. Harsha Viji	Mr. S. Viji Mrs. Chitra Viji Mrs. Sara Vetteth Miss. Anya Padma Viji Master. Arun Mathew Viji Mr. Sriram Viji	Father Mother Wife Daughter Son Brother

SCHEDULES

19. NOTES TO THE ACCOUNTS (Contd.)

4.2.2 RELATED PARTY TRANSACTIONS FOR THE YEAR ENDED 31ST MARCH 2011

The nature and volume of transactions of the Company during the year, with the above related parties are as follows. (₹ in Lakh)

Nature of Transactions	Subsidiary Companies	Associates / Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	Total April 2010 - March 2011	Previous Year 2009-10
INCOME						
Income from Services rendered						
Sundaram BNP Paribas Home Finance Ltd.	6,85.23				6,85.23	5,48.94
Royal Sundaram Alliance Insurance Co. Ltd.		7,55.89			7,55.89	6,48.04
Sundaram Mutual Fund		3,52.69			3,52.69	2,25.09
Others	1,40.70	58.70			1,99.40	73.34
Total	8,25.93	11,67.28			19,93.21	14,95.41
Dividend						
Sundaram Finance Distribution Ltd.	39,97.50				39,97.50	50.00
Turbo Energy Ltd.		5,76.00			5,76.00	5,76.00
Others	4,47.31	1,75.17			6,22.48	9,82.70
Total	44,44.81	7,51.17			51,95.98	16,08.70
Rent Receipts						
Royal Sundaram Alliance Insurance Co. Ltd.		2,23.16			2,23.16	2,23.16
Sundaram Business Services Ltd.	3,43.23				3,43.23	4,25.21
Sundaram Asset Management Company Ltd.	99.35				99.35	80.31
Others	69.05	14.05			83.10	81.88
Total	5,11.63	2,37.21			7,48.84	8,10.56
Interest						
Sundaram Infotech Solutions Ltd.	99.47				99.47	1,31.13
Axles India Ltd.		60.00			60.00	49.64
BNP Paribas Sundaram GSO		57.71			57.71	3.58
Infreight Logistics Solutions Ltd.	58.54				58.54	71.93
Others	21.85				21.85	94.66
Total	1,79.86	1,17.71			2,97.57	3,50.94
Income from Lease						
Turbo Energy Ltd.		79.57			79.57	70.72
Sundaram Asset Management Company Ltd.	24.05				24.05	19.81
Royal Sundaram Alliance Insurance Co. Ltd.		14.56			14.56	
Others	5.52	11.62			17.14	14.27
Total	29.57	1,05.75			1,35.32	1,04.80
Income from Bill Discounting						
Axles India Ltd.		21.39			21.39	1,12.86
Profit on Redemption of Mutual Fund Investments						
Sundaram Mutual Fund		3,22.63			3,22.63	1,57.45
Other Income	63.91	10.79			74.70	91.05

SCHEDULES
19. NOTES TO THE ACCOUNTS (Contd.)

(₹ in Lakh)

Nature of Transactions	Subsidiary Companies	Associates / Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	Total April 2010 - March 2011	Previous Year 2009-10
EXPENSE						
Interest						
Royal Sundaram Alliance Insurance Co Ltd.		2,15.79			2,15.79	2,41.30
Sundaram Finance Distribution Ltd.	1,80.45				1,80.45	3.00
Others	14.41		3.21	33.71	51.33	72.80
Total	1,94.86	2,15.79	3.21	33.71	4,47.57	3,17.10
Professional Charges						
Sundaram Business Services Ltd.	2,99.91				2,99.91	34.43
Others	6.00				6.00	11.24
Total	3,05.91				3,05.91	45.67
Provision/(Reversal of Provision) against Investment						
Sundaram Infotech Solutions Ltd.	4,00.00				4,00.00	
Professional Management Consultants Ltd.	8,07.24				8,07.24	
Infreight Logistics Solutions Ltd.	(4,41.00)				(4,41.00)	4,41.00
Total	7,66.24				7,66.24	4,41.00
Provision / (Reversal of Provision) against Intercorporate loan						
Sundaram Infotech Solutions Ltd.	12,40.00				12,40.00	
Infreight Logistics Solutions Ltd.	(1,00.00)				(1,00.00)	7,50.00
Total	11,40.00				11,40.00	7,50.00
Loss on Sale of Investment						
Infreight Logistics Solutions Ltd.	(3,96.90)				(3,96.90)	
Software Expenses						
Sundaram Infotech Solutions Ltd.	38.18				38.18	
Remuneration						
			2,71.75		2,71.75	2,58.14
Dividend						
			84.41	4,16.87	5,01.28	49.11
Donation						
Sundaram Medical Foundation		2,00.00			2,00.00	2,00.00
Insurance Premium						
Royal Sundaram Alliance Insurance Co. Ltd.		49.58			49.58	54.35
Rent Paid						
Sundaram BNP Paribas Home Finance Ltd.	7.71				7.71	5.70
Royal Sundaram Alliance Insurance Co. Ltd.		1.44			1.44	1.59
Total	7.71	1.44			9.15	7.29
Other Expenses						
	3.20				3.20	2.50

SCHEDULES

19. NOTES TO THE ACCOUNTS (Contd.)

(₹ in Lakh)

Nature of Transactions	Subsidiary Companies	Associates / Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	31.03.2011	31.03.2010
ASSETS						
Investment in Equity Shares						
Sundaram Asset Management Co. Ltd.	141,03.98				141,03.98	
Royal Sundaram Alliance Insurance Co. Ltd.		32,43.50			32,43.50	
Others	9,13.61	20,30.54			29,44.15	22,65.69
Total	150,17.59	52,74.04			202,91.63	22,65.69
Investment in Preference Shares						
Sundaram Hydraulics Ltd.		5,00.00			5,00.00	
Intercorporate Loans Disbursed to						
Sundaram Business Services Ltd.	1,50.00				1,50.00	3,50.00
BNP Paribas Sundaram GSO		30,00.00			30,00.00	3,00.00
Others						9,15.00
Total	1,50.00	30,00.00			31,50.00	15,65.00
Purchase of Investment						
Sundaram Business Services Ltd.	10,95.90				10,95.90	
Sale of Investment						
Sundaram Finance Distribution Ltd.	44.10				44.10	
Repayment of Intercorporate Loan by						
Sundaram Business Services Ltd.	5,00.00				5,00.00	17,50.00
BNP Paribas Sundaram GSO		25,00.00			25,00.00	3,00.00
Others	1,10.00				1,10.00	2,24.94
Total	6,10.00	25,00.00			31,10.00	22,74.94
Investment in Trust Securities						
Sundaram Mutual Fund		909,17.17			909,17.17	760,61.70
Purchase of Certificate of Deposit						
Sundaram Mutual Fund		129,10.96			129,10.96	
Disinvestment in Trust Securities						
Sundaram Mutual Fund		883,56.41			883,56.41	782,20.16
Sale of Fixed Assets						
Sundaram BNP Paribas Home Finance Ltd.	5.32				5.32	
Sundaram Business Services Ltd.	7.19				7.19	
Total	12.51				12.51	
Sale of Software Licenses						
Royal Sundaram Alliance Insurance Co. Ltd.		10.62			10.62	7.50
Purchase of Fixed assets						
Sundaram Infotech Solutions Ltd.						0.09
Purchase of Software & Licenses						
Sundaram Infotech Solutions Ltd.	57.19				57.19	67.37

SCHEDULES
19. NOTES TO THE ACCOUNTS (Contd.)

(₹ in Lakh)

Nature of Transactions	Subsidiary Companies	Associates / Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	31.03.2011	31.03.2010
Software Development Costs						
Sundaram Infotech Solutions Ltd.	2,87.93				2,87.93	2,58.24
Advance towards Software & Licenses						
Sundaram Infotech Solutions Ltd.	8,02.74				8,02.74	3,70.05
Others	14.00				14.00	
Total	8,16.74				8,16.74	3,70.05
Insurance Premium paid in advance						
Royal Sundaram Alliance Insurance Co. Ltd.		19.16			19.16	25.16
Assets-Outstanding Balances as on 31.03.2011						
Preference Share Holdings						
Axles India Ltd.		6,00.00			6,00.00	6,00.00
Sundaram Hydraulics Ltd.		5,00.00			5,00.00	
Total		11,00.00			11,00.00	6,00.00
Equity Holdings						
Sundaram BNP Paribas Home Finance Ltd.	61,39.10				61,39.10	61,39.10
Sundaram Asset Management Co. Ltd.	153,13.84				153,13.84	12,09.86
Royal Sundaram Alliance Insurance Co. Ltd.		137,67.83			137,67.83	105,24.33
Others	54,53.58	67,45.90			121,99.48	85,97.63
Total	269,06.52	205,13.73			474,20.25	264,70.92
Inter-corporate Loans						
Sundaram Infotech Solutions Ltd.	12,40.00				12,40.00	12,50.00
Infreight Logistics Solutions Ltd.	6,50.00				6,50.00	7,50.00
Axles India Ltd.		5,00.00			5,00.00	5,00.00
BNP Paribas Sundaram GSO		5,00.00			5,00.00	
Others						3,50.00
Total	18,90.00	10,00.00			28,90.00	28,50.00
Trust Securities						
Sundaram Mutual Fund		42,07.16			42,07.16	13,23.77
Future Lease Receivables						
Turbo Energy Ltd.		1,76.59			1,76.59	1,56.46
Royal Sundaram Alliance Insurance Co. Ltd.		56.37			56.37	
Sundaram Asset Management Co. Ltd.	55.45				55.45	42.31
Sundaram Infotech Solutions Ltd.	53.50				53.50	27.48
Axles India Ltd.		61.46			61.46	63.20
Others	2.77	2.51			5.28	16.12
Total	1,11.72	2,96.93			4,08.65	3,05.57
Other Assets	90.85	1,93.28			2,84.13	2,71.13

SCHEDULES

19. NOTES TO THE ACCOUNTS (Contd.)

(₹ in Lakh)

Nature of Transactions	Subsidiary Companies	Associates / Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	31.03.2011	31.03.2010
LIABILITIES						
Issue of Non Convertible Debentures						
Royal Sundaram Alliance Insurance Co. Ltd.						20,00.00
Redemption of Non Convertible Debentures						
Royal Sundaram Alliance Insurance Co. Ltd.		10,00.00			10,00.00	10,00.00
Intercorporate deposit						
Sundaram Finance Distribution Ltd.	50,00.00				50,00.00	1,60.00
Sundaram Business Services Ltd.	4,50.00				4,50.00	
Others						75.00
Total	54,50.00				54,50.00	2,35.00
Inter-Corporate deposit redeemed						
Sundaram Finance Distribution Ltd.	49,85.00				49,85.00	55.00
LGF Services Ltd.	75.00				75.00	
Sundaram Business Services Ltd.	50.00				50.00	
Total	51,10.00				51,10.00	55.00
Liabilities-Outstanding						
Balances as on 31.03.2011						
Equity Holdings			76.74	378.97	4,55.71	57.72
Deposits			25.05	438.77	4,63.82	2,11.86
Interest on Deposits			6.07	30.86	36.93	23.62
Provision against Investment						
Sundaram Infotech Solutions Ltd.	4,00.00				4,00.00	
Professional Management Consultants Ltd.	8,07.24				8,07.24	
Infreight Logistics Solutions Ltd.						4,41.00
Total	12,07.24				12,07.24	4,41.00
Provision against Intercorporate loan						
Sundaram Infotech Solutions Ltd.	12,40.00				12,40.00	
Infreight Logistics Solutions Ltd.	6,50.00				6,50.00	7,50.00
Total	18,90.00				18,90.00	7,50.00
Non Convertible Debentures						
Royal Sundaram Alliance Insurance Co. Ltd.		20,00.00			20,00.00	30,00.00
Inter-corporate deposit						
Sundaram Finance Distribution Ltd.	1,20.00				1,20.00	1,05.00
Sundaram Business Services Ltd.	4,00.00				4,00.00	
Others						75.00
Total	5,20.00				5,20.00	1,80.00
Other Liabilities	32.03	1,76.24			2,08.27	3,38.33

SCHEDULES

19. NOTES TO THE ACCOUNTS (Contd.)

- 4.3 In compliance with the Accounting Standard relating to 'Financial Reporting of Interests in Joint Ventures' (AS 27), the Company has interests in the following jointly controlled entities: (₹ in Lakh)

Name of Companies	Amount based on the Audited Accounts for the year ended 31st March 2011						
	% age of Shareholding	Assets	Liabilities	Income	Expenditure	Capital Commitment	Contingent Liability
Royal Sundaram Alliance Insurance Company Limited	49.90 (49.90)	789,30.94 (621,64.57)	640,28.52 (495,00.56)	484,61.06 (403,15.59)	494,66.16 (387,70.13)	81.77 (16.81)	61,09.47 (42,44.43)
Gulf Outsourcing Services Limited*	40.00 (40.00)	23.84 (23.84)	1.48 (1.48)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
BNP Paribas Sundaram Global Securities Operations Pvt Ltd.	49.00 (49.00)	18,36.92 (14,99.02)	11,33.89 (9,22.94)	26,64.45 (20,04.35)	23,49.80 (17,86.91)	2,00.50 (2,46.37)	2.00 (-)

Figures in bracket relate to Previous Year.

* Gulf Outsourcing Services Limited ceased to be a Joint Venture with effect from 16/02/2011

4.4 Earnings per Share (Basic and diluted)	2010-11	2009-10
A Profit for the year after taxation (₹ in Lakh)	295,23.12	226,74.86
B Number of equity shares	5,55,51,930	5,55,51,930
C Basic and diluted earnings per share (in ₹)	53.15	40.82

- 4.5 The Commissioner of Customs, Tuticorin raised a demand of ₹ 500 lakhs towards penalty on the Company and ₹ 1824 lakhs (towards duty) on the Company in September 2006 jointly and severally with the Lessee, in respect of a Lease transaction. The Appellate Authority admitted the appeal preferred by the company and granted stay against the recovery proceedings in March 2007.

The Special Director of Enforcement, New Delhi, imposed a penalty of ₹ 10 lakhs on the Company. The Company has preferred an appeal against the penalty with the Appellate Tribunal for Foreign Exchange and obtained a stay after remitting ₹ 2.50 lakhs as directed by the Tribunal. Meanwhile the company initiated arbitration proceedings against the Lessee and has received an award in its favour.

- 4.6 Estimated amount of contracts remaining to be executed on capital account – ₹ 3098.26 lakhs (net of advance of ₹ 922.69 lakhs). (31.03.2010 - ₹ 2225.15 lakhs - net of advance of ₹ 448.68 lakhs).
- 4.7 There are no amounts due to Small Scale Industries in terms of "The Micro, Small and Medium Enterprises Development Act, 2006".

SCHEDULES

19. NOTES TO THE ACCOUNTS (Contd.)

4.8 Contingent liabilities in respect of	As at 31.03.2011	As at 31.03.2010
		(₹ in Lakh)
a) Liability:		
To Banks – on Cheques discounted	16,66.75	40,15.98
– on Counter Guarantee	38.87	35.37
– on Letter of Credit	11,86.00	9,12.49
To Sales Tax Authorities	10.32	10.32
b) Claims against the Company not acknowledged as Debts:		
Hire Purchase transactions and termination of Lease transactions – Appeals filed by the company	31.07	31.07
Others	31,41.70	19,94.41
4.9 Cost Insurance Freight (CIF) value of imports:		(₹ in Lakh)
	2010-11	2009-10
Capital goods (on payment basis)	9,57.19	6,32.47
4.10 Expenditure in foreign currency (on payment basis):		(₹ in Lakh)
	2010-11	2009-10
Interest	–	1,10.08
On Other Matters	16.94	34.96
4.11 Earnings in Foreign Currency		(₹ in Lakh)
	2010-11	2009-10
– Annual Maintenance and Support Charges	68.41	94.78
4.12 Previous year's figures have been regrouped / reclassified wherever necessary to conform to current year's classification.		

Signatures to Schedules 1 to 19

As per our report of even date attached
For **Brahmayya & Co.**,
Chartered Accountants
Registration No.000511S
L. Ravi Sankar
Partner
Membership No.25929
Chennai
Dated : 30th May, 2011

S. Viji
Chairman
T. T. Srinivasaraghavan
Managing Director
Harsha Viji
Director (Strategy & Planning)
S. Venkatesan
CFO & Secretary

S. Prasad
S. Ravindran
S. Ram
Srinivas Acharya
Directors

T. R. Seshadri
P. N. Venkatachalam
Aroon Raman
Directors

SCHEDULE

(as required in terms of Paragraph 9BB of NBFC Prudential Norms (Reserve Bank) Directions, 1998)

(₹ in Lakh)

	Particulars	Amount Outstanding	Amount Overdue
	Liabilities side:		
(1)	Loans and advances availed by the NBFCs @		
a	Debtures : Secured	3744,25.75	-
	: Unsecured	397,10.00	-
	(other than falling within the meaning of public deposits)		
b	Deferred Credits	-	-
c	Term Loans	2902,00.00	-
d	Inter-corporate loans and borrowings	-	-
e	Commercial paper	567,00.21	-
f	Public Deposits	1183,67.27	1,263.45 #
g	Other loans		
	- Bank Borrowing	1141,80.33	-
	- Deposits from Corporates	13,55.53	-
(2)	Break-up of 1 (f) above (Outstanding public deposits) @		
a	In the form of Unsecured debtures	-	-
b	In the form of partly secured debtures i.e. debtures where there is a shortfall in the value of security	-	-
c	Other public deposits	1183,67.27	12,63.45 #

@ Interest accrued but not paid - Nil

Represents unclaimed deposits

(₹ in Lakh)

	Particulars	Amount Outstanding
	Assets side:	
(3)	Break-up of Loans and Advances including bills receivables (other than those included in (4) below):	
a	Secured	987,78.71
b	Unsecured (including Advance for Business Assets)	227,42.29
(4)	Break-up of Leased Assets and Stock on hire and hypothecation loans counting towards EL / HP activities :	
(i)	Lease assets including lease rentals under sundry debtors	
a	Financial Lease	19.82
b	Operating Lease	161,53.47
(ii)	Net Stock on hire including hire charges under sundry debtors	
a	Assets on hire	198,96.95
b	Repossessed Assets	4.42
(iii)	Hypothecation loans counting towards EL / HP activities	
a	Loans where assets have been repossessed	6,57.57
b	Loans other than (a) above	8178,66.86

(₹ in Lakh)

	Particulars	Amount Outstanding	Market Value *
(5)	Break-up of Investments:		
	Current Investments:		
1.	Quoted:	–	–
2.	Unquoted:		
(i)	Units of mutual funds	290,37.42	295,78.85
	Long Term Investments:		
1.	Quoted:		
(i)	Equity Shares	32,35.65	149,91.20
(ii)	Debentures and Bonds	1,30.05	1,30.05
(iii)	Government Securities	133,09.75	125,26.85
2.	Unquoted:		
(i)	Shares		
a	Equity	476,29.64	655,91.58
b	Preference	11,00.00	11,00.00
(ii)	Government Securities	–	–
(iii)	Units of mutual funds	1,57.01	1,57.01
(iv)	Bonds	–	–
(v)	Others	–	–
	Total	945,99.52	1240,75.54

* Unquoted Investments disclosed at break up / fair value / NAV

(6) Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances: (₹ in Lakh)				
	Category	Amount net of provisions		
		Secured	Unsecured	Total
1.	Related Parties**			
a	Subsidiaries	1,12.00	55.45	1,67.45
b	Companies in the same group			
c	Other related parties	2,96.93	10,00.00	12,96.93
2.	Other than related parties	9493,87.65	197,25.56	9691,13.21
	Total	9497,96.58	207,81.01	9705,77.59

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): (₹ in Lakh)			
	Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1.	Related Parties**		
a	Subsidiaries	226,57.61	256,99.28
b	Companies in the same group		
c	Other related parties	406,14.81	257,77.90
2.	Other than related parties	608,03.12	429,70.61
	Total	1240,75.54	944,47.79

** As per Accounting Standard

(8) Other Information (₹ in Lakh)		
	Particulars	Amount
(i)	Gross Non-Performing Assets	
a	Related Parties	18,90.00
b	Other than related parties	55,18.80
(ii)	Net Non-Performing Assets	
a	Related Parties	–
b	Other than related parties	18,66.30
(iii)	Assets acquired in satisfaction of debt (during the year)	40.27

Balance Sheet Abstract and Company's General Business Profile

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

I Registration Details

Registration No.

0	2	4	2	9
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 State Code

1	8
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Balance Sheet Date

3	1
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0	3
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2	0	1	1
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Date Month Year

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

Public Issue	Rights Issue																				
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Bonus Issue	Private Placement																				
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III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

	Total Liabilities		Total Assets																				
	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>2</td><td>1</td><td>6</td><td>4</td><td>6</td><td>3</td><td>3</td><td>7</td></tr></table>	1	2	1	6	4	6	3	3	7		<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>2</td><td>1</td><td>6</td><td>4</td><td>6</td><td>3</td><td>3</td><td>7</td></tr></table>	1	2	1	6	4	6	3	3	7		
1	2	1	6	4	6	3	3	7															
1	2	1	6	4	6	3	3	7															
Sources of Funds	Paid up Capital		Reserves & Surplus																				
	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table> 5 5 5 5 1 9												<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table> 1 4 7 3 7 9 0 1										
	Secured Loans		Unsecured Loans																				
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Applications of Funds	Net Fixed Assets		Investments																				
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	Deferred Tax Asset (net)		Net Current Assets																				
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	Misc. Expenditure		Accumulated Loss																				
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IV Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenditure																				
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+ - Profit / (Loss) Before Tax	+ - Profit / (Loss) After Tax																				
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(Please tick appropriate box + for profit, - for loss)																					
Earnings Per Share Rs. Ps.	Dividend Rate %																				
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table> 5 3 . 1 5											<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table> 1 4 0										

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

Item Code No. (ITC Code) Not Applicable

Product / Service Description H I R E P U R C H A S E
L E A S I N G
H Y P O T H E C A T I O N L O A N

Statement Pursuant to Section 212 (1) (e) of The Companies Act, 1956, relating to Subsidiary Companies

Name of the Subsidiary Company	Financial year of the Subsidiary ended on	Holding Company's interest in the Subsidiary	Net aggregate amount of the profits of the subsidiary not dealt with in the Holding Company's accounts		Net aggregate amount of the profits of the subsidiary dealt with in the Holding Company's accounts by way of dividends on the shares held in Subsidiary Company	
			a) For the financial year of the Subsidiary Company	b) For the Previous financial years, since it became a Subsidiary Company	a) For the financial year of the Subsidiary Company	b) For the Previous financial years, since it became a Subsidiary Company
Sundaram BNP Paribas Home Finance Ltd.	31.03.2011	4,01,56,296 Equity Shares of ₹ 10/- each (50.10%)	23,88.81	47,99.04	Nil	8,03.13
Sundaram Asset Management Company Ltd.	31.03.2011	1,53,33,229 Equity Shares of ₹ 10/- each (100%)	13,36.15	30,89.50	Nil	10,75.47
Sundaram Trustee Company Ltd.	31.03.2011	50,000 Equity Shares of ₹ 10/- each (100%)	40.90	44.76	Nil	37.57
Sundaram Finance Distribution Ltd.	31.03.2011	5,00,000 Equity Shares of ₹ 10/- each (100%)	15,47.57	3,34.87	3885.00	3,95.00
IGF Services Ltd.	31.03.2011	2,50,000 Equity Shares of ₹ 10/- each (100%)	1,92.25	2,16.44	Nil	4,67.50
Sundaram Infotech Solutions Ltd.	31.03.2011	40,00,000 Equity Shares of ₹ 10/- each (100%)	82.65	(13,79.90)	Nil	Nil
Sundaram Business Services Ltd.	31.03.2011	1,50,00,000 Equity Shares of ₹ 10/- each (100%)	(1,51.09)	(2,65.17)	Nil	Nil
Professional Management Consultants Ltd.	31.03.2011	2,20,600 Equity Shares of ₹ 10/- each (100%)	2.38	2,06.38	Nil	Nil
Infreight Logistics Solutions Ltd.	31.03.2011	44,10,000 Equity Shares of ₹ 10/- each (78.59%)	(1,00.05)	(8,64.51)	Nil	Nil
Sundaram BNP Paribas Fund Services Ltd.	31.03.2011	2,16,75,000 Equity Shares of ₹ 10/- each (51%)	(8,68.04)	(3,51.74)	Nil	Nil
Sundaram Insurance Broking Services Ltd.	31.03.2011	5,00,000 Equity Shares of ₹ 10/- each (100%)	(1.98)	Nil	Nil	Nil
Sundaram Parekh Warehousing Services Ltd.	31.03.2011	51,000 Equity Shares of ₹ 10/- each (51%)	(0.29)	Nil	Nil	Nil

S. Viji
Chairman
T. T. Srinivasaraghavan
Managing Director
Chennai
Dated : 30th May, 2011

Harsha Viji
Director (Strategy & Planning)
S. Venkatesan
CFO & Secretary

S. Prasad
S. Ravindran
S. Ram
Srinivas Acharya
Directors

T. R. Seshadri
P. N. Venkatachalam
Aroon Raman
Directors

Cash Flow Statement

(₹ in Lakh)

	2010-11	2009-10
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit	295,23.12	226,74.86
Add: Lease Equalisation Account	40.53	(91.85)
Provision for Taxation (Including Wealth Tax)	<u>135,13.90</u>	<u>96,72.77</u>
	430,77.55	322,55.78
Add: Financial Expenses	707,82.00	<u>633,79.55</u>
Depreciation	1138,59.55	956,35.33
Provision against Investments (net)	55,20.98	45,80.23
Provision against Non - Performing assets (net)	7,66.13	1,44.64
Contingent Provisions against Standard Assets	(11,57.75)	4,79.98
Employee Stock Option Compensation Expenses	6,46.30	3,161.69
(Profit) loss on sale of assets	60.00	23.28
(Profit) loss on sale of Investments	(35.94)	34.21
Interest / Dividend Income	(11,35.33)	(53,36.95)
Effect of Foreign Exchange rates on Cash and Cash Equivalents, net	(58,54.91)	(22,00.38)
	(0.01)	0.18
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>1126,69.02</u>	<u>965,22.21</u>
(Increase) Decrease in Net Stock on hire	63,83.14	67,08.38
(Increase) Decrease in Leased assets - net of sales	(79,91.19)	(60,87.57)
(Increase) Decrease in Trade Bills purchased	(2,48.77)	15,44.60
(Increase) Decrease in Net Investment in Lease	(4,03.58)	(32.25)
(Increase) Decrease in Loans and Advances	(1636,91.96)	(1465,04.17)
(Increase) Decrease in Other Receivables	(23.53)	13.29
(Increase) Decrease in Bank Deposits (net)	339,60.47	(1079,89.81)
(Increase) Decrease in SLR Investments - net of sales	(10,60.05)	(22,40.77)
Increase (Decrease) in Current Liabilities	(80.25)	32,87.01
Cash generated from Operations	<u>(133155.72)</u>	<u>(2513,01.29)</u>
Financial Expenses	(710,86.18)	(619,43.37)
Direct Taxes Paid	(121,80.07)	(90,05.16)
NET CASH FROM OPERATING ACTIVITIES (A)	<u>(1037,52.95)</u>	<u>(1547,79.08)</u>
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(18,53.32)	(15,38.40)
Sale of Fixed Assets	1,31.41	96.09
Purchase of Investments	(8990,60.57)	(12677,85.28)
Purchase of Investments in Subsidiaries / Joint Venture	(193,59.78)	(18,33.50)
Sale of Investments	8790,04.92	12746,00.34
Interest Received	4.58	2.75
Dividend Received	58,52.40	21,97.65
NET CASH FROM INVESTING ACTIVITIES (B)	<u>(352,80.36)</u>	<u>57,39.65</u>
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Debentures	1608,53.72	3475,75.18
Debentures Redeemed	(1224,00.00)	(2686,00.00)
Increase (Decrease) in Long Term Borrowings	1034,49.43	869,13.98
Increase (Decrease) in Fixed Deposits	97,11.91	154,84.84
Increase (Decrease) in Short Term Loans and Advances	(60,54.11)	417,96.83
Dividend paid (including Corporate Dividend Tax)	(63,87.40)	(53,51.34)
NET CASH FROM FINANCING ACTIVITIES (C)	<u>1391,73.55</u>	<u>2178,19.49</u>
D) Effect of Foreign Exchange rates on Cash and Cash Equivalents, net (D)	<u>0.01</u>	<u>(0.18)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)+(D)	<u>1,40.25</u>	<u>(21,68.65)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>26,70.70</u>	<u>48,39.35</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>28,10.95</u>	<u>26,70.70</u>
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Current Account with Banks	16,92.32	13,50.13
Cash, Stamps and Stamp Papers on Hand	11,18.63	13,20.57
	<u>28,10.95</u>	<u>26,70.70</u>

Note: 1.Cash and Cash equivalents includes balance in Unpaid Dividend account of ₹ 63.65 lakhs (31.03.2010 ₹ 59.27 lakhs)
2.Previous year's figures have been regrouped/reclassified wherever necessary to conform to current year's classification

As per our report of even date attached
For **Brahmayya & Co.,**
Chartered Accountants
Registration No.000511S
L. Ravi Sankar
Partner
Membership No.25929
Chennai
Dated : 30th May, 2011

S. Viji
Chairman
T. T. Srinivasaraghavan
Managing Director
Harsha Viji
Director (Strategy & Planning)
S. Venkatesan
CFO & Secretary

S. Prasad
S. Ravindran
S. Ram
Srinivas Acharya
Directors

T. R. Seshadri
P. N. Venkatachalam
Aroon Raman
Directors

Report on Corporate Governance

Sundaram Finance Limited has been following robust governance practices since its inception. The strong edifice of the Company, built in 1954, is supported by the pillars of Customer Faith, Investor Trust and Employee Loyalty. The Company has grown over nearly six decades, on the foundations of Service, Discipline, Prudence, Fair Play, Honesty, Integrity, Humility, Openness and Relationships. It continues to maintain the highest standards of integrity and transparency in operations, excellence in service to all stakeholders and strong Corporate Governance standards.

I. BOARD OF DIRECTORS

All the members of the Board are eminent persons with considerable expertise and experience in the automobile, engineering, banking, finance, insurance, audit, accounting and transport sectors. The Company is immensely benefited by the range of experience and skills that the Directors bring to the Board.

The composition of the Board as under is in conformity with the listing requirements as on 31st March 2011:

Promoter Directors:

Sri S Viji	–	Non-executive Chairman
Sri S Ram	–	Non-executive Director
Sri T. T. Srinivasaraghavan	–	Managing Director
Sri Harsha Viji	–	Director (Strategy & Planning)

Independent Non-Executive Directors:

Sri T R Seshadri	Sri S Prasad
Sri N Venkataramani	Sri S Ravindran
Sri P N Venkatachalam	Sri Aroon Raman

Non-Executive Director:

Sri Srinivas Acharya

All Directors and Senior Management Personnel have re-affirmed compliance with the Code of Conduct approved and adopted by the Board of Directors.

II. BOARD MEETINGS

The Board of Directors formulates the broad business and operational policies, periodically reviews the performance and engages itself with strategic issues concerning the Company.

During the year under review, 10 meetings of the Board of Directors were held.

30/04/2010	23/07/2010	29/10/2010	24/01/2011
28/05/2010	24/09/2010	06/12/2010	28/01/2011
30/06/2010			25/03/2011

The details of directors' attendance at Board Meetings, AGM and details of other directorships, committee chairmanships / memberships held by the Directors during the year are as follows:

Name of the Director	Attendance Particulars		Directorships in other public limited companies		Committees in which Chairman/Member of Other Companies	
	Board Meetings	AGM	Chairman	Director	Chairman	Member
Sri S. Viji	9	Yes	1	8	–	3
Sri S. Ram	9	Yes	2	7	1	3
Sri S Narayanan (Upto 24.09.2010)	5	Yes	2	1	2	–
Sri T. R. Seshadri	5	No	–	–	–	–
Sri N Venkataramani (From 24.09.2010)	2	Not Applicable	2	8	1	4
Sri P N Venkatachalam (From 28.01.2011)	2	Not Applicable	1	3	–	3
Sri S. Prasad	10	Yes	–	4	3	–
Sri S. Ravindran	10	Yes	–	6	–	2
Sri Aroon Raman	6	Yes	–	1	–	–
Sri Srinivas Acharya	10	Yes	–	9	3	3
Sri T. T. Srinivasaraghavan	10	Yes	1	8	3	1
Sri Harsha Viji (from 24.09.2010)	6	Not Applicable	–	3	–	2

III. AUDIT COMMITTEE

The Audit Committee reviews the financial accounting policies, adequacy of internal control systems and systems audit and interacts with the statutory auditors, internal auditors and systems auditors. Senior Executives and functional heads are invitees to the committee meetings. Besides, the Committee reviews the audit plans, interim and annual financial results, management discussion and analysis of financial condition and results of operations, related party transactions, observations of the management and internal/external auditors on internal control and follow-up reports of the management.

Composition of the Audit Committee and attendance of the members at Committee meetings are as follows:

Name of the Director		No. of Meetings Attended	Meeting dates
Sri S. Prasad	Chairman	8	27/05/2010, 21/07/2010, 27/08/2010,
Sri S. Viji	Member	8	06/09/2010, 25/10/2010, 26/11/2010,
Sri S. Ravindran	Member	8	24/01/2011, 04/03/2011

The Company Secretary is the Secretary to the Committee.

IV. REMUNERATION OF DIRECTORS

Directors of the Company are paid a sitting fee of ₹ 10,000/- each for every meeting of the Board, Audit Committee, Share Transfer and Investor Relations Committee and Compensation Committee.

The Non-Executive Directors are remunerated by way of commission for each financial year as decided by the Board of Directors within the ceiling of 1% of the net profits of the Company approved by the shareholders. The details of remuneration paid and number of shares held by the Non-Executive Directors are as follows:

Name of the Director	Sitting Fee (₹ in Lakh)	Commission (₹ in Lakh)	Number of Shares held individually (as on 31.03.2011)	Relationship with other Directors
Sri S. Viji	1.70	5.00	6,80,446 ⁽¹⁾ *	Brother of Sri S. Ram
Sri S. Ram	0.90	3.00	2,51,494 *	Brother of Sri S. Viji
Sri S. Narayanan (Upto 24.09.2010)	0.50	3.00	800 ⁽²⁾	—
Sri T. R. Seshadri	0.50	3.00	—	—
Sri N Venkataramani (From 24.09.2010)	0.20	3.00	—	—
Sri P N Venkatachalam (From 28.01.2011)	0.20	3.00	—	—
Sri S. Prasad	2.00	5.00	—	—
Sri S. Ravindran	1.90	5.00	1,94,960 ⁽³⁾	—
Sri Aroon Raman	0.70	3.00	2,98,948	—
Sri Srinivas Acharya	1.20	3.00	1,200 ⁽⁴⁾ **	—

Note: Number of shares held jointly with others: ⁽¹⁾ 4342, ⁽²⁾ 81,712, ⁽³⁾ 1,13,360, ⁽⁴⁾ 23,888.

Includes 4,80,872 shares * and 240 shares ** held as Trustees / Executor respectively.

Amount of deposits placed by the Non-Executive Directors in the Company aggregated to ₹ 478.51 lakhs as on March 31, 2011. The interest on these deposits paid / credited during the year 2010-11 amounted to ₹ 49.88 lakhs.

The Executive Directors of the Company are appointed on contractual basis, on terms approved by the shareholders. Their remuneration comprises salary, allowances, commission and perquisites. The quantum of commission payable to them is decided by the Board of Directors. The remuneration is within the limits prescribed under Schedule XIII to the Companies Act, 1956.

The details of remuneration paid to the Executive Directors are as follows: (₹ in Lakh)

Nature of Payment	Sri T. T. Srinivasaraghavan Managing Director	Sri Harsha Viji, Director (Strategy & Planning) *
Salary	33.00	10.91
Commission	140.00	25.00
Sitting Fees	1.30	0.60
Contributions to Provident, Superannuation and Gratuity Funds	10.71	1.90
Other allowances and perquisites	27.70	20.63

* Son of Sri S. Viji, Chairman.

V. SHARE TRANSFER AND INVESTOR RELATIONS COMMITTEE

The Share Transfer and Investor Relations Committee

- i) approves and monitors transfers, transmission, splits and consolidation of shares of the Company,
- ii) reviews redressal of complaints from shareholders relating to transfer of shares, non-receipt of annual report, dividends etc., and
- iii) reviews the compliances with various statutory and regulatory requirements.

Composition of the Share Transfer & Investor Relations Committee and attendance of the members at Committee meetings are as follows:

Name of the Director		No. of Meetings Attended	Meeting dates
Sri S. Prasad	Chairman	2	08/07/2010 & 20/12/2010
Sri T. T. Srinivasaraghavan	Member	2	
Sri Srinivas Acharya	Member	2	

Sri P. Viswanathan, Deputy Secretary, is the Compliance Officer. During the year under review, the Company received 9 communications from shareholders, which were attended to. Three investor complaints were received and resolved during the year. None was pending unresolved as on 31st March, 2011.

VI. COMPENSATION COMMITTEE

Compensation Committee, constituted pursuant to Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, comprising Sri S Ravindran as Chairman and Sri Aroon Raman and Sri T T Srinivasaraghavan as Members, met in May 2010.

VII. GENERAL BODY MEETINGS

Details relating to last three Annual General Meetings:

Year	Date	Time	Location	No. of Special Resolutions Passed
2010	15/07/2010	11.00 AM	The Music Academy, New No.168, Old No.306, TTK Road, Chennai 600 014	Nil
2009	24/07/2009	10.25 AM	The Music Academy, New No.168, Old No.306, TTK Road, Chennai 600 014	Nil
2008	24/07/2008	11.00 AM	The Music Academy, New No.168, Old No.306, TTK Road, Chennai 600 014	Three

Two Special Resolutions - one under Section 314 (1-B) of the Companies Act, 1956 seeking the consent of the Members for appointment of Sri Harsha Viji, S/o. Sri S. Viji, Chairman of the Company, in the grade of Executive Director with effect from 01.04.2010 and the other under Section 372A of the Companies Act, 1956 seeking consent of the Members for making loans to bodies corporate in excess of the limits prescribed under that Section, were passed through postal ballot, as per the procedure prescribed under Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 and conducted by Sri T T Srinivasaraghavan, Managing Director and Sri S. Venkatesan, CFO & Secretary, under the overall supervision of the Scrutinizer, Sri T K Bhaskar, Partner, HSB Partners, Advocates, Chennai.

Details of the voting pattern:

Date of Special Resolution	Votes cast in favour		Votes cast against		Result
		Nos.	%	Nos.	
14.05.2010	2,71,01,571	99.95	13,711	0.05	Passed with requisite majority
20.12.2010	2,96,29,803	99.97	8,197	0.03	Passed with requisite majority

The results of the postal ballots were announced by Sri T. T. Srinivasaraghavan, Managing Director, at the Registered Office of the Company, posted on the website and advertised in the newspapers.

No special resolution is proposed to be passed through postal ballot at the ensuing AGM.

VIII. DISCLOSURES

3 Qebob t bob k l j ^qbof^iiv pfdkfk`^kq obi^qba m^oqv qo^kp^`qf l kp e^sfkd m l qbkd^i` l k-f`q t fqe qeb fkqbobppp l c qeb ` l j m^kv ^q i^odb+

3 >ii qeb j ^ka^q lov obnr fob j bkqp pmb`f<ba rkabo @i^rpb 16 e^sb _bbk ` l j mifba t fqe+

3 Qeb @ l j m^kv e^p ^ ob ` loa l c rknr^if<ba <k^k`f^i pq^qb j bkqp pfk`b fk`bmql k+

- 3 Qeb @I j m^kv e^p ^iob^av _bbk cliil t fkd j l p q l c qeb `i^rpbp fk qeb Slirkq^ov Drfabifkbp lk @lomlo^qb DIsbok^k`b ^ka @lomlo^qb Social Responsibility issued by Ministry of Corporate Affairs in 2009 and it will take appropriate steps to make it formal in future.
- 3 Qeb @I j m^kv moIm l p b p q l ^a l m q l qebo k l k* j ^ka^q l ov obnr r fob j bkq p ^p ^mmo l mof^qb) fk arb `l ropb+
- 3 Fk obpml kpb q l qeb ^mmb^i «iba _v rp) qeb Pb` rofqb >mmbi i^qb Qof_rk^i %P>Q&) fk fop Loabo a^qba . 3qe Pbmqb j _bo /- .-) ebia qe^q qeb omission of the company in not disclosing the change in the shareholding to the stock exchange under Regulation 13 (6) of SEBI (Prohibition of Insider Trading) Regulations, 1992 has neither impacted the market in any way nor has it resulted in any other adverse outcome and consequently reduced the penalty imposed on the company from ₹ 10 lakhs to ₹ 2 lakhs which was paid.

IX. MEANS OF COMMUNICATION

- 3 > mobpp j bbq t^p lod^kfpba _v qeb @I j m^kv lk /5qe J^v /- .- clo afppb j fk^qf lk l c ^rafqba obpriqp+
- 3 Nr^oqboiv rk^rafqba ^ka ^kkr^i ^rafqba obpriqp l c qeb @I j m^kv t bob mr _ifpeba fk \$?rpfkbpp l fkb% Bkdifpe& ^ka \$Afk^ j ^i^o , J^hh^i Kural” (Tamil).
- 3 Qeb obpriqp ^ka mobpp obib^p b p t bob ^ip l afpmi^vba lk qeb @I j m^kv \$p t b _pfqb ^q t t t :pr ka^o^ j «k^k`b+fk+

X. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

Date	Time	Venue
13/07/2011 (Wed)	11.00 AM	The Music Academy, New No.168, Old No.306, TTK Road, Chennai 600 014

- 3 Cfk^k`f^i Vb^o @ .pq >mofi /- . . q l O .pq J^o`e /- . /
- 3 ? l l h @ i l p r o b a ^q b p @ . p q G r i v /- . . q l . O q e G r i v /- . . % _ l q e a ^v p f k ` i r p f s b &
- 3 A^qb l c m^v j bkq l c afsfabkap
Interim – 11th February 2011 – ₹ 7/- per share (70%)
Final – 14th July 2011 – ₹ 7/- per share (70%)
- 3 Qeb `l j m^kv \$p pe^obp ^ob ifp qba l k7
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor
Plot No. C/1, G Block
Bandra-Kurla Complex
Bandra (E), Mumbai 400 051
- 3 Qeb @I j m^kv e^p m^fa qeb ifp q fkd cbbp clo qeb «k^k`f^i vb^op /- .- * . . # /- . . * . / q l qeb ^_ l s b p q l `h bu`e^kdb+
- 3 KPB Pq l `h @ l ab7 PRKA > O J C F K
- 3 FPFK 7 FK B33 -> - . . 0

3. C l i i l t f k d a f s f a b k a p ^ o b q o ^ k p c b o ^ _ j b q l q e b F k s b p q l o B a r ^ q f l k ^ k a M o l q b ^ q f l k C r k a % F B M C & I k q e b o b p m b ^ q f s b a r b a ^ q b p) ^ p under, in accordance with the provisions of Section 205A (5) of the Companies Act, 1956.

Nature of Dividend	Transferable to IEPF on
Interim Dividend 2003-04	30/05/2011
Interim Dividend 2004-05	27/02/2012
Final Dividend 2004-05	27/08/2012
Consolidated Dividend 2005-06	02/09/2013
Interim Dividend 2006-07	15/04/2014
Final Dividend 2006-07	24/08/2014
Interim Dividend 2007-08	27/06/2015
Final Dividend 2007-08	23/08/2015
Interim Dividend 2008-09	29/03/2016
Final Dividend 2008-09	23/08/2016
Interim Dividend 2009-10	06/03/2017
Final Dividend 2009-10	14/08/2017
Interim Dividend 2010-11	28/02/2018

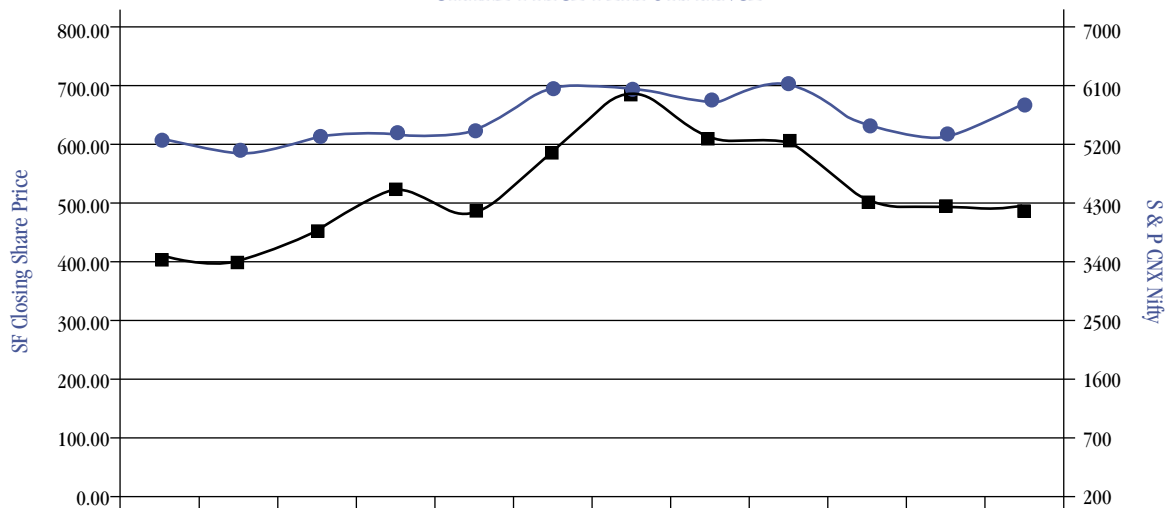
Reminders are sent to members for encashing unclaimed and unpaid dividends, on a regular basis. Members who have not yet made claims are, therefore, requested to contact the Registrar and Share Transfer Agents immediately.

No claim shall lie against the Fund or the Company in respect of unclaimed and unpaid dividends transferred to the IEPF as per Section 205C of the Companies Act, 1956.

MARKET PRICE DATA ON THE NATIONAL STOCK EXCHANGE

Month	High	Low	Month	High	Low
Apr – 10	411.00	371.00	Oct	699.50	580.10
May	470.00	380.00	Nov	689.00	575.00
Jun	474.80	400.00	Dec	639.00	573.00
Jul	548.00	450.00	Jan – 11	600.40	440.00
Aug	540.60	470.25	Feb	533.00	473.00
Sep	612.00	471.65	Mar	517.95	453.35

SHARE PRICE PERFORMANCE



	Apr-10	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan-11	Feb	Mar
■ SF Closing Share Price	403.05	400.10	454.70	523.75	483.60	586.60	686.30	613.45	603.60	505.70	492.90	489.95
● S & P CNX Nifty	5278	5086	5313	5368	5402	6030	6018	5863	6135	5506	5333	5834

Period

- 3 Pe^ob qo^kpcbop t bob mol `bpbba ^ka pe^ob `boqf`^qbp abpm^q`eba t fjefk l kb j l kqe col j i ladb j bkq fk ^^ loa^k`b t fje qeb pql `h exchange listing agreement.
- 3 Ab j ^qbof^ifp^qf l k obnr bqp e^sb _bbk `l kfo j ba t fjefk /. a^vp col j qeb a^qb l c obnr bqp
- 3 Fksbpb lo Obi^qf l k Pbosf` bp * Pe^obp e^p _bbk ob*`boqf`ba _v ?rob^r Sbof`p @boqf`^qf l k %Fkaf^& Mofs^qb l f j f qba r kabo qeb rmdo^aba ISO 9001:2008 Standard.
- 3 J ,p @^ j b l @ l om l o^qb Pbosf` bp l qa) Obdfp`o^op ^ka Pe^ob Qo^kpcbo >dbkqp l c qeb `l j m^kv e^sb ^qpbkaba q l qeb pe^ob qo^kpcbo c l o j ^ifqf bp regularly. The Registrar and Share Transfer Agents can be contacted by the investors at the following address:

M/s Cameo Corporate Services Ltd.

'Subramanian Building'

No 1 Club House Road

Chennai 600 002

Toll-free no. 1800-102-3669

Ph: 044 2846 0390 Fax: 044 2846 0129

Email: investor@cameoindia.com

Contact Persons: Mr. R. D. Ramasamy, Director

Mr. D. Narasimhan, Senior Executive (Shares)

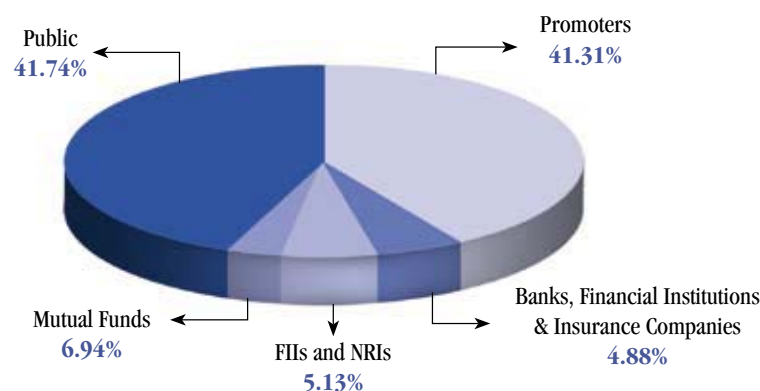
DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2011

No. of Equity Shares Held	Total Shareholders	Total Shares	Total % to Capital
Upto 250	9,015	7,50,774	1.35%
251 to 500	1,734	6,71,209	1.21%
501 to 1000	1,262	9,76,521	1.76%
1001 to 5000	1,632	38,22,123	6.88%
5001 to 10000	273	19,74,735	3.56%
10001 to 50000	342	78,83,050	14.19%
50001 to 100000	87	61,40,786	11.05%
100001 and above	105	3,33,32,732	60.00%
Total	14,450	5,55,51,930	100.00%

Total shares held in dematerialised form 57.39%

Public shareholding in dematerialised form 80.12%

SHAREHOLDING PATTERN AS ON 31.03.2011



For your queries / grievances / complaints, please contact:

Sri P. Viswanathan
 Deputy Secretary & Compliance Officer
 Sundaram Finance Limited
 21, Patullos Road, Chennai 600 002
 Phone : 044-28558207
 Fax : 044-28550290
 Mobile : 9444399168
 E mail : investorservices@sundaramfinance.in

T. T. Srinivasaraghavan
 Managing Director

Auditor's Certificate on Corporate Governance

We have examined the compliance of the conditions of corporate governance by Sundaram Finance Limited, Chennai for the year ended on 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement entered into by the company with the stock exchange.

The compliance of the conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

Place: Chennai
Date: 30th May 2011

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

Consolidated

Financial

Statements

Consolidated Balance Sheet

as at 31st March, 2011

(₹ in Lakh)

Schedule	31.03.2011	31.03.2010			
I SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Capital	1	55,55.19	55,55.19		
b) Stock Option Outstanding Account	2	55.34	23.28		
c) Reserves and Surplus	3	1750,52.89	1806,63.42	1452,37.46	1508,15.93
2. Minority Interest			142,64.32	150,58.26	
3. Loan Funds					
a) Secured Loans	4	9112,74.19	7063,82.32		
b) Unsecured Loans	5	3380,82.94	12493,57.13	3390,17.33	10453,99.65
Total		14442,84.87		12112,73.84	
II APPLICATION OF FUNDS					
1. Fixed Assets					
a) Gross Block	6	770,59.47	587,61.54		
b) Less: Depreciation		302,49.50	275,15.99		
c) Net Book Value		468,09.97	312,45.55		
d) Less: Lease Adjustment Account		2,10.82	1,96.82		
e) Net Block		465,99.15	310,48.73		
2. Investments	7	1432,91.52	999,48.06		
3. Deferred Tax Asset (Net)					
Deferred Tax Asset	8	59,50.21	70,12.63		
Less: Deferred Tax Liability		12,66.41	46,83.80	12,75.77	57,36.86
4. Current Assets, Loans and Advances					
a) Current Assets	9	1499,08.18	1834,52.27		
b) Loans and Advances	10	12444,02.70	10176,64.35		
(A)		13943,10.88	12011,16.62		
Less: Current Liabilities and Provisions					
a) Current Liabilities	11	1303,46.59	1133,00.01		
b) Provisions	12	142,53.89	132,76.42		
(B)		1446,00.48	1265,76.43		
Net Current Assets	(A-B)	12497,10.40	10745,40.19		
Total		14442,84.87	12112,73.84		
Notes to the accounts	19				

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

Chennai
Dated : 30th May, 2011

S. Viji
Chairman

T. T. Srinivasaraghavan
Managing Director

Harsha Viji
Director (Strategy & Planning)

S. Venkatesan
CFO & Secretary

S. Prasad

S. Ravindran

S. Ram

Srinivas Acharya
Directors

T. R. Seshadri

P. N. Venkatachalam

Aroon Raman
Directors

Consolidated Profit and Loss Account

for the Year Ended 31st March, 2011

	Schedule	2010-11	(₹ in Lakh) 2009-10
INCOME			
Income from Operations	13	2350,32.01	2012,72.21
Profit on Sale of Shares		65,52.94	25,38.90
Other Income	14	23,39.28	19,51.77
Total	(A)	<u>2439,24.23</u>	<u>2057,62.88</u>
EXPENDITURE			
Financial Expenses	15	899,59.89	797,12.07
Insurance claims incurred (net)		329,44.88	254,02.67
Establishment Expenses	16	233,29.71	207,43.64
Administrative and Other Expenses	17	325,93.48	258,76.69
General Provision on Standard Assets		17,03.20	32,30.50
Provisions and Write Off	18	6,78.71	58,53.96
Depreciation		71,02.51	55,35.30
Total	(B)	<u>1883,12.38</u>	<u>1663,54.83</u>
Profit before Tax	(A) - (B)	<u>556,11.85</u>	<u>394,08.05</u>
Taxation			
– Current (Including Wealth Tax)		176,32.88	13120.48
– Deferred		10,53.06	(547.45)
– Fringe Benefit Tax		0.49	5.76
Net Profit (before adjustment for minority interest)		<u>369,25.42</u>	<u>268,29.26</u>
Less: Minority Interest		20,25.11	21,04.92
		<u>349,00.31</u>	<u>247,24.34</u>
Add: Share of Profit in Associates		39,89.91	26,37.95
Profit after Tax		<u>388,90.22</u>	<u>273,62.29</u>
Provision for Income tax relating to earlier year		–	(1,45.71)
Profit after Tax and Prior Period Items		<u>388,90.22</u>	<u>275,08.00</u>
Add: Balance brought forward from previous year		185,25.53	128,06.66
Change in value of holdings in Associates / Subsidiaries / Joint Ventures		(2.06)	(58.79)
Transfer from Special Reserve		–	76,00.00
Amount available for Appropriation		<u>574,13.69</u>	<u>478,55.87</u>
APPROPRIATIONS			
Dividend			
– Interim		38,88.64	33,33.12
– Final (proposed)		38,88.64	22,22.07
– Dividend Distribution tax		13,16.21	9,63.78
Special Reserve		4,85.97	2,78.05
Statutory Reserve		59,10.00	45,40.00
General Reserve		179,42.30	179,93.32
Surplus - Balance carried to Balance Sheet		239,81.93	185,25.53
		<u>574,13.69</u>	<u>478,55.87</u>
Notes to the Accounts	19		
Earnings per Equity Share (Refer Note 2.5 Schedule 19)			
Number of Shares considered (Face value ₹ 10/- per share)		5,55,51,930	5,55,51,930
Basic and Diluted earnings per share (in ₹)		70.01	49.26

As per our report of even date attached
For **Brahmayya & Co.**,
Chartered Accountants
Registration No.000511S
L. Ravi Sankar
Partner
Membership No.25929
Chennai
Dated : 30th May, 2011

S. Viji
Chairman
T. T. Srinivasaraghavan
Managing Director
Harsha Viji
Director (Strategy & Planning)
S. Venkatesan
CFO & Secretary

S. Prasad
S. Ravindran
S. Ram
Srinivas Acharya
Directors

T. R. Seshadri
P. N. Venkatachalam
Aroon Raman
Directors

SCHEDULES

(₹ in Lakh)

	31.03.2011		31.03.2010	
1 Share Capital				
Authorised Capital				
10,00,00,000 Equity Shares of ₹ 10/- each	100,00.00		100,00.00	
Issued, Subscribed and fully paid-up				
5,55,51,930 Equity Shares of ₹ 10/- each (includes 5,09,75,545 Equity Shares allotted as fully paid-up by way of bonus shares by Capitalisation of Reserves and 37,75,965 Equity Shares of ₹ 10/- each allotted for consideration other than cash pursuant to a Scheme of Amalgamation)	55,55.19		55,55.19	
2 Stock Option Outstanding Account				
Per Last Balance Sheet	27.94		-	
Less: Shares transferred on Exercise	7.18		-	
Less: Transfer to General Reserve	20.76		-	
Add: Granted during the year	66.41		27.94	
Less: Deferred Employee Compensation Cost	11.07	55.34	4.66	23.28
3 Reserves and Surplus				
Capital Reserve (on Consolidation)				
Per Last Balance Sheet	2,83.16		2,71.73	
Add: Changes in the value of holding in Joint Venture	-	2,83.16	11.43	2,83.16
Capital Reserve		50,79.64		50,79.64
Securities Premium Account		19,52.77		19,52.77
General Reserve				
Per Last Balance Sheet	877,36.96		697,43.64	
Add: Transfer from Stock Option Outstanding account	20.76		-	
Add: Transfer from Profit and Loss account	179,42.30	1057,00.02	179,93.32	877,36.96
Statutory Reserve				
Per last Balance Sheet	303,75.50		258,35.50	
Add: Transfer from Profit and Loss account	59,10.00	362,85.50	45,40.00	303,75.50
Special Reserve				
Per Last Balance Sheet	12,83.90		86,05.85	
Less: Transfer to Profit and Loss account	-		76,00.00	
Add: Transfer from Profit and Loss account	4,85.97	17,69.87	2,78.05	12,83.90
Surplus - Balance in Profit and Loss account		239,81.93		185,25.53
		1750,52.89		1452,37.46

SCHEDULES

(₹ in Lakh)

	31.03.2011	31.03.2010
4 Secured Loans		
Non - Convertible Debentures	4392,97.75	3316,85.04
From Scheduled Banks	4719,76.44	3744,88.95
From International Finance Corporation	—	2,08.33
	<u>9112,74.19</u>	<u>7063,82.32</u>
5 Unsecured loans		
Fixed deposits		
– From Public	1712,90.29	1573,47.66
– From Directors	5,85.27	7,36.43
	<u>1718,75.56</u>	<u>1580,84.09</u>
Non - Convertible Debentures	—	335,00.00
Subordinated Non - Convertible Debentures	537,10.00	395,00.00
Debenture application money	35,00.00	—
Short Term Loans and advances		
– From Scheduled Banks	306,51.36	306,61.39
– Others	—	9,74.00
– Commercial Paper	783,46.02	762,97.85
	<u>3380,82.94</u>	<u>3390,17.33</u>

SCHEDULES

6 Fixed Assets													(₹ in Lakh)	
DESCRIPTION	GROSS BLOCK AT COST				DEPRECIATION					Net Book Value	Balance in Lease Adjustment Account as at 31.03.2011	NET BLOCK		
	As at 31.03.2010	Additions	Deductions	As at 31.03.2011	Upto 31.03.2010	Adjustments on consolidation	Additions*	Deductions	Upto 31.03.2011			As at 31.03.2011	As at 31.03.2010	
1 Goodwill (on Consolidation)	35,80.42	112,96.09	–	148,76.51	–	–	–	–	–	148,76.51	–	148,76.51	35,80.42	
2 Freehold Land and Buildings	73,89.62	1,04.27	–	74,93.89	13,07.58	–	1,35.67	–	14,43.25	60,50.64	–	60,50.64	60,82.04	
3 Leasehold Office / Residential Premises	15,55.96	0.10	–	15,56.06	7,36.28	–	40.99	–	7,77.27	7,78.79	–	7,78.79	8,19.68	
4 Plant and Machinery and Computers	95,87.43	29,99.46	2,86.65	123,00.24	60,90.43	–	14,86.46	2,40.84	73,36.05	49,64.19	–	49,64.19	34,97.00	
5 Vehicles	189,18.27	82,23.04	27,31.55	244,09.76	70,24.34	–	40,29.71	16,05.09	94,48.96	149,60.80	–	149,60.80	118,93.93	
6 Furniture / Office Equipment	56,48.52	6,46.67	66.63	62,28.56	36,55.28	–	5,06.16	52.66	41,08.78	21,19.78	–	21,19.78	19,93.24	
7 Intangible Assets:														
Computer Software	22,14.46	25,49.78	–	47,64.24	12,54.94	–	889.32	–	21,44.26	26,19.98	–	26,19.98	9,59.52	
8 Assets taken on Lease:														
a) Computer	68.00	37.78	–	1,05.78	38.09	–	20.14	–	58.23	47.55	–	47.55	29.91	
b) Office equipment	3.02	–	–	3.02	2.06	–	0.56	–	2.62	0.40	–	0.40	0.96	
9 Assets on Finance Lease:														
a) Plant and Machinery and Computers	44,43.08	–	41.70	44,01.38	41,86.35	–	36.57	39.60	41,83.32	2,18.06	(1,99.27)	18.79	49.05	
b) Vehicles	31,85.39	–	25,13.81	6,71.58	31,40.07	–	14.59	24,89.47	6,65.19	6.39	(6.38)	0.01	62.19	
c) Furniture / Office Equipment	87.77	–	–	87.77	80.57	–	1.00	–	81.57	6.20	(5.17)	1.03	1.19	
Total	566,81.94	258,57.19	56,40.34	768,98.79	275,15.99	–	71,61.17	44,27.66	302,49.50	466,49.29	(2,10.82)	464,38.47	289,69.13	
Work in progress	20,79.60	2,27.85	21,46.77	1,60.68	–	–	–	–	–	1,60.68	–	1,60.68	20,79.60	
Grand Total	587,61.54	260,85.04	77,87.11	770,59.47	275,15.99	–	71,61.17	44,27.66	302,49.50	468,09.97	(2,10.82)	465,99.15	310,48.73	
Previous Year	591,13.58	125,29.18	128,81.22	587,61.54	336,18.24	2.17	56,42.32	117,46.74	275,15.99	312,45.55	(1,96.82)	310,48.73	220,84.61	

* Finance Lease Depreciation of ₹ 52.16 Lakhs (Previous Year – ₹ 98.66 Lakhs) has been netted off against Lease Income.

Depreciation on assets used for development of Computer Software amounting to ₹ 6.50 lakhs (Previous Year – ₹ 10.53 Lakhs) taken to Advance for Purchase of Assets.

SCHEDULES

(₹ in Lakh)

	31.03.2011	31.03.2010
7 INVESTMENTS		
Long Term - At cost		
A. In Government / Trust Securities		
Quoted	307,19.36	270,58.62
Unquoted	59,57.46	15,41.60
B. In Equity Shares		
Quoted	36,09.65	36,81.73
Unquoted - Associates *	194,42.66	140,76.70
Unquoted - Others	14,16.66	7,63.15
C. In Preference Shares	11,00.00	6,00.00
D. In Bonds / Debentures		
Quoted	294,33.97	213,67.18
Unquoted	50.00	50.00
E. Others	3,77.15	4,64.21
Current Investments		
A. In Government / Trust Securities		
Quoted	38,81.13	27,92.51
Unquoted	312,51.20	220,57.44
B. In Bonds / Debentures	105,19.79	45,02.71
C. Others		
Unquoted	55,32.49	9,92.21
Total	1432,91.52	999,48.06
* Carrying amount of associates includes Capital Reserve on acquisition of shares ₹ 38.36 lakhs (31.03.2010- ₹ 39.59 lakhs)		
8 Deferred Tax Asset (Net)		
Deferred Tax Assets		
Provision for Standard Assets, Non-performing Assets, etc.	39,80.13	47,78.58
Income deferment on Non-performing Assets	2,11.51	3,35.44
Net Asset on reserve for unexpired risk	1,76.67	4,67.90
Depreciation	11,49.20	9,38.34
Others	4,32.70	4,92.37
	59,50.21	70,12.63
Less: Deferred Tax Liabilities		
Hire Purchase Income	3,89.40	5,68.38
Amortisation of Brokerage	5,45.16	6,30.72
Others	3,31.85	76.67
	12,66.41	12,75.77
	46,83.80	57,36.86

SCHEDULES

(₹ in Lakh)

9 Current Assets

	31.03.2011		31.03.2010	
a) Stock-on-hire and bills purchased				
Net Investment in Stock-on-hire		160,23.32		217,61.96
Reposessed assets		6,61.99		10,76.35
Debtors on Securitisation		24.08		19.23
Trade bills purchased (unsecured, considered good)				
Outstanding for a period exceeding six months		—		—
Others	8,46.12	8,46.12	5,97.35	5,97.35
Net Investment in lease		48,63.37		44,75.85
		<u>224,18.88</u>		<u>279,30.74</u>
Inventories		—		13.14
Sundry Debtors		5,96.95		7,09.93
b) Interest accrued on investments		6,10.44		4,63.88
c) Cash and bank balances				
Current Accounts	57,96.06		34,61.49	
Unpaid dividend account	63.65		59.27	
Deposit accounts	1176,49.74		1479,53.28	
Cash on hand	16,97.45		18,27.97	
Stamps and Stamp Papers on hand	1,07.78	1253,14.68	58.16	1533,60.17
d) SFL Shares Trust		5,94.30		5,94.30
e) SFL Employee Welfare Trust		3,72.93		3,80.11
		<u>1499,08.18</u>		<u>1834,52.27</u>

10 Loans and Advances

Secured Loans		11829,97.16		9585,24.80
Unsecured Loans		31,03.67		30,99.05
Advance Income Tax and Tax Deducted at Source (Net of Provision for Taxation)		118,28.43		98,89.93
Advances and deposits recoverable in cash or kind or for value to be received		99,64.43		74,00.90
Advance for purchase of assets				
— Business Assets		166,84.01		129,32.96
— Others		32,65.55		31,45.40
Income receivable		165,59.45		226,71.31
		<u>12444,02.70</u>		<u>10176,64.35</u>

11 Current Liabilities*

Sundry Creditors				
— For expenses		433,94.59		339,64.04
— For other finance		292,32.25		272,24.28
— For Unexpired Insurance Risk		247,19.89		204,13.44
Unpaid dividend		63.65		59.27
Interest accrued but not due		329,36.21		316,38.98
		<u>1303,46.59</u>		<u>1133,00.01</u>

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

12 Provisions

Non-performing assets		41,92.51		69,14.27
Standard Assets		50,97.91		33,94.72
Investments		3,07.03		2,95.58
Dividend		38,88.64		22,22.07
Dividend Distribution Tax and Surcharge		7,67.80		4,49.78
		<u>142,53.89</u>		<u>132,76.42</u>

SCHEDULES

(₹ in Lakh)

	2010-11	2009-10
13 Income from Operations		
Hire Purchase / Hypothecation Loans (net) (tax deducted at source ₹ 329.82 lakhs)	1197,69.41	1020,05.65
Insurance Premium Earned (net)	436,99.15	356,06.42
Interest on Loans (tax deducted at source ₹ 124.35 lakhs)	278,33.02	211,47.31
Lease (net) (tax deducted at source ₹ 165.64 lakhs)	67,83.94	55,97.03
Investments (tax deducted at source ₹ 147.63 lakhs)	112,07.44	125,26.45
Investment Management and Advisory Fee (tax deducted at source ₹ 1002.13 lakhs)	120,69.27	109,87.38
Services (tax deducted at source ₹ 598.10 lakhs)	91,57.17	81,93.81
Income from Securitisation / Sell-down of Receivables (tax deducted at source ₹ 1.07 lakhs)	11,81.27	30,52.79
Recovery of Bad Debts / Loss on Sale of assets	15,48.38	9,94.90
Loan Processing and other fees	13,79.09	8,08.00
Bills Purchased	1,33.93	1,84.97
Profit on Sale of Leased Assets	1,55.60	94.63
Sale of Products	1,14.34	72.87
	<u>2350,32.01</u>	<u>2012,72.21</u>
14 Other Income		
Interest receipts (tax deducted at source ₹ 0.72 lakh)	7,56.18	6,44.38
Dividend	6,62.06	6,06.41
Rent receipts (tax deducted at source ₹ 98.72 lakhs)	3,05.87	2,25.16
Profit on sale of assets	43.42	34.96
Miscellaneous income	5,71.75	4,40.86
	<u>23,39.28</u>	<u>19,51.77</u>
15 Financial Expenses		
Interest - Fixed loans	420,88.47	362,28.74
- Debentures	398,00.73	356,48.11
- Others	4,50.66	1,12.05
Other financial expenses	76,20.03	77,23.17
	<u>899,59.89</u>	<u>797,12.07</u>

SCHEDULES

(₹ in Lakh)

16 Establishment Expenses

	2010-11	2009-10
Salaries, allowances, commission and bonus	209,36.69	187,86.12
Company's contribution to Provident Fund, Gratuity, Superannuation and Employees' State Insurance Scheme	12,75.02	11,02.44
Staff welfare expenses	11,18.00	8,55.08
	<u>233,29.71</u>	<u>207,43.64</u>

17 Administrative and Other Expenses

Rent	21,44.39	19,23.05
Rates and taxes	13,71.71	4,91.22
Communication expenses	14,52.73	13,09.50
Electricity expenses	7,86.97	7,22.27
Travelling and conveyance	19,70.72	16,70.45
Advertisement charges	11,50.40	12,07.67
Marketing and related expenses	53,29.37	46,62.04
Outsourcing Cost	99,17.33	65,38.03
Directors' sitting fee	28.04	33.44
Insurance	2,77.72	2,40.58
Repairs		
– Buildings	21.34	59.14
– Others	24,03.44	22,31.42
Donations	3,46.87	3,03.60
Miscellaneous expenses	53,92.45	44,84.28
	<u>325,93.48</u>	<u>258,76.69</u>

18 Provisions and Write off

Bad Debts	29,22.62	36,95.60
Loss on Assets sold / written off	9,07.86	13,76.02
Provision against non-performing assets (net)	(29,51.90)	6,01.13
Loss on sale of investments	2,38.24	4.24
Provision against Investments (net)	(4,38.11)	1,76.97
	<u>6,78.71</u>	<u>58,53.96</u>

SCHEDULES

19 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.1 SIGNIFICANT ACCOUNTING POLICIES:

1.1.1 The Parent Company, Sundaram Finance Limited follows the directions prescribed by the Reserve Bank of India for Non-Banking Financial Companies, while the subsidiary, Sundaram BNP Paribas Home Finance Limited and Joint Venture, Royal Sundaram Alliance Insurance Company Limited follow the directions prescribed by the National Housing Bank for Housing Finance Companies and the Insurance Regulatory and Development Authority (IRDA) respectively.

The financial statements of the associate, The Dunes Oman LLC(FZC) have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

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

1.1.2 Income Recognition:

- a) Income from Hypothecation loan transactions, Hire Purchase and Housing Finance loan transactions is accounted on the basis of the Internal Rate of Return method.
- b) Lease income is accounted as per the terms of the lease agreements for contracts entered into upto 31st March 2001. Income from leases entered into on or after 1st April, 2001 is accounted as per the Accounting Standard – AS 19 – Leases.
- c) Income from other financing activities and services is recognised on accrual basis.
- d) Premium from Insurance business is recognised as income over the contract period or period of risk, as appropriate, after adjusting for unearned premium (unexpired risk) and premium deficiency, if any.
- e) Trusteeship fee, investment management, and advisory fee are accounted on accrual basis.
- f) Sales of Products are recorded when significant risks and rewards of ownership of products are passed on to the customers. Sales are stated at contractual realisable values, net of value added tax and inclusive of resale sales tax and trade discounts and returns if any.

Revenues from software development, which are generally time bound fixed price are recognised over the life of the contract using the proportionate completion method, with contract cost determining the degree of completion.

Revenue from other services is recognised as income on completion.

1.1.3 Financial Instruments:

Commercial Paper, Zero Coupon Non Convertible Debentures etc., issued at a discount to the face value are accounted at their carrying cost, comprising issue price and accrued finance cost.

SCHEDULES

19 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

1.1.4 Fixed Assets and Depreciation / Amortisation:

Fixed assets are stated at historical cost less accumulated depreciation.

Depreciation on assets is provided on the Written Down Value Method at rates prescribed in Schedule XIV to the Companies Act, 1956. Assets costing ₹ 5000 or less acquired during the year are fully depreciated.

Cost of assets given on lease is amortised during the lease period for all leased assets acquired prior to 01.04.2001, as recommended in the "Guidance Note on Accounting for Leases (Revised)" issued by the The Institute of Chartered Accountants of India (ICAI). Lease Equalisation Account, which represents the excess/shortfall of annual lease charge when compared with statutory depreciation, is recognised. The value of assets on Finance Lease is further adjusted for balance in Lease Adjustment Account.

Cost of assets taken on lease on or after 01st April, 2001 is amortised over the lease tenure as per the Accounting Standard – AS 19 – Leases, based on the capital recovery method.

Items of Computer software acquired / developed are recorded as intangible assets and their cost is amortised over their expected useful life.

1.1.5 Valuation of Investments:

Long-term investments are stated at cost and provision for diminution in value, other than temporary, has been considered wherever necessary.

Current investments are valued at lower of cost and market value / net asset value.

1.1.6 Foreign Currency Transactions:

Transactions in foreign currencies are accounted at the prevailing rates of exchange on the date(s) 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 are accounted for in the Profit and Loss Account.

Exchange differences on forward exchange contracts, entered into for hedging foreign exchange fluctuation risk in respect of asset / liability are recognised in the Profit and Loss Account in the reporting period in which the exchange rate changes. Premium on forward exchange contracts is expensed over the tenure of the contract.

Interest accrued on secured / unsecured foreign currency loans which are covered by forward contracts has been provided at the forward exchange contract rate and on loans not so covered at the exchange rate prevailing at the year-end.

1.1.7 Employee Benefits:

A) Short Term Employee Benefits:

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

SCHEDULES

19 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

B) Post employment benefits:

Defined Contribution Plan

i) Provident Fund

Contributions are made to the company's Employees Provident Fund Trust in accordance with the fund rules. The interest rate payable by the trust to the beneficiaries every year is notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investment of the trust and the notified interest rate.

The Company also contributes to a government administered Employees Pension Scheme under the Employees Provident Fund Act and to Employees' State Insurance Schemes on behalf of its employees.

ii) Superannuation

The Company makes fixed contributions as a percentage on salary to the Superannuation Fund, which is administered by trustees and managed by the Life Insurance Corporation of India (LIC).

The above contributions are charged to the Profit and Loss Account.

Defined Benefit Plan

i) Gratuity

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

ii) Leave Encashment

The Company contributes to a staff leave encashment scheme managed by SBI Life. Liability on account of encashment of leave to employees is provided on the basis of an actuarial valuation.

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

C) Other Long Term Employee Benefits:

The estimated liability in respect of other long term benefits like Employee Assured Bonus Scheme, reimbursement of medical expenses and entitlement of sick leave has been provided on the basis of actuarial valuation.

D) Employee Stock Options:

The Company determines the compensation cost based on the intrinsic value method. The compensation cost is amortised on a straight line basis over the vesting period.

1.1.8 Taxation:

Current tax is provided on the taxable income for the year.

Deferred tax liabilities arising from timing differences have been fully provided for. Deferred tax assets are recognised on the consideration of prudence.

1.1.9 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 recoverable amount is the higher of the net selling price of the assets and their value in use.

SCHEDULES

19 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

1.1.10 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.

1.2 Basis of Presentation:

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

1.3 Basis of Consolidation:

- a) The financial statements of the following subsidiary companies have been consolidated as per Accounting Standard – AS 21 – Consolidated Financial Statements.

Name of the Subsidiary	Country of Incorporation	Proportion of ownership interest (%)
Sundaram BNP Paribas Home Finance Limited	India	50.10
Sundaram Asset Management Company Limited.	India	100.00
Sundaram Trustee Company Limited	India	100.00
Sundaram Business Services Limited	India	100.00
Sundaram Infotech Solutions Limited	India	100.00
Sundaram Finance Distribution Limited	India	100.00
LGF Services Limited	India	100.00
Infreight Logistics Solutions Limited	India	78.59
Professional Management Consultants Limited	India	100.00
Sundaram BNP Paribas Fund Services Limited	India	51.00
Sundaram Insurance Broking Services Limited (Incorporated on 15th November 2010)	India	100.00
Sundaram Parekh Warehousing Services Limited (Incorporated on 25th August 2010)	India	51.00

- b) The Company has the following investments in Joint Venture for which the required treatment as per Accounting Standard – AS 27 – Accounting for Interests in Joint Ventures has been given in the Consolidated Financial Statements.

Name of the Joint Ventures	Country of Incorporation	Proportion of ownership interest (%)
Royal Sundaram Alliance Insurance Company Limited	India	49.90
Gulf Outsourcing Services Limited @	India	40.00
BNP Paribas Sundaram Global Securities Operations Private Limited	India	49.00

@ ceased to be a joint venture with effect from 16/02/2011 and considered on the basis of unaudited financial statement.

SCHEDULES

19 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

- c) The Company has the following investments in Associates for which the required treatment as per Accounting Standard – AS 23 – Accounting for Investments in Associates has been given in the Consolidated Financial Statements.

Name of the Associates	Country of Incorporation	Proportion of ownership interest (%)
Axles India Limited*	India	38.81
Turbo Energy Limited*	India	32.00
Transenergy Limited*	India	42.31
Sundaram Dynacast Private Limited	India	26.00
Sundaram Hydraulics Limited*	India	49.00
Flometallic India Limited*	India	47.75
Dunes Oman LLC (FZC)*	Sultanate of Oman	43.69

* considered on the basis of unaudited financial statements / details.

- d) The Consolidated Financial Statements have been prepared on the following basis.

- ³ Qeb Cfk^k`f`i Pq`qb j bkqp l c qeb M`obkq @ l j m^kv ^ka fqp Pr_pfaf`ov @ l j m^kfbp e`sb _bbk `l kpl ifa`qba l k ^ ifkb*_v`ifkb basis, by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.
- ³ Qeb @ l kpl ifa`qba Cfk^k`f`i Pq`qb j bkqp e`sb _bbk mobm`oba _v ^a l m`qfkd Rkfc`lo j >` `l r`kqfkd M l if`fbp bu`bmq c lo qeb following Companies.
- BNP Paribas Sundaram Global Securities Operations Private Limited depreciates Information Technology Software using straight-line method of depreciation.
 - Royal Sundaram Alliance Insurance Company Limited depreciates Information Technology Software, vehicles, improvements to leased premises and office equipments using straight-line method of depreciation.
- ³ Qeb ^pp l `f`qb) Pr ka`o` j Avk^`^pq Mofs`qb l f j f`qba\$ obm l o`fkd a`qb t ^p O. +. /+ / - . - ^ka qeb Cfk^k`f`i Pq`qb j bkqp ^p l k that date have been considered for the purpose of preparation of Consolidated Financial Statements.

2. General

- 2.1 During the year, the Indian Motor Third Party Insurance Pool has distributed the funds available in the motor pool to the members in the proportion of their respective market share. A sum of ₹ 18429.00 lakhs has been invested as per IRDA directions and the same is part of the overall Investments of Royal Sundaram Alliance Insurance Company Limited.

IRDA has directed the Indian Motor Third Party Insurance Pool to value the losses at an ultimate loss ratio of not less than 153% for all the financial years from 2007-08 to 2010-11. Accordingly, the Motor Pool losses for the 3 previous financial years from 2007-08 to 2009-10 were revised at an ultimate loss ratio of 153% and the impact of the same on the operating loss of the Company in the current year is ₹ 4385.93 lakhs.

- 2.2 Profit on sale of shares pertains to the sale of equity shares of Credit Analysis and Research Limited, by Sundaram Finance Distribution Limited.

2.3 Segment Reporting

(₹ in Lakh)

Business Segments	Asset Financing		Insurance		Other Operations		Eliminations		Consolidated Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
REVENUE										
Segment Revenue	1651,82.61	1417,71.23	483,13.25	401,10.49	215,36.15	193,90.49	-	-	-	-
Inter segment sales	2,53.41	3,36.26	1,39.15	1,90.26	62,08.54	55,28.70	66,01.10	60,55.22	-	-
Total Revenue	1654,36.02	1421,07.49	484,52.40	403,00.75	277,44.69	249,19.19	66,01.10	60,55.22	2350,32.01	2012,72.21
RESULT										
Segment Result	476,50.18	320,91.09	(7,51.11)	16,82.19	25,95.11	35,76.56	6,06.23	7,29.68	501,00.41	380,79.52
Unallocated income (net of expense)	-	-	-	-	-	-	-	-	55,11.44	13,28.53
Profit before tax	-	-	-	-	-	-	-	-	556,11.85	394,08.05
Less: Income tax	-	-	-	-	-	-	-	-	186,86.43	125,78.79
Add: Share of Profit in Associates	-	-	-	-	-	-	-	-	39,89.91	26,37.95
Less: Minority Interest	-	-	-	-	-	-	-	-	20,25.11	21,04.92
Profit after Tax	-	-	-	-	-	-	-	-	388,90.22	273,62.29
OTHER INFORMATION										
Segment Assets	14902,77.78	12549,63.42	778,90.23	610,36.04	163,92.52	153,38.38	176,65.09	148,02.02	15668,95.44	13165,35.82
Unallocated Assets	-	-	-	-	-	-	-	-	219,89.91	213,14.45
Total Assets	-	-	-	-	-	-	-	-	15888,85.35	13378,50.27
Segment Liabilities	13234,58.50	11184,41.84	640,28.52	495,00.56	62,40.36	62,00.44	44,26.21	48,38.61	13893,01.17	11693,04.23
Unallocated Liabilities	-	-	-	-	-	-	-	-	46,56.44	26,71.85
Total Liabilities	-	-	-	-	-	-	-	-	13939,57.61	11719,76.08
Capital Expenditure	106,03.03	83,32.29	2,62.02	5,10.53	39,23.90	31,51.95	-	-	147,88.95	119,94.77
Depreciation	54,08.55	43,91.39	3,96.45	4,97.94	12,97.51	6,45.97	-	-	71,02.51	55,35.30
Non-cash expenses other than depreciation	21,33.47	89,56.38	12.05	3.32	2,30.41	1,04.13	-	-	23,75.93	90,63.83

2.4 Related Parties Disclosures:

2.4.1 Related party disclosures, as stipulated by Accounting Standard – AS 18 – Related Party Disclosures, are given below:

Associates:

Axles India Ltd.

Sundaram Dynacast Private Ltd.

Sundaram Hydraulics Ltd.

Turbo Energy Ltd.

Sundaram Mutual Fund

The Dunes Oman LLC (FZC)

Transenergy Ltd.

Sundaram Medical Foundation

Flometallic India Ltd.

Key Management Personnel:

Mr. T. T. Srinivasaraghavan, Managing Director

Mr. Harsha Viji, Director (Strategy & Planning) - with effect from 24.09.2010

Relatives of Key Management Personnel:

Mr. T. T. Srinivasaraghavan	Mr. T. T. Rangaswamy Mrs. Vimala Rangaswamy Mrs. Bagyam Raghavan Miss. Anjana Raghavan Mr T. T. Venkatraghavan Mr. T. T. Narendran	Father Mother Wife Daughter Son Brother
Mr. Harsha Viji	Mr. S. Viji Mrs. Chitra Viji Mrs. Sara Vetteth Miss. Anya Padma Viji Master. Arun Mathew Viji Mr. Sriram Viji	Father Mother Wife Daughter Son Brother

SCHEDULES

19 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

2.4.2 RELATED PARTY TRANSACTIONS FOR THE YEAR ENDED 31ST MARCH 2011

The nature and volume of transactions of the company during the year, with the above related parties are as follows. (₹ in Lakh)

Nature of Transactions	Associates	Key Management Personnel	Relatives of Key Management Personnel	Total Apr10 – Mar11	Previous Year 2009-10
INCOME					
Income from Services rendered					
Sundaram Mutual Fund	3,52.69			3,52.69	2,25.09
Turbo Energy Ltd.	52.00			52.00	52.00
Total	4,04.69			4,04.69	2,77.09
Dividend					
Turbo Energy Ltd.	5,76.00			5,76.00	5,76.00
Others	35.10			35.10	11.70
Total	6,11.10			6,11.10	5,87.70
Rent Receipts					
Turbo Energy Ltd.	14.05			14.05	14.05
Interest					
Axles India Ltd.	60.00			60.00	50.77
Income from Lease					
Turbo Energy Ltd.	79.57			79.57	70.72
Axles India Ltd.	10.21			10.21	7.62
Others	1.41			1.41	1.41
Total	91.19			91.19	79.75
Income from Bill Discounting					
Axles India Ltd.	21.39			21.39	1,12.86
Profit on Redemption of Mutual Fund Investments					
Sundaram Mutual Fund	3,22.63			3,22.63	1,57.45
Trusteeship Fees & Investment Management Advisory Fees					
Sundaram Mutual Fund	114,61.72			114,61.72	102,80.46
Other Income	0.03			0.03	0.05
EXPENSE					
Scheme Expenses					
Sundaram Mutual Fund	35.00			35.00	35.00
Interest					
Others		3.21	33.71	36.92	70.77
Remuneration		2,71.75		2,71.75	2,58.14
Dividend		84.41	4,16.87	5,01.28	49.11
Donation					
Sundaram Medical Foundation	2,00.00			2,00.00	2,00.00
Other Expenses					2.50

SCHEDULES

19 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in Lakh)

Nature of Transactions	Associates	Key Management Personnel	Relatives of Key Management Personnel	31.03.2011	31.03.2010
ASSETS					
Investment in Equity Shares					
Flometallic India Ltd.	16,00.00			16,00.00	
The Dunes Oman LLC (FZC)	4,30.54			4,30.54	4,32.19
Total	20,30.54			20,30.54	4,32.19
Investment in Preference Shares					
Sundaram Hydraulics Ltd.	5,00.00			5,00.00	
Intercorporate Loans Disbursed to					
Axles India Ltd.					5,00.00
Investment in Trust Securities					
Sundaram Mutual Fund	1246,47.52			1246,47.52	1282,22.94
Purchase of Certificate of Deposit					
Sundaram Mutual Fund	129,10.96			129,10.96	
Disinvestment in Trust Securities					
Sundaram Mutual Fund	1223,39.46			1223,39.46	1306,82.48
Assets-Outstanding Balances as on 31.03.2011					
Preference Share Holdings					
Axles India Ltd.	6,00.00			6,00.00	6,00.00
Sundaram Hydraulics Ltd.	5,00.00			5,00.00	
Total	11,00.00			11,00.00	6,00.00
Equity Holdings					
Axles India Ltd.	10,15.70			10,15.70	10,15.70
The Dunes Oman LLC (FZC)	26,94.87			26,94.87	22,64.33
Flometallic India Ltd.	16,00.00			16,00.00	
Sundaram Hydraulics Ltd.	7,35.00			7,35.00	7,35.00
Others	3,35.41			3,35.41	3,35.41
Total	63,80.98			63,80.98	43,50.44
Intercorporate Loans					
Axles India Ltd.	5,00.00			5,00.00	5,00.00
Trust Securities					
Sundaram Mutual Fund	63,92.12			63,92.12	38,38.38
Investment Management Fee receivable					
Sundaram Mutual Fund	4,95.04			4,95.04	6,72.80
Future Lease Receivables					
Turbo Energy Ltd.	1,76.59			1,76.59	1,56.46
Axles India Ltd.	61.46			61.46	63.20
Others	2.51			2.51	3.39
Total	2,40.56			2,40.56	2,23.05
Other Assets	1,15.90			1,15.90	42.75

SCHEDULES

19 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in Lakh)

Nature of Transactions	Associates	Key Management Personnel	Relatives of Key Management Personnel	31.03.2011	31.03.2010
LIABILITIES					
Liabilities-Outstanding Balances as on 31.03.2011					
Equity Holdings		76.74	3,78.97	4,55.71	57.72
Deposits		25.05	4,38.77	4,63.82	2,11.86
Interest on Deposits		6.07	30.86	36.93	23.62
Other Liabilities					0.17

2.5 Earnings per Share (Basic and diluted)

- A. Profit for the year after taxation (₹ in Lakh)
- B. Number of equity shares
- C. Basic and diluted earnings per share (in ₹)

	2010-11	2009-10
A.	388,90.22	273,62.29
B.	5,55,51,930	5,55,51,930
C.	70.01	49.26

2.6 Contingent liabilities in respect of

(₹ in Lakh)

- a) Liability:
- To Banks – On Cheques discounted
- On Counter Guarantee
- To Sales Tax Authorities
- On Letter of Credit
- b) Claims against the company not acknowledged as debts

	As at 31.03.2011	As at 31.03.2010
To Banks – On Cheques discounted	16,66.75	40,15.98
– On Counter Guarantee	88.87	50.37
– To Sales Tax Authorities	10.32	10.32
– On Letter of Credit	11,86.00	9,12.49
b) Claims against the company not acknowledged as debts	161,92.26	105,43.43

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

Signatures to Schedules 1 to 19

As per our report of even date attached
For **Brahmayya & Co.**,
Chartered Accountants
Registration No.000511S
L. Ravi Sankar
Partner
Membership No.25929
Chennai
Dated : 30th May, 2011

S. Viji
Chairman
T. T. Srinivasaraghavan
Managing Director
Harsha Viji
Director (Strategy & Planning)
S. Venkatesan
CFO & Secretary

S. Prasad**S. Ravindran****S. Ram****Srinivas Acharya**
Directors**T. R. Seshadri****P. N. Venkatachalam****Aroon Raman**
Directors

Consolidated Cash Flow Statement

(₹ in Lakh)

	2010-11	2009-10
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit	388,90.22	275,08.00
Add: Lease Equalisation Account	40.53	(91.85)
Provision for Taxation (Including Wealth Tax)	186,86.43	125,78.79
Provision for tax relating to earlier years	-	(1,45.71)
	576,17.18	398,49.23
Add: Financial Expenses	899,59.89	797,12.07
Dividend received from Subsidiaries / Associates / Joint Venture	52,16.35	1195,61.30
Depreciation	71,54.68	16,11.32
Profit attributable to Minority Interests	20,25.11	56,33.95
Provision against Investments (net)	(4,38.11)	21,04.92
Provision against Non - Performing assets (net)	(29,51.90)	1,76.97
General Provision on Standard Assets	17,03.19	6,01.13
Employee Stock Option Compensation Expenses	60.00	32,30.50
(Profit) loss on sale of assets	(35.03)	23.28
(Profit) loss on sale of Investments	(87,17.71)	36.75
Interest / Dividend Received	(123,40.71)	(70,66.52)
Preliminary Expenses Written Off	2.32	(63,22.23)
Effect of Foreign Exchange rates on Cash and Cash Equivalents, net	4.41	-
Less: Share of Profits from Associates	(39,89.91)	14.21
	(39,89.91)	(26,37.95)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	1352,69.76	1169,67.63
(Increase) Decrease in net stock on hire	63,83.14	6708.38
(Increase) Decrease in leased assets - net of sales	(751,36.39)	(45027.29)
(Increase) Decrease in Trade Bills purchased	(2,48.77)	1544.60
(Increase) Decrease in Net Investment in Lease	(3,47.31)	7.96
(Increase) Decrease in Loans and Advances	(1661,73.21)	(142725.13)
Preliminary Expenses paid	(2.32)	-
(Increase) Decrease in Inventories	13.14	0.47
(Increase) Decrease in Other Receivables	79,98.99	(3607.50)
(Increase) Decrease in Bank Deposits (net)	316,43.38	(108904.00)
(Increase) Decrease in SLR Investments - net of sales	(15,09.20)	(2125.75)
Increase (Decrease) in Current Liabilities	146,34.08	14636.79
Cash generated from Operations	(474,74.71)	(1625,23.84)
Financial Expenses	(887,07.77)	(78224.52)
Direct Taxes Paid	(167,68.21)	(12098.22)
NET CASH FROM OPERATING ACTIVITIES (A)	(1529,50.69)	(2528,46.58)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(36,79.57)	(49,64.90)
Sale of Fixed Assets	1,84.55	1,17.73
Purchase of Investments	(11491,56.47)	(15989,88.90)
Sale of Investments	11025,83.98	16075,52.27
Redemption / Sale of Investments	(1,94.25)	-
Interest Received	56,77.79	39,54.11
Dividend Received	13,97.39	13,33.52
NET CASH FROM INVESTING ACTIVITIES (B)	(431,86.58)	90,03.83
CASH FROM FINANCING ACTIVITIES		
Proceeds from Issue of debentures	2152,23.72	3470,76.18
Debentures Redeemed	(1234,01.00)	(2686,00.00)
Increase (Decrease) in long term borrowings	951,89.83	1015,45.46
Increase (Decrease) in Fixed Deposits	137,91.46	281,98.11
Increase (Decrease) in short term loans and advances	31,53.14	388,96.83
Dividend paid (including Corporate Dividend Tax)	(75,27.24)	(66,10.07)
Increase in Share capital /premium	33,03.62	-
NET CASH FROM FINANCING ACTIVITIES (C)	1997,33.53	2405,06.51
Effect of foreign exchange rate on Cash and Cash Equivalents, net	(4.41)	(14.21)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)+(D)	35,91.85	(33,50.45)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	154,76.80	188,27.25
Add: Adjustment for change in holdings in subsidiaries / joint venture	(0.02)	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	190,68.63	154,76.80
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Current Account with Banks	58,59.71	35,20.76
Cash, Stamps and Stamp Papers on Hand	18,05.23	18,86.12
Short Term Deposit	114,03.69	100,69.92

Notes: 1. Cash and Cash equivalents includes balance in Unpaid Dividend account of ₹ 63.65 lakhs (31.03.2010 – ₹ 59.27 lakhs).
2. Previous year's figures have been regrouped / reclassified wherever necessary to conform to current year's classification.

As per our report of even date attached
For **Brahmayya & Co.**,
Chartered Accountants
Registration No.000511S
L. Ravi Sankar
Partner
Membership No.25929
Chennai
Dated : 30th May, 2011

S. Viji
Chairman
T. T. Srinivasaraghavan
Managing Director
Harsha Viji
Director (Strategy & Planning)
S. Venkatesan
CFO & Secretary

S. Prasad
S. Ravindran
S. Ram
Srinivas Acharya
Directors

T. R. Seshadri
P. N. Venkatachalam
Aroon Raman
Directors

Auditors' Report to the Board of Directors of Sundaram Finance Limited On the Consolidated Financial Statements

We have examined the attached consolidated balance sheet of Sundaram Finance Limited, its subsidiaries and associate companies as at 31st March, 2011, the Consolidated Profit and Loss Account for the year ended on that date and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto which we have signed under reference to this report. These financial statements are the responsibility of the management of Sundaram Finance Limited. Our responsibility is to express an opinion on these financial statements, based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of two subsidiary companies and two joint venture companies reflecting total assets of ₹ 162750.43 lakhs as at 31st March, 2011, total revenue of ₹ 104575.42 lakhs and net cash inflows amounting to ₹ 489.53 lakhs for the year ended on that date, the financial statements of an associate company reflecting total assets of ₹ 1373.88 lakhs as at 31st December, 2010 and total revenue of ₹ 2231.92 lakhs for the year ended on that date have been audited by other auditors, whose reports have been furnished to us. We have relied upon these reports for the purpose of the amounts included in respect of the above companies in the Consolidated Financial Statements.

The financial statements of five associate companies reflecting total assets of ₹ 49524.30 lakhs as at 31st March, 2011 and total revenue of ₹ 60974.06 lakhs for the year ended on that date are based on their unaudited financial statements as on 31st March, 2011.

In respect of one associate company the total assets of ₹ 46488 lakhs as at 31st March, 2011 and total revenue of ₹ 68287 lakhs for the year ended on that date are based on the unaudited financial details.

We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard-

AS 21 – Consolidated Financial Statements

AS 23 – Accounting for Investments in Associates in Consolidated Financial Statements.

AS 27 – Financial reporting of Interest in Joint Ventures

as prescribed in Section 211 (3C) of the Companies Act, 1956 and on the basis of the separate audited financial statements of Sundaram Finance Limited and its subsidiaries, the audited / unaudited financial statements of its associate and joint venture companies as mentioned above, included in the Consolidated Financial Statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports of individual audited financial statements of Sundaram Finance Limited, its subsidiaries and the audited / unaudited financial statements of its associate and joint venture companies, we are of the opinion that in conformity with the accounting principles generally accepted in India,

- a) the Consolidated Balance Sheet gives a true and fair view of the Consolidated State of Affairs of Sundaram Finance Limited, its subsidiaries, associate and joint venture companies as at 31st March, 2011.
- b) the Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of Sundaram Finance Limited, its subsidiaries, associate and joint venture companies for the year ended 31st March, 2011 and
- c) the Consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flows of Sundaram Finance Limited, its subsidiaries and joint venture companies for the year ended 31st March, 2011.

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

L.RAVI SANKAR

Partner

Place: Chennai

Date: 30th May, 2011

Membership No. 25929

FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31.03.2011

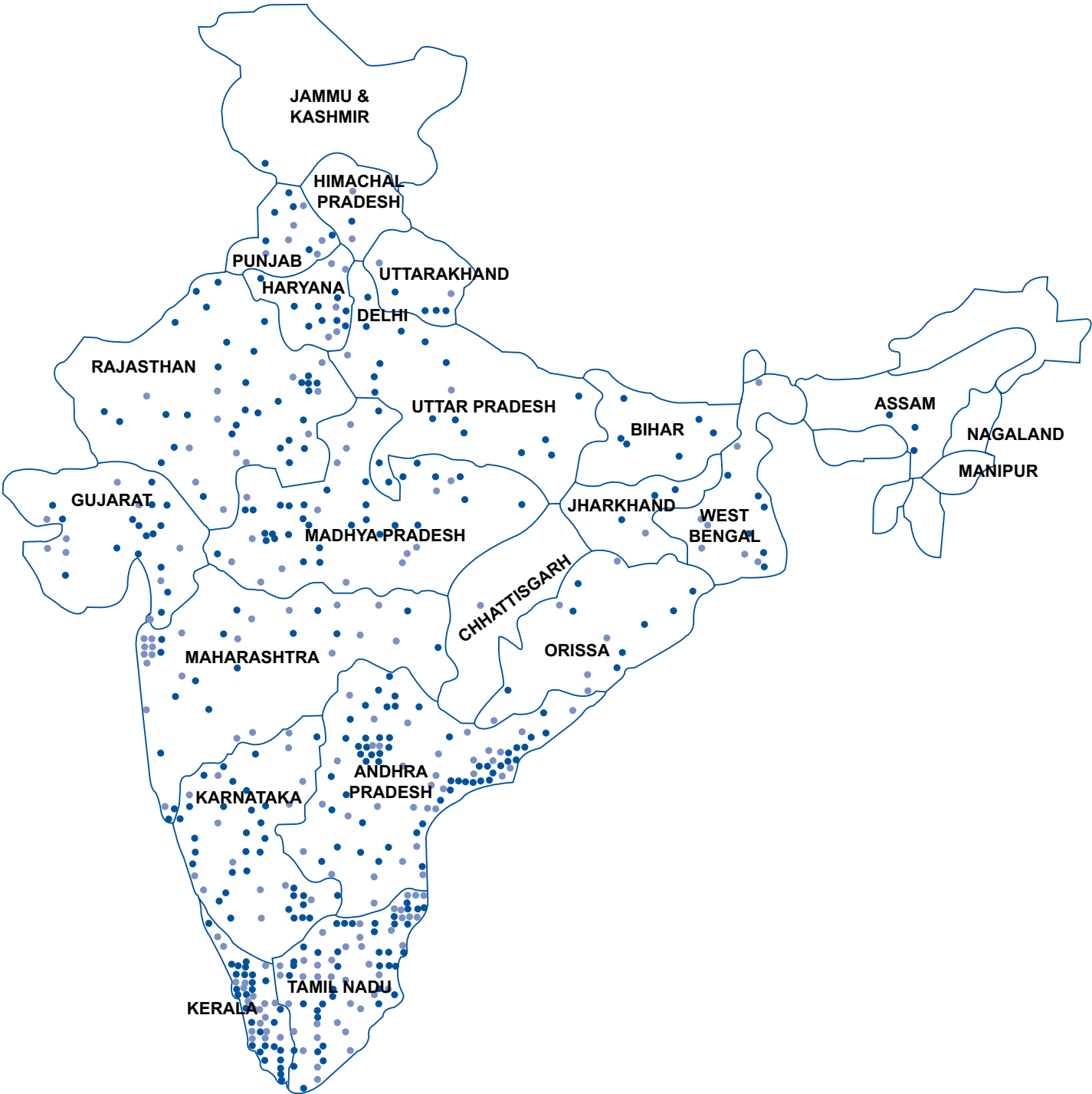
(As per general exemption under Section 212(8) of the Companies Act, 1956)

(₹ in Lakh)

Description	Sundaram BNP Paribas Home Finance Limited	Sundaram Asset Management Company Limited	Sundaram Trustee Company Limited	Sundaram Finance Distribution Limited	LGF Services Limited	Sundaram Infotech Solutions Limited	Sundaram Business Services Limited	Professional Management Consultants Private Limited	Infreight Logistics Solutions Limited	Sundaram BNP Paribas Fund Services Limited	Sundaram Insurance Broking Services Limited	Sundaram Parekh Warehousing Services Limited
Share Capital	80,15.23	15,33.32	5.00	50.00	25.00	4,00.00	15,00.00	22.06	5,61.12	42,50.00	50.00	10.00
Reserves	175,34.46	43,93.71	39.28	12,37.19	2,63.41	(12,97.25)*	(4,16.26)*	2,08.76	(12,27.34)*	(23,91.74)*	(1.98)*	(0.56)*
Total Assets	2940,08.68	81,83.79	1,11.70	13,10.07	4,47.02	7,14.49	14,65.56	3,58.56	7,18.09	24,35.05	48.16	9.50
Total Liabilities	2684,58.99	22,56.76	67.41	22.88	1,58.61	16,11.74	3,81.82	1,27.75	13,84.32	5,76.78	0.13	0.07
Investment	42,28.59	21,30.52	93.77	8,02.25	95.46	-	-	-	5.10	95.67	48.00	-
Turnover	307,93.19	122,39.65	1,29.18	75,55.58	5,15.94	21,21.95	22,81.81	4,82.89	19,16.37	3,65.69	-	-
Profit/(Loss) Before Taxation	68,37.76	20,80.92	58.27	71,66.07	2,90.25	81.12	(1,46.81)	1.82	(1,27.31)	(14,55.64)	(1.98)	(0.56)
Provision for Taxation	20,69.67	7,44.77	17.37	17,33.50	98.01	(1.53)	4.28	(0.56)	-	2,46.41	-	-
Profit/(Loss) After Taxation	47,68.09	13,36.15	40.90	54,32.57	1,92.25	82.65	(1,51.09)	2.38	(1,27.31)	(17,02.05)	(1.98)	(0.56)
Dividend	12,02.29	3,83.33	40.00	38,85.00	1,25.00	-	-	-	-	-	-	-

* Represents Debit balance in P&L account

Sundaram Finance Branch Network – 519 Branches



Sundaram Finance Limited

Registered Office: 21 Patullas Road, Chennai 600 002

NOTICE

Notice is hereby given that the Fifty-eighth Annual General Meeting of the Shareholders of the Company will be held on Wednesday, the 13th July 2011, at 11.00 A.M. at the Music Academy, New No.168, Old No.306, T.T.K. Road, Chennai 600 014, to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the audited statement of accounts for the year ended 31st March 2011 and to consider the reports of the Directors and Auditors thereon.
2. To declare a final dividend.
3.
 - i) To elect a Director in the place of Sri Srinivas Acharya, who retires by rotation and being eligible, offers himself for re-election.
 - ii) To elect a Director in the place of Sri S. Ravindran, who retires by rotation and being eligible, offers himself for re-election.
 - iii) Sri T R Seshadri, Director, who retires by rotation has not offered himself for re-election and the Board recommends that the vacancy caused by his retirement be not filled up.
4. To appoint Auditors and fix their remuneration. Messrs. Brahmaaya & Company, Chartered Accountants, Chennai, retire and are eligible for re-appointment.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:
“**RESOLVED** that Sri N Venkataramani be and is hereby appointed as a Director of the Company, liable for retirement by rotation.”
6. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:
“**RESOLVED** that Sri Harsha Viji be and is hereby appointed as a Director of the Company, liable for retirement by rotation.”
7. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:
“**RESOLVED** that Sri P N Venkatachalam be and is hereby appointed as a Director of the Company, liable for retirement by rotation.”

Chennai 600 002
30.05.2011

By Order of the Board
S. VENKATESAN
CFO & Secretary

Note:

1. A member entitled to attend and vote is entitled to appoint a proxy and such a proxy need not be a member.

The proxy form duly stamped and executed, should be deposited at the Registered Office of the Company at least forty-eight hours before the time fixed for the commencement of the meeting.

2. The register of members and share transfer books of the Company will remain closed from 01.07.2011 to 13.07.2011 (both days inclusive).
3. Members are requested to:
 - Provide Permanent Account Number;
 - Opt for National Electronic Clearance Service (NECS) facility for receiving dividend direct to their bank account;
 - Provide latest bank account details, wherever NECS facility is not available, for prompt credit and for avoiding fraudulent encashment/ loss in postal transit of dividend warrant; and
 - Avail nomination facility.

For this purpose,

- i) shareholders holding shares in electronic mode may approach their respective depository participants (DP) and
 - ii) shareholders holding shares in physical mode can approach Cameo Corporate Services Limited, our Registrar & Share Transfer Agent – Toll-free No. 1800-102-3669, Tel No. 044 2846 0390, Email: investor@cameoindia.com.
4. Members who are holding shares in physical form are requested to avail dematerialisation facility. For further information, please refer to FAQs posted by National Securities Depository Limited on its website www.nsdl.co.in.

Encl: Proxy form

EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956

SPECIAL BUSINESS

ITEM 5

Sri N Venkataramani, aged 71 years, was co-opted as a Director of your Company with effect from 24.09.2010. His particulars are annexed to the notice.

Under Section 260 of the Companies Act, 1956, he holds office as Additional Director up to the date of the Annual General Meeting. Notice has been received from a member intimating his intention to propose the appointment of Sri N Venkataramani as a Director at the ensuing Annual General Meeting. The Board of Directors considers that his appointment as a Director will be in the interests of the Company and recommends the acceptance of the resolution.

INTEREST OF DIRECTORS

Sri N Venkataramani is interested in the above resolution relating to his appointment as a Director of the Company.

ITEM 6

Sri Harsha Viji, aged 35 years, was co-opted as a Director of your Company with effect from 24.09.2010. His particulars are annexed to the notice.

Under Section 260 of the Companies Act, 1956, he holds office as Additional Director up to the date of the Annual General Meeting. Notice has been received from a member intimating his intention to propose the appointment of Sri Harsha Viji as a Director at the ensuing Annual General Meeting. The Board of Directors considers that his appointment as a Director will be in the interests of the Company and recommends the acceptance of the resolution.

INTEREST OF DIRECTORS

Sri Harsha Viji and Sri S. Viji, Chairman of the Company and father of Sri Harsha Viji are interested in the above resolution relating to his appointment as a Director of the Company.

ITEM 7

Sri P N Venkatachalam, aged 67 years, was co-opted as a Director of your Company with effect from 28.01.2011. His particulars are annexed to the notice.

Under Section 260 of the Companies Act, 1956, he holds office as Additional Director up to the date of the Annual General Meeting. Notice has been received from a member intimating his intention to propose the appointment of Sri P N Venkatachalam as a Director at the ensuing Annual General Meeting. The Board of Directors considers that his appointment as a Director will be in the interests of the Company and recommends the acceptance of the resolution.

INTEREST OF DIRECTORS

Sri P N Venkatachalam is interested in the above resolution relating to his appointment as a Director of the Company.

Chennai 600 002
30.05.2011

By Order of the Board
S. VENKATESAN
CFO & Secretary

Particulars of the Directors seeking appointment / re-appointment in the forthcoming
Annual General Meeting pursuant to Clause 49 of the Listing Agreement

ITEMS 3, 5, 6, 7

Name of Director	Sri Srinivas Acharya	Sri S Ravindran
Date of Birth	February 8, 1954	November 28, 1951
Expertise in specific functional areas	Has over 3 decades of experience in Banking and Financial Services.	Has diverse experience in various positions in Auto-ancillary industry, educational printing, publishing and distribution industry and health care industry in India and abroad for over 30 years
Qualifications	B. Sc., C.A.I.I.B	B.Com., A.C.A
List of other companies in which directorship held as on 31st March 2011	<p>Managing Director:</p> <ul style="list-style-type: none"> - Sundaram BNP Paribas Home Finance Limited <p>Director:</p> <ul style="list-style-type: none"> - ABI-Showatech (India) Limited - Sundaram Infotech Solutions Limited - Sundaram Business Services Limited - Infreight Logistics Solutions Limited - Turbo Energy Limited - Royal Sundaram Alliance Insurance Company Limited - Sundaram Hydraulics Limited - Sundaram Insurance Broking Services Limited 	<p>Wholetime Director:</p> <ul style="list-style-type: none"> - Turbo Energy Limited <p>Director:</p> <ul style="list-style-type: none"> - Light Alloy Products Limited - Transenergy Limited - India Motor Parts & Accessories Limited - Brakes India Senior Officers' Welfare Association Limited - ABI Premises Private Limited - ABI Precision Castings SAOC, Oman - ABI-Showatech (Oman) LLC (FZC)
Chairman/Member of the Committees of the Board of other companies in which he is a Director as on 31st March 2011	<p>Chairman:</p> <p>Audit Committee</p> <ul style="list-style-type: none"> - Turbo Energy Limited - Sundaram Hydraulics Limited - ABI-Showatech (India) Limited <p>Member:</p> <p>Audit Committee</p> <ul style="list-style-type: none"> - Infreight Logistics Solutions Limited - Royal Sundaram Alliance Insurance Company Limited - Sundaram Business Services Limited 	<p>Member:</p> <p>Audit Committee</p> <ul style="list-style-type: none"> - India Motor Parts & Accessories Limited - Turbo Energy Limited
Shareholding as on 31st March 2011:		
a) held individually	1,200 shares	1,94,960 shares
b) held jointly with others	23,888 shares	1,13,360 shares
c) held as Executor	240 shares	Nil
Relationship with other Directors	—	—

Name of Director	Sri N Venkataramani	Sri Harsha Viji	Sri P N Venkatachalam
Date of Birth	December 09, 1939	August 28, 1975	March 22, 1944
Expertise in specific functional areas	As Key Managerial Person of several manufacturing and trading companies belonging to Amalgamations Group, involved in the major expansion programmes including raising of capital and managing the resources and investments for over 4 decades. Has in-depth knowledge of the finer nuances of finance management / operation of corporates.	Has nearly 9 years of experience in strategy formulation, joint venture negotiations and new business development.	Has more than 35 years of experience in Banking covering all segments of Commercial Banking like Retail, Corporate and International banking. In addition, has experience in investment banking and well versed in the area of Capital markets. Retired as Managing Director of State Bank of India and prior to which he was the Managing Director of State Bank of Travancore. Was also briefly a member of the Interim Pension Fund Regulatory Authority of India.
Qualifications	B. Sc (Hons) Maths, B. Sc (Hons) Engineering, University of London M. Sc (Engg.), Univ. of London Fellow of the Institution of Mech. Engg., U.K.	B.Com., ACA, MBA (Ann Arbor, Michigan)	M. A (Economics), CAIB
List of other companies in which directorship held as on 31st March 2011	Chairman: - George Oakes Limited - IP Pins & Liners Limited Vice Chairman: - IP Rings Limited - MAHLE IPL Limited Vice Chairman & MD: - India Pistons Limited Director: - Transenergy Limited - Amalgamations Repco Limited - Bimetal Bearings Limited - Amalgamations Valeo Clutch Pvt. Ltd. - Stanes Amalgamated Estates Limited - Stanadyne Amalgamations Private Ltd. - Amalgamations Private Limited - Simpson & Company Limited - IPL Engine Components Private Ltd. - Nettur Technical Training Foundation - NTTF Industries Private Limited	Deputy Managing Director: - Sundaram Asset Management Company Limited Director: - Professional Management Consultants Limited - Flometallic India Limited	Chairman: - Laser Soft Infosystems Limited Director: - Khazana Jewellery Private Limited - Edelweiss Capital Limited - ECL Finance Limited - Edelweiss Finance & Investments Limited - Indigo TX Software Private Limited
Chairman/Member of the Committees of the Board of other companies in which he is a Director as on 31st March 2011	Chairman: Share Transfer and Shareholders / Investors Grievance Committee - Bimetal Bearings Limited Member: Audit Committee - India Pistons Limited - MAHLE IPL Limited - Bimetal Bearings Limited Share Transfer Committee - IP Rings Limited	Member: Audit Committee - Sundaram Asset Management Company Limited - Flometallic India Limited	Member: Audit Committee - Edelweiss Capital Limited - Laser Soft Infosystems Limited Share Transfer Committee - Edelweiss Capital Limited
Shareholding as on 31st March 2011: a) held individually b) held jointly with others c) held as Executor	Nil Nil Nil	1,578 shares 6,73,409 shares Nil	Nil Nil Nil
Relationship with other Directors	—	Son of Sri S. Viji, Chairman	—