

Sundaram Finance Limited

59th Annual Report
2011-12



SUNDARAM FINANCE
Enduring values. New age thinking.



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Board of Directors	S Viji S Ram N Venkataramani P N Venkatachalam S Prasad S Ravindran Aroon Raman Srinivas Acharya T T Srinivasaraghavan Harsha Viji	Chairman Managing Director Director (Strategy & Planning)
Audit Committee	S Prasad S Ravindran S Viji	Chairman
Share Transfer & Investor Relations Committee	S Prasad T T Srinivasaraghavan Srinivas Acharya	Chairman
Compensation & Remuneration Committee	P N Venkatachalam S Prasad S Ravindran Aroon Raman	Chairman
Risk Management Committee	T T Srinivasaraghavan Srinivas Acharya Harsha Viji A N Raju M Ramaswamy	Chairman
Asset Liability Management Committee	T T Srinivasaraghavan Srinivas Acharya Harsha Viji A N Raju M Ramaswamy	Chairman
Chief Financial Officer	M Ramaswamy	
Secretary & Compliance Officer	P Viswanathan	
Auditors	M/s. Brahmayya & 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	A N Raju	Executive Director
	Paramesh Krishnaier	Executive Director
	K Swaminathan	Executive Director (Sundaram Infotech Solutions)
	M Ramaswamy	Chief Financial Officer
	V K Raman	Senior Vice President & Head – Group Internal Audit
	P Viswanathan	Secretary & Compliance Officer
	S Ravindran	Senior Vice President & Head - Credit Control and Processing Dept.
	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	Senior General Manager & Head (Sundaram Business Services)
	V P R V P Varma	General Manager (Audit)
	H Venkatesan	General Manager (Internal 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 – Asset Reconstruction Cell
	S Balasubramanian	General Manager & Head – Andhra Region
	N Ramachandran	General Manager & Head – Central Region
S Srinivasan	General Manager (Credit Control and Processing Dept.)	
N Veeraraghavan	General Manager & Head (Information Systems)	
Venkatesh Kumaraswami	General Manager (Services)	
S Sridhar	General Manager (Treasury)	
Subramaniam Ravi	General Manager – Special Projects	
K K Subramanian	General Manager – Projects (Sundaram Infotech Solutions)	
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
	Caltex Servicez Private 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 ₹ 51.16*
₹ One Billion	=	₹ 100 Crores or ₹ 10,000 Lakhs			*RBI Reference Rate as on 31.03.2012

Contents

Directors' Report	4
Financial Highlights	16
Auditors' Report	17
Balance Sheet	20
Profit and Loss Statement	21
Notes to the Accounts	22
Corporate Governance Report	61

Consolidated Financial Statements

Balance Sheet	72
Profit and Loss Statement	73
Notes to the Accounts	74
Auditors' Report on Consolidated Financial Statements	95



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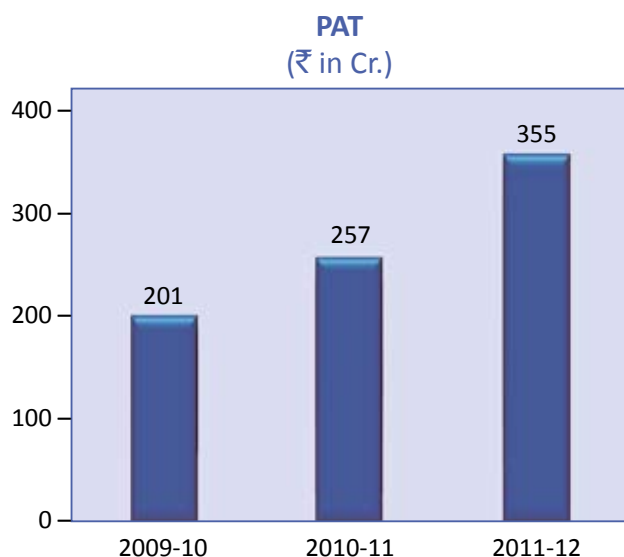
Directors' Report

Your directors have pleasure in presenting the 59th Annual Report with audited accounts for the year ended 31st March 2012. The summarised financial results of the Company are given hereunder:

FINANCIAL RESULTS:

(₹ in Cr.)

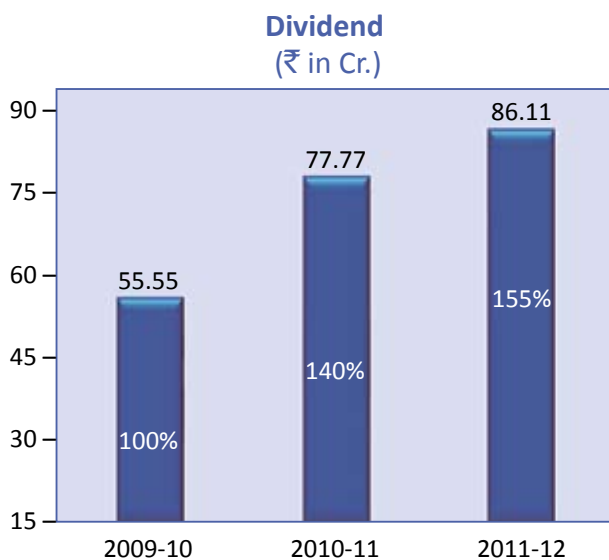
Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Revenue from Operations	1701.43	1370.17
Other Income	60.45	80.24
Total Revenue	1761.88	1450.41
Less: Total Expenses	1249.73	1020.96
Profit before Tax	512.15	429.45
Profit after Tax	355.45	295.23
Surplus brought forward	60.14	61.02
Amount available for appropriation	415.59	356.25
Appropriations have been made as under:		
Transfers to:		
- Statutory Reserve	71.10	59.10
- General Reserve	179.45	154.79
Dividend – Interim	41.67	38.89
Final (Proposed)	44.44	38.89
Dividend Tax	11.37	4.45
Surplus carried to balance sheet	67.56	60.13
	415.59	356.25



PAT from continuing operations has been considered.

DIVIDEND

Your Company paid an interim dividend of ₹ 7.50/- per share (75% on the face value of ₹ 10/-) in February 2012. Your directors are now pleased to recommend a final dividend of ₹ 8/- per share (80% on the face value of ₹ 10/-). This, together with the interim dividend, aggregates to a total dividend of ₹ 15.50 per share (155% on the face value of ₹ 10/-) for the financial year ended 31st March 2012, on the paid-up capital of ₹ 55.55 cr.



CORPORATE GOVERNANCE

- A detailed report on corporate governance, together with a certificate from the Statutory Auditors, in compliance with Clause 49 of the Listing Agreement, is attached as part of this report.
- Compliance reports in respect of all laws applicable to the Company have been reviewed by the Board of Directors.

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL ECONOMY

After a major slowdown during most of 2011, the Global Economy showed some feeble signs of stabilisation, towards the end of the year. The US Economy which grew at 1.7% during the quarter ended 31st Dec 2011, improved further, to 2.2% during the quarter ended 31st March 2012. However, the escalation of the euro zone problems continues to exert severe pressures on European banks. Recent developments in Greece and Spain indicate that the Euro area sovereign debt problems are far from over and will continue to weigh significantly on the global economy. The disappointing industrial production levels in the 17 Euro zone countries only serve to confirm the fears that the recession may not be as mild as policymakers had hoped. The UK economy has fallen into a double dip recession - a phenomenon referring to recession followed by a short lived recovery followed by another period of recession. Even though most emerging and developing economies grew at reasonably healthy rates, the continuing problems of Europe, combined with the general slowdown in the global economy and pressures brought about by increase in international crude oil prices are bound to affect them in the near to medium term.

INDIAN ECONOMY

Turning to the domestic macroeconomic situation, economic growth dropped to 6.1% in the third quarter of last year from 7.7% and 6.9% in the first and second quarters respectively. The overall GDP growth for the Financial Year 2011-12 is estimated to be significantly lower than the originally forecast 6.9%. This reduction in GDP

growth is mainly due to deceleration in industrial growth from 8.1% in the previous year to around 3% in the current year. Growth in the services sector at 8.9% and in the agricultural sector at 2.7% held up relatively well. Reserve Bank's baseline projection of GDP growth for the current year 2012-13 is 7.3%.

The combined effect of lower tax and disinvestment receipts and higher expenditure, mainly on account of subsidies, has pushed the fiscal deficit to 5.9% of GDP in the Revised Estimates for 2011-12 as against the original estimate of 4.6%. Revenue deficit for the financial year 2011-12 has been revised to 4.4% of the GDP owing to higher outgo on subsidies and lower tax collections. The current account deficit as a proportion of GDP for 2011-12 is likely to be around 3.6%. This, along with the reduced net capital inflows has exerted tremendous pressure on the exchange rate.

Headline WPI inflation, which remained above 9% during April-November 2011, moderated to 6.89% by end-March 2012 before climbing back to 7.23% in April 2012. Food articles, vegetables, edible oil, fuel and power contributed to the inflationary trend.

Liquidity management remained a major challenge for the RBI during the year. In order to redress the liquidity deficit, Reserve Bank of India injected liquidity through open market operations and reduced the cash reserve ratio (CRR) by an aggregate of 125 basis points, (i.e from 6% in May 2011 to 5.5% in Feb 2012 and then to 4.75% in Apr 2012).

Between May 2011 and January 2012, RBI revised its policy rates four times, raising Repo rates from 7.25% to 8.50% and Reverse Repo rates from 6.25% to 7.50%. However, in April 2012, RBI reduced the said rates by 0.50% in order to provide impetus for growth.

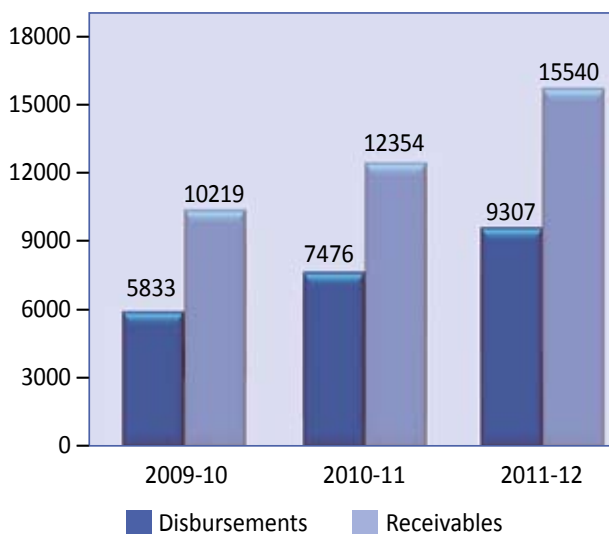
India's trade deficit touched a record high at \$184.9 billion for 2011-12 as imports which grew at 29.41% outpaced exports (21.42% growth) by a huge margin. This higher-than-expected trade deficit is about 10.6% of GDP and is mainly on account of bloating oil imports. On the back of heavy demand for dollars by oil companies and gold importers, the rupee which stood at ₹ 44.40 per USD in April 2011, slid to an all time low of ₹ 55.73 per USD on 25th May 2012, in spite of the constant intervention measures of RBI.

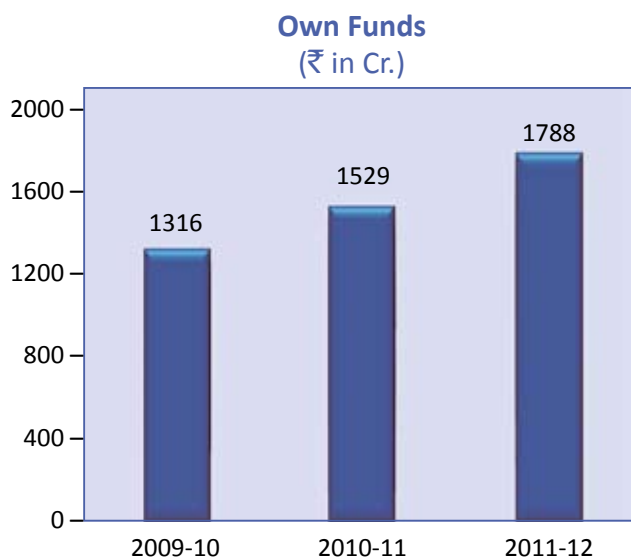
Based on an assessment of the domestic demand-supply balance, global trends in commodity prices and the likely demand scenario, RBI's projection of inflation for March 2013 is 6.5 per cent. However, the risks to these projections of growth and inflation are, global commodity prices (especially of crude oil), fiscal deficit, current account deficit, large Government borrowing budgeted for 2012-13 and food inflation.

AUTOMOTIVE SECTOR

The Commercial Vehicles segment registered a growth of 18.20% during April-March 2012 as compared to the same period last year. Sales of medium and heavy commercial vehicles (M/HCV) registered a modest increase of 8% during 2011-12, as against 32% during 2010-11. Sales of light commercial vehicles grew by 23%, same as the previous year. Sales of Cars and multi-utility vehicles recorded a disappointing 4% growth in 2011-12 as against 29% in 2010-11. The sharp decline in growth rates of M/HCVs and Cars is a clear pointer to the muted market sentiments, in the face of high interest rates, falling industrial growth rate, spiralling petrol prices and an overall sense of uncertainty about the future.

Disbursements and Receivables Under Management
(₹ in Cr.)





OPERATING & FINANCIAL PERFORMANCE

Your Company's hire purchase and loan disbursements at ₹ 9307 cr. for the year, registered a growth of 25%, over the previous year's figure of ₹ 7476 cr. While the Commercial Vehicle and Car Segments continued to be the major growth drivers for the company, business from the construction equipment and tractor segments which together exceeded ₹ 1000 cr. during the year, was particularly encouraging and augurs well for the future. The company's sustained focus on strict credit acceptance norms and superior collection skills has ensured that asset quality continues to be one of the best in the industry. Gross NPAs as at 31st March, 2012 stood at 0.59% as against 0.77% in the previous year and Net NPAs at 0.09% as against 0.20% in the previous year.

The gross receivables managed by the Company, including assets sold or securitised, stood at ₹ 15540 cr. as at 31st March 2012, as against ₹ 12354 cr. in the previous year.

The net profit from operations was ₹ 355.45 cr. as against ₹ 257.50 cr. in the previous year (excluding special items), registering a growth of 38%. The company's Net-Worth stood at ₹ 1787.86 cr. as on 31.3.2012. Capital Adequacy (CRAR) at 16.33% was comfortably higher than the statutory requirement of 15%. Your Directors have decided to continue with the provision on standard assets, at

the higher level of 0.40% as against the statutory requirement of 0.25% and transferred an amount of ₹ 6.02 cr. towards Contingent Provision against Standard Assets.

RESOURCE MOBILISATION

a) Deposits

During the year, your Company mobilised fresh deposits aggregating to ₹ 216.59 cr. Renewal of deposits during the year amounted to ₹ 360.06 cr. representing 77% of the matured deposits of ₹ 466.05 cr. Deposits outstanding at the year end were at ₹ 1260.84 cr. as against ₹ 1192.03 cr. in the previous year.

As at 31st March 2012, 3669 deposits amounting to ₹ 14.11 cr. had matured for payment and were due to be claimed or renewed. After close follow-up, the figures are currently down to 2301 and ₹ 8.35 cr. respectively. Steps are continuously being taken to arrange for repayment or renewal of these deposits. Investor Relation Services – Deposits continue to enjoy the ISO 9001:2008 certification from Bureau Veritas Certification (India) Private Limited.

b) Term Funding

During the year, your Company raised term funding from Banks, Mutual funds Insurance companies and others in the form of non-convertible debentures and term loans to the tune of ₹ 2244.40 cr. across various tenors.

c) Bank Finance

As part of the overall funding plan, your Company's working capital limits with Consortium banks were retained at ₹ 1500 Cr. During the year, your Company issued several tranches of commercial paper aggregating to ₹ 3040 cr. The maximum amount outstanding at any time was ₹ 1715 cr. and the amount outstanding at the end of the year was ₹ 555 cr.

d) Assets Securitised / Assigned

During the year, your Company securitised / assigned hypothecation loan receivables / hire purchase assets to the extent of ₹ 1799.99 cr.

CREDIT RATINGS

All the borrowings of the Company are rated. The short term borrowings (including commercial papers) are rated “A1+” (highest safety). Fixed Deposits are rated “AAA” (highest safety). The long term borrowings are rated “AA+” (high safety), with a “Stable outlook” and are rated by ICRA, CRISIL and FITCH.

REGULATORY CHANGES

Final Guidelines on Securitisation for Banks / NBFCs have been issued by RBI in May 2012. The assignment of receivables has also been brought under the purview of the Guidelines.

Reserve Bank had constituted a Working Group headed by Smt. Usha Thorat, to examine a range of emerging issues pertaining to the regulation of the NBFC sector, in view of their growing importance and inter-connectedness with other segments of the financial system, which would have a bearing on financial stability. The report was placed on the Reserve Bank's website in August 2011 for feedback from the public. In the light of the feedback, RBI has proposed to issue the draft guidelines on the regulatory framework for NBFCs by end - June 2012.

OUTLOOK

With virtually every macroeconomic indicator trending negatively, the road ahead appears rather bumpy. Of particular concern is the fact that GDP growth has fallen successively for nine quarters. Global economic developments are only likely to exacerbate the already gloomy domestic economic situation. Various Business Confidence surveys reveal a consistently pessimistic outlook for the current financial year. While inflation has come off its double digit highs, it is still well above RBIs zone of comfort, resulting in stubbornly high interest rates. While there is a lot of expectation on the Monetary Policy front, most of the challenges are on the Fiscal front. A large fiscal deficit, a widening current account deficit, a marked slowdown in infrastructure spending and policy indecision are issues that need to be addressed urgently, if India's dream of double digit economic growth is to be realised. As always, the progress of the Southwest monsoon will also have a bearing on India's growth prospects.

The Automotive industry is already facing headwinds, going by the indications in the first two months of the current financial year. Sales of M/HCVs and passenger cars have been sluggish, partly on account of the higher prices occasioned by the hike in excise duties. The impending increases in petrol and diesel prices will only serve to dampen sentiments further. The Tractor industry is also projecting lower sales growth during the current year. Light commercial vehicles and Construction equipment are the only segments which remain unaffected and might continue to grow at a relatively healthy pace. Overall, the prospects for most segments of the automotive sector do not appear to be encouraging.

Your Company is closely aligned to the automotive sector and is therefore likely to be impacted by its performance. Over the years, your company has broad based its exposure to the various segments of the automotive industry, thereby enabling it to re-balance its portfolio on a dynamic basis. It is this strategy that has facilitated our consistent growth across economic cycles. Given the various uncertainties in the macroeconomic environment and the none too optimistic outlook for the automotive industry, your company will strive for growth that is sustainable and profitable, while remaining strongly focussed on the highest asset quality. Your Company has built strong customer relationships over several decades, based on the Sundaram Values of Service, Integrity, Transparency and Humility and it is these that will sustain us through what promises to be a challenging and difficult twelve month period.

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 information 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 modules, 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. A remote Disaster Recovery Centre has been set up to cater to the needs of your company. The facility will become functional during the current financial year.

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 Statement, 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,

- The annual accounts of all the Subsidiary Companies have been posted by your Company on its website – www.sundaramfinance.in.
- Annual accounts of the Subsidiary Companies and related 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

- **Sundaram BNP Paribas Home Finance Limited**

The company, approved loans aggregating to ₹ 2248 cr. as against ₹ 1447 cr. in the previous year (PY), while disbursements at ₹ 1948 cr. (PY ₹ 1207 cr.), grew significantly by 61%. The company earned a gross income of ₹ 495 cr. (PY ₹ 308 cr.) and reported an impressive 100% growth

in profit after tax at ₹ 93.73 cr. (PY ₹ 47.68 cr.). The loan portfolio as at 31st March 2012 stood at ₹ 4241 cr. as against ₹ 2940 cr. in the previous year. The gross and net NPA stood at 0.31% and 0.06% respectively as of 31.03.12, clearly one of the best in the industry. The company proposed a higher dividend of 25% for the year as against 15% during the previous year.

- **Sundaram Asset Management Company Limited.**

The Average Assets under Management (AUM) of Sundaram Asset Management Company Ltd. were ₹ 14226 cr. for the year 2011-12 as compared to ₹ 13946 cr. in the previous year. The investor base of Sundaram Asset Management Company Limited stands at 1.99 million.

Sundaram Asset Management Company Limited earned a gross income of ₹ 105.10 cr. as against ₹ 122.40 cr. in the previous year. Reflecting the volatility in the stock market, the company reported a profit after tax of ₹ 11.00 cr. as against ₹ 13.36 cr. in the previous year. The company recommended a dividend of 20% for the year as against 25% during the previous year.

- **Sundaram Trustee Company Limited**

Sundaram Trustee Company Limited earned a gross income of ₹ 133.92 lakhs as against ₹ 129.18 lakhs in the previous year and reported a profit after tax of ₹ 45.81 lakhs for the year, as against ₹ 41.01 lakhs in the previous year. The company recommended a dividend of 800% for the year, in line with the previous year.

- **Sundaram Finance Distribution Limited (SFDL)**

During the year, SFDL earned revenue from operations of ₹ 7.56 cr. as against ₹ 7.79 cr. in the previous year. The profit after tax for the year was at ₹ 2.36 cr. as against ₹ 54.33 cr. (which included profit on sale of shares of ₹ 50.15 cr.) in the previous year. The company recommended a dividend of 250% for the year as against 7770% during the previous year.

- **LGF Services Limited**

During the year, LGF Services Limited earned revenue from operations of ₹ 5.51 cr. as against ₹ 4.95 cr. in the previous year. The profit after tax for the year was at ₹ 1.72 cr. as against ₹ 1.92 cr. in the previous year. The company recommended a dividend of 500% for the year, in line with the previous year.

- **Sundaram Infotech Solutions Limited (SISL)**

The company earned total revenue of ₹ 25.43 cr. as against ₹ 21.25 cr. in the previous year. The profit after tax for the year was at ₹ 0.18 cr. as against ₹ 0.83 cr. in the previous year.

The company added 14 new clients during the year and made deeper inroads into the Australian market. During the year, the company made significant progress towards developing the next generation software solution for Lending Companies.

- **Sundaram Business Services Limited (SBSL)**

During the year, SBSL's revenue increased to ₹ 27.15 cr. as compared to ₹ 22.89 cr. in the previous year. The continued focus on cost efficiency and better capacity utilization has resulted in SBSL making a profit of ₹ 1 cr. during the year as against a net loss of ₹ 1.51 cr. during the previous year. Initiatives are underway to grow the top line through new verticals like mortgage processing, Equity Research and financial planning back office. SBSL is also exploring opportunities in other geographies and is working towards building a robust platform for future growth.

- **Professional Management Consultants Limited (PMC)**

During the year, PMC earned revenues of ₹ 6.13 cr. as compared to ₹ 4.84 cr. in the previous year. Some of PMC's transaction processing clients have moved out during the year due to a scaling down of their operations and this is expected to adversely impact the revenues of PMC for the coming year. PMC has ended the year with a loss of ₹ 2.68 cr. as against a net profit of ₹ 0.02 cr. in the previous year. The higher losses

were largely on account of set up costs incurred for the call centre business, as PMC had established new delivery centres for handling voice processes. PMC is working on growing top line, surrendering surplus capacity and on improving efficiencies, to address the loss.

- **Sundaram BNP Paribas Fund Services Limited**

Sundaram BNP Paribas Fund Services Limited successfully completed the second and final process of migration in relation to the balance 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 June 2011. During the year, the company managed various new schemes and New Fund Offers (NFO). The company earned an income of ₹ 11.98 cr. during the year which was higher by 228% as against ₹ 3.66 cr. in the previous year. The company reported a loss of ₹ 14.51 cr. during the year as against ₹ 17.02 cr. in the previous year.

- **Infreight Logistics Solutions Limited (Infreight)**

The revenue of Infreight during the year was ₹ 8.69 cr. as against ₹ 19.16 cr. in the previous year. Profit for the year was at ₹ 1.77 cr. as against loss of ₹ 1.27 cr. in the previous year.

Infreight became a wholly-owned subsidiary of SFDL and therefore of your Company, consequent to the acquisition of the balance 21.41% stake by SFDL from the promoters of Infreight.

During the year, the transition of contracts relating to select transportation clients was completed and the consideration received was utilised for the purpose of repaying loans to Bank as well as inter-corporate loans taken to meet the working capital requirements of the company.

- **Sundaram Parekh Warehousing Services Limited**

The company was incorporated in August 2010 with the objective of providing full fledged high-end warehousing

services across the country. This year, in view of the market not being very conducive, the company has stayed away from taking on any large warehousing services. On the other hand, the company recorded a modest turnover from the transportation segment, to the tune of ₹ 0.38 cr. and with a profit of ₹ 0.04 cr.

- **Sundaram Insurance Broking Services Limited**

Sundaram Insurance Broking Services Limited would commence business in due course after getting necessary regulatory approvals.

- **Caltec Servicez Private Limited (Caltec)**

During the year, SFDL acquired 51% stake in Caltec Servicez Private Limited, Mumbai. Consequent to the said acquisition, Caltec became a subsidiary of SFDL and therefore of your Company with effect from 31st October 2011.

Caltec is engaged in providing call centre and other related solutions. The company's revenue for the year was ₹ 4.97 cr. as against ₹ 6.74 cr. in the previous year. The fall in revenue by 25% from previous year was primarily due to drop in volume from few existing clients and the loss of some clients. Operations during the year resulted in net loss of ₹ 1.26 lakhs as against net profit of ₹ 53.88 lakhs in the previous year. Several initiatives are being taken to increase revenues and put Caltec on the path to sustained profitability.

JOINT VENTURES

- **Royal Sundaram Alliance Insurance Company Ltd (Royal Sundaram)**

Royal Sundaram posted a top-line growth of 29%, outpacing the industry growth, with a Gross Written Premium (GWP) of ₹ 1479.79 cr. during the year, as compared to the GWP of ₹ 1143.99 cr. in the previous year.

During the year, IRDA issued guidelines relating to the methodology of absorption of the past losses relating to the

third party motor pool. Insurance companies were provided with an option to either fully absorb the prior year losses as per the loss ratios indicated by the Regulator in one go or absorb the entire losses of 2007-08 and 2008-09 fully in their books and absorb 1/3rd of the losses in respect of the years 2009-10, 2010-11 and 2011-12. The balance 2/3rd was permitted to be amortised and absorbed over the next two financial years.

Based on the above Circular of IRDA, Royal Sundaram decided to absorb as much of the losses as possible, during the current year itself. Accordingly, the company has provided for a higher amount of ₹ 222.49 cr. towards third party Motor Pool losses, leaving a sum of ₹ 76.29 cr. to be absorbed in the next two financial years. Hence, after making provision for tax and motor pool losses, the company reported a profit of ₹ 22 lakhs for the year as against loss of ₹ 20.1 cr. in the previous year.

- **BNP Paribas Sundaram Global Securities Operations Private Limited**

BNP Paribas Sundaram Global Securities Operations Private Limited earned total revenue of ₹ 76.95 cr. during the year as against ₹ 53.31 cr. in the previous year. The company reported a profit after tax of ₹ 8.54 cr. during the year, as against ₹ 6.42 cr. in the previous year. The company recommended a dividend of 89% for the year ended 31st March 2012 as against 67% for the previous year.

DIRECTORS

Your Board of Directors has re-appointed Sri T.T. Srinivasaraghavan as Managing Director for a further period of 5 years with effect from 1st April 2013.

Sri S Viji, Sri S Prasad and Sri Aroon Raman retire by rotation and, being eligible, offer themselves for re-election.

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 2011-12, expenditure in foreign currencies amounted to ₹ 10.00 cr. on account of interest and other charges. Foreign Currency earnings amounted to ₹ 3.76 cr.

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 and Remuneration Committee, granted 16,750 stock options to its eligible employees, on 28.05.2012. 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

In giving back to society, the Sundaram Finance Group is committed to a number of community focused activities. These activities are spread over different areas such as health, education, environment, promotion of the country's rich culture and sports. Each one of the programmes or projects that the Group is involved in, reflects the commitment, concern, and care that it always has for society.

Healthcare

Your Company has been closely involved with the Sundaram Medical Foundation, a non-profit Trust that runs the Dr. Rangarajan Memorial Hospital, in Chennai, which has become a centre for clinical and academic excellence. The primary objective of this community centric hospital is to deliver affordable, high quality health care services. The hospital lays great emphasis on maintaining quality standards. Amongst the many ratings it has received, is the H-1 rating by ICRA for best quality healthcare in the general hospital – medium size category.

While the Sundaram Medical Foundation caters mostly to the health needs of people living in the city, the Group has also been associated with the Hindu Mission Hospital, Chennai to take health care to the rural communities. Your Company also supports other healthcare causes such as cancer, schizophrenia, kidney and ophthalmic care.

Education

In its continuous effort to spread knowledge and education amongst children and youth the Sundaram Finance Group has been actively supporting several schools, colleges, Universities and NGOs. Laxmi Charities, an educational charitable institution established

38 years ago, assists meritorious students from the lower income groups to pursue higher education. Each year about 1500 students, predominantly college goers are provided assistance.

Environment, Heritage, Culture, Children's Development and Sports

Your Company is also involved in a wide spectrum of activities ranging from the upkeep and maintenance of a public park in the heart of Chennai and 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. It is also the author of a new charitable sports initiative called 'Mylapore Sports Trust' to nurture young talent in tennis, shuttle, table tennis, and snooker.

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
28th May, 2012

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	61,000
(b)	The pricing formula	₹ 10/- per share (at par)
(c)	Options vested	27,750
(d)	Options exercised	27,750
(e)	The total number of shares arising as a result of exercise of Option	27,750
(f)	Options lapsed	Nil
(g)	Variation of terms of Options	Not Applicable
(h)	Money realized by exercise of Option	₹ 2,77,500/-
(i)	Total number of Options in force	33,250
(j)	Employee-wise details of Options granted on 30th May 2011 (Grant 3) & 28th May 2012 (Grant 4)	
(i)	Senior Managerial Personnel	
1	Sri. S Venkatesan (till 31.08.2011)	1,500
2	Sri. P S Raghavan (till 31.07.2011)	500
3	Sri. A N Raju	5,500
4	Sri. Paramesh Krishnaier	4,000
5	Sri. K Swaminathan	2,000
6	Sri. M Ramaswamy	5,000
7	Sri. S Ravindran	500
8	Sri. P Viswanathan	3,000
9	Sri. S Srinivasan	1,750
10	Sri. M J Kulkarni	1,250
11	Sri. K Sankarakumar	750
12	Sri. Rajesh Venkat	250
(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:	
	Sri. T P Raman, Managing Director, Sundaram Asset Management Company Limited	1,750
	Sri. Srinivas Acharya, Managing Director, Sundaram BNP Paribas Home Finance Limited	5,500

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.	₹ 0.12 lakhs		
	The impact of this difference on profits and on EPS of the Company shall also be disclosed.	Impact on Profit - would be less by ₹ 0.12 lakhs 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	Grant 3
		₹ 10/- per share (at par) and Fair Value is ₹ 266.51	₹ 10/- per share (at par) and Fair Value is ₹ 385.50	₹ 10/- per share (at par) and Fair Value is ₹ 475.11
(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	Black Scholes Model
	(i) risk free interest rate,	4.13%	5.07%	8.36%
	(ii) expected life,	368 days	369 days	368 days
	(iii) expected volatility,	55.92%	38.27%	27.12%
	(iv) expected dividends, and	No dividend rights during the vesting period.	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	₹ 484.30

Financial Highlights

(₹ in Cr.)

Year	Paid-up Capital	Reserves	Deposits	Borrowings	Total Receivables	PBDT	PAT	Dividend %	Dividend Amount
1954	0.02		0.10	0.10	0.10				
1972	1.00	0.58	8.35	8.37	9.86	0.73	0.30	16.00	0.16
1976	1.50	0.99	13.57	14.44	19.87	1.78	0.67	16.00	0.24
1978	2.00	1.37	14.65	19.47	27.18	2.01	0.77	18.00	0.36
1982	3.00	3.00	45.20	58.42	76.60	4.28	1.58	20.00	0.60
1986	6.00	6.59	104.10	125.60	184.66	10.35	2.67	16.00	0.96
1990-91	12.00	30.24	201.02	334.29	483.21	34.69	12.01	25.00	3.00
1995-96	24.00	204.31	550.44	1138.69	1637.05	127.50	64.92	35.00	8.40
2004-05	27.78	655.22	740.25	3806.38	4488.30	144.55	75.99	75.00	21.87
2005-06	27.78	783.06	627.98	4474.49	5452.18	227.21	170.59 [#]	135.00 [#]	37.50
2006-07	27.78	850.10	658.47	5736.17	7327.02	165.01	100.47	105.00	29.17
2007-08	27.78	1015.15	756.62	6080.97	8925.05	333.02	212.54 [@]	150.00	41.67
2008-09	55.55	1097.12	940.06	6275.77	9203.53	257.47	150.73	65.00	36.11
2009-10	55.55	1260.57	1094.91	8493.78	10218.80	368.29	226.75 [@]	100.00	55.55
2010-11	55.55	1473.79	1192.03	9995.99	12354.38	484.14	295.23 ^{\$}	140.00	77.77
2011-12	55.55	1732.31	1260.84	10361.47	15540.13	579.23	355.45	155.00	86.11

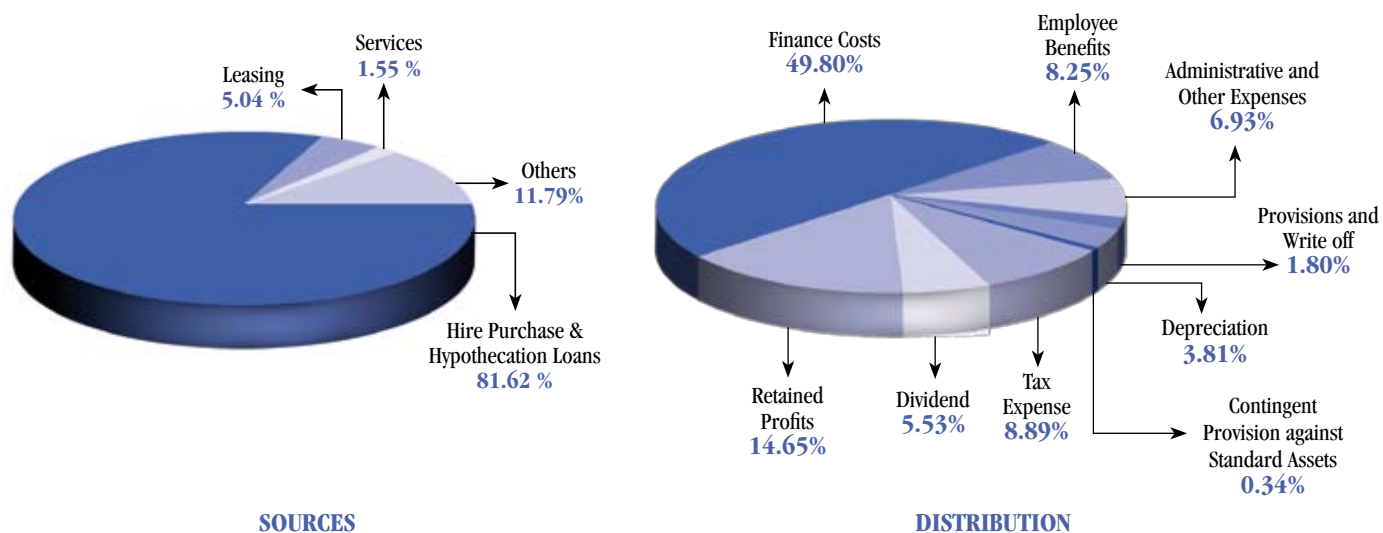
includes 50% Special Dividend

@ 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 (2011-12)

₹ 1761.88 cr.



Auditors' Report

to the Members of Sundaram Finance Limited

1. We have audited the attached Balance Sheet of Sundaram Finance Limited, Chennai (the Company) as at 31st March 2012, the Profit and Loss Statement 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 Statement 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 Statement 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 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the 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 2012;
 - b) in the case of the Profit and Loss Statement, of the profit for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

L. RAVI SANKAR

Partner

Place: Chennai

Date: 28th May, 2012

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.
 - 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 three companies covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year was ₹ 7623.32 lakhs for the secured loans and ₹ 2390.00 lakhs for the unsecured loans. The balance outstanding at the end of the year was ₹ 3449.19 lakhs in respect of the secured loans and ₹ 595 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 and the repayment of principal are regular.
 - iv) There is no amount overdue on the loans.
 - v) Apart from the above, the Company has not granted loans to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
 - b. i) The Company has issued debentures to one company and availed unsecured loans from two companies covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year was ₹ 4426.58 lakhs in respect of debentures issued and ₹ 450 lakhs in respect of the unsecured loans. The balance outstanding at the end of the year was ₹ 4426.58 lakhs in respect of the debentures and ₹ 200 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.
- 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.
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.
 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, investor education and protection 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, sales tax, excise duty and cess which are outstanding as at 31st March, 2012 for a period of more than six months from the date they became payable except service tax amounting to ₹ 478.47 lakhs.
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 | 899.99 | 1993-1994 to 2007-2008 | Various appellate authorities |
| Service Tax | 4501.73 | 2001-2002 to 2010-2011 | Various appellate authorities |
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: 28th May, 2012

Membership No. 25929

Balance Sheet

as at 31st March, 2012

(₹ in Lakhs)

Particulars	Note	March 31, 2012	March 31, 2011
<u>EQUITY AND LIABILITIES</u>			
Shareholders' funds			
Share capital	2	55,55.19	55,55.19
Reserves and surplus	3	1732,96.57	1474,34.35
Money received against share warrants		—	—
		1788,51.76	1529,89.54
Share application money pending allotment		—	—
Non-current liabilities			
Long-term borrowings	4	5357,74.47	5912,82.65
Other Long-term liabilities	5	106,21.53	107,89.97
Long-term provisions	6	49,46.16	58,89.83
		5513,42.16	6079,62.45
Current liabilities			
Short-term borrowings	7	2044,42.43	1895,60.91
Trade Payables	8	45,56.59	51,63.30
Other current liabilities	9	3412,31.47	2546,97.67
Short-term provisions	10	133,80.37	105,98.72
		5636,10.86	4600,20.60
TOTAL EQUITY AND LIABILITIES		12938,04.78	12209,72.59
<u>ASSETS</u>			
Non-current assets			
Fixed assets	11		
Tangible assets		266,40.08	216,31.49
Intangible assets		7,70.71	9,53.32
Intangible assets under development		20,29.29	8,30.05
		294,40.08	234,14.86
Non-current investments	12	755,49.29	697,46.32
Deferred tax assets (net)	13	58,54.18	46,27.84
Long-term loans and advances	14	5677,63.93	4875,08.91
Other non-current assets	15	8,93.91	9,11.26
		6795,01.39	5862,09.19
Current assets			
Current investments	16	8,50.70	295,37.42
Cash and Bank balances	17	429,08.91	1082,19.20
Short-term loans and advances	18	5577,05.98	4857,97.87
Other current assets	19	128,37.80	112,08.91
		6143,03.39	6347,63.40
TOTAL ASSETS		12938,04.78	12209,72.59
Significant accounting policies and Notes to the Accounts	1 to 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: 28th May, 2012

S. Viji
Chairman
T. T. Srinivasaraghavan
Managing Director
Harsha Viji
Director (Strategy & Planning)
M. Ramaswamy
Chief Financial Officer

S. Prasad
S. Ravindran
S. Ram
Directors
P. Viswanathan
Secretary & Compliance Officer
N. Venkataramani
P. N. Venkatachalam
Srinivas Acharya
Directors

SUNDARAM FINANCE LIMITED

Profit and Loss Statement for the Year Ended 31st March, 2012

(₹ in Lakhs)

Particulars	Note	2011-12	2010-11
REVENUE:			
Revenue from operations	20	1701,43.24	1370,17.03
Other income	21	60,44.70	80,24.27
Total Revenue	(A)	<u>1761,87.94</u>	<u>1450,41.30</u>
EXPENSES:			
Finance Costs	22	877,43.31	707,82.00
Employee benefits	23	145,36.04	112,30.94
Administrative and Other expenses	24	122,14.48	101,81.72
Provisions and Write Off	25	31,68.75	37,86.51
Depreciation		67,08.30	54,68.81
Contingent Provisions against Standard Assets		6,02.40	6,46.30
Total Expenses	(B)	<u>1249,73.28</u>	<u>1020,96.28</u>
Profit before Tax	(A- B)	512,14.66	429,45.02
Tax Expense:			
Current tax		168,95.53	125,16.09
Deferred tax		<u>(12,26.33)</u>	<u>9,05.81</u>
		156,69.20	134,21.90
Profit after Tax		<u>355,45.46</u>	<u>295,23.12</u>
Basic and Diluted Earnings Per Share of ₹ 10 each (in ₹)		63.99	53.15
Significant Accounting Policies and Notes to the Accounts	1 to 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: 28th May, 2012

S. Viji
Chairman
T. T. Srinivasaraghavan
Managing Director
Harsha Viji
Director (Strategy & Planning)
M. Ramaswamy
Chief Financial Officer

S. Prasad
S. Ravindran
S. Ram
Directors
P. Viswanathan
Secretary & Compliance Officer

N. Venkataramani
P. N. Venkatachalam
Srinivas Acharya
Directors

NOTES TO THE ACCOUNTS

Note 1: SIGNIFICANT ACCOUNTING POLICIES

- 1.1 The financial statements are prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the provisions of the Companies Act, 1956. 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.
In respect of assets securitized / assigned, the Excess Interest Spread (EIS) is accounted over the remaining tenor of the contracts.
- 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 – 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.

Intangible assets represent Computer Software whose 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.

NOTES TO THE ACCOUNTS (Contd.)

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 Statement.

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 Statement 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 Statement.

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 Statement on the basis of an actuarial valuation.

NOTES TO THE ACCOUNTS (Contd.)

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.

1.8 Taxation:

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

Deferred tax liabilities arising from timing differences have been fully provided. 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.

BALANCE SHEET

Note 2: Share Capital

	(₹ in lakhs)	
	31.03.2012	31.03.2011
Authorised Capital 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	<u>55,55.19</u>	<u>55,55.19</u>

- a) Paid-up share capital 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 allotted for consideration other than cash pursuant to a Scheme of Amalgamation.
- b) The number of shares outstanding at the beginning and at the end of the reporting period are the same.
- c) No shareholder of the Company holds more than 5% of the Equity Shares.
- d) The Company issued 2,77,75,965 Equity Shares by way of bonus shares during the financial year 2008-09.

NOTES TO THE ACCOUNTS (Contd.)

Note 3: Reserves and Surplus

	(₹ in lakhs)	
	31.03.2012	31.03.2011
a) Capital Reserve	50,79.64	50,79.64
b) Share Options Outstanding Account		
Opening balance	66.41	27.94
Less: Shares transferred on exercise of option	11.80	7.18
Less: Transfer to General Reserve	54.61	20.76
Add: Granted during the year	78.26	66.41
Less: Deferred Employee Compensation Cost	13.04	11.07
	65.22	55.34
c) Statutory Reserve		
(As per Section 45-IC of the Reserve Bank of India Act, 1934)		
Opening balance	362,85.50	303,75.50
Add: Transfer from Surplus in the Profit and Loss statement	71,10.00	59,10.00
	433,95.50	362,85.50
d) General Reserve		
Opening balance	1000,00.00	845,00.00
Add: Transfer from Share Options Outstanding Account	54.61	20.76
Add: Transfer from Surplus in the Profit and Loss statement	179,45.39	154,79.24
	1180,00.00	1000,00.00
e) Surplus in the Profit and Loss statement		
Opening balance	60,13.87	61,02.04
Add: Profit for the year from the Profit and Loss statement	355,45.46	295,23.12
	415,59.33	356,25.16
Less: Appropriations		
Dividend		
Interim	41,66.39	38,88.64
Final (Proposed)	44,44.15	38,88.64
Dividend Tax	11,37.19	4,44.77
Statutory Reserve	71,10.00	59,10.00
General Reserve	179,45.39	154,79.24
	67,56.21	60,13.87
	1732,96.57	1474,34.35

NOTES TO THE ACCOUNTS (Contd.)

Note 4: Long-Term Borrowings

(₹ in lakhs)

	31.03.2012	31.03.2011
Secured		
Non-Convertible Debentures	2868,34.63	2342,92.87
Non-Convertible Debentures (from a Joint Venture Company)	39,26.58	20,00.00
	2907,61.21	2362,92.87
Term loans from banks	1250,00.00	2443,00.00
Unsecured		
Subordinated Non Convertible Debentures	442,10.00	387,10.00
Subordinated Non Convertible Debentures (from a Joint Venture Company)	5,00.00	–
	447,10.00	387,10.00
Debenture Application money – Subordinated	–	10,00.00
Fixed Deposits	753,03.26	709,79.78
	5357,74.47	5912,82.65

The Secured Non Convertible Debentures are secured by mortgage of immovable property ranking *pari passu* with charges created in favour of the trustees in addition to specific assets covered by charge on Hypothecation Loan receivables / Hire purchase / Lease agreements with a security cover of 100% / 125%, as per the terms of issue.

The Term loans from banks are secured by hypothecation of specific assets covered by a charge on Hypothecation Loan Receivables / Hire purchase / Lease agreements.

The Unsecured Subordinated Non Convertible 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.

Details of Secured Non Convertible Debentures

Implicit interest	As on 31.03.2012				As on 31.03.2011			
	2015-16	2014-15*	2013-14	Total	2015-16	2013-14	2012-13	Total
7 to 8	–	–	148,70.44	148,70.44	–	139,59.66	258,90.35	398,50.01
> 8 to 9	–	–	426,15.59	426,15.59	–	409,91.65	636,93.91	1046,85.56
> 9 to 10 *	400,00.00	169,22.27	143,28.17	712,50.44	400,00.00	35,00.00	82,57.30	517,57.30
> 10 to 11	–	467,53.79	902,70.95	1370,24.74	–	150,00.00	–	150,00.00
> 11 to 12	–	–	250,00.00	250,00.00	–	250,00.00	–	250,00.00
Total	400,00.00	636,76.06	1870,85.15	2907,61.21	400,00.00	984,51.31	978,41.56	2362,92.87

* Put option available for ₹ 150,00.00 lakhs during 2012-13

NOTES TO THE ACCOUNTS (Contd.)

Details of Term Loans from Banks

	As on 31.03.2012			As on 31.03.2011			
	2013-14	2014-15	Total	2012-13	2013-14	2014-15	Total
Repayment	850,00.00	400,00.00	1250,00.00	1543,00.00	500,00.00	400,00.00	2443,00.00

Details of Unsecured Subordinated Non Convertible Debentures

Implicit interest Rate(%)	As on 31.03.2012					As on 31.03.2011				
	2021-22	2020-21	2016-17	2013-14	Total	2020-21	2016-17	2013-14	2012-13	Total
9 to 10	50,00.00	142,10.00	–	–	192,10.00	142,10.00	–	–	40,00.00	182,10.00
> 10 to 11	50,00.00	–	195,00.00	10,00.00	255,00.00	–	195,00.00	10,00.00	–	205,00.00
Total	100,00.00	142,10.00	195,00.00	10,00.00	447,10.00	142,10.00	195,00.00	10,00.00	40,00.00	387,10.00

Note 5: Other Long-term liabilities

	(₹ in lakhs)	
	31.03.2012	31.03.2011
Interest accrued but not due on borrowings	49,14.38	45,23.12
Other liabilities	57,07.15	62,66.85
	<u>106,21.53</u>	<u>107,89.97</u>

Note 6: Long-term provisions

	(₹ in lakhs)	
	31.03.2012	31.03.2011
Employee Benefits	4,25.71	3,78.96
Non-performing assets	1,10.06	17,02.88
Contingent provisions against Standard Assets (made @ 0.40% of the outstanding Standard Assets)	44,10.39	38,07.99
	<u>49,46.16</u>	<u>58,89.83</u>

Note 7: Short-term borrowings

(₹ in lakhs)

Secured

Working capital demand loans and Cash Credit
Term Loans from Banks
Non Convertible Debentures

31.03.2012	31.03.2011
936,86.09	786,45.04
377,66.80	500,00.00
110,00.00	—
<u>1424,52.89</u>	<u>1286,45.04</u>
Unsecured	
Term Loans from Banks	205,00.00
Credit facilities from Banks	96,95.66
Loan and advances from subsidiary companies	5,20.00
Commercial paper	302,00.21
<u>619,89.54</u>	<u>609,15.87</u>
<u>2044,42.43</u>	<u>1895,60.91</u>

Working capital demand loans and cash credit are secured by hypothecation of assets covered by charge on Hypothecation Loan Receivables, Hire Purchase / Lease agreements, ranking *pari passu*, excluding assets which are specifically charged to others.

Refer Note 4 for Security provided for Term Loans from Banks and Non-Convertible Debentures.

Face value of commercial paper outstanding as on 31.03.2012 was ₹ 555,00.00 lakhs (31.03.2011 – ₹ 580,00.00 lakhs). Maximum amount of face value of commercial paper outstanding at any time during the year was ₹ 1715,00.00 lakhs (2010-11 – ₹ 1290,00.00 lakhs)

Note 8: Trade Payables

(₹ in lakhs)

Dealer Balances
Creditors for Expenses
Outstanding Liability

31.03.2012	31.03.2011
21,52.81	33,75.46
2,48.58	1,78.02
<u>21,55.20</u>	<u>16,09.82</u>
<u>45,56.59</u>	<u>51,63.30</u>

NOTES TO THE ACCOUNTS (Contd.)

Note 9: Other current liabilities

(₹ in lakhs)

	31.03.2012	31.03.2011
Non Convertible Debentures		
– Secured *	1018,48.57	1381,32.88
– Unsecured #	<u>40,00.00</u>	<u>–</u>
	1058,48.57	1381,32.88
Term loans from Banks – Secured *	1393,00.00	59,00.00
Fixed Deposits	493,70.21	469,59.58
Interest accrued but not due on borrowings	222,95.14	218,28.61
Unpaid dividends	94.14	63.65
Income received in advance	1,21.15	1,12.12
Unpaid matured deposits and interest accrued thereon	14,90.14	13,31.17
Amount due on assets securitised / assigned	95,79.48	53,14.61
Advance from Customers	84,63.43	57,48.68
Sundry creditors for finance	46,69.21	28,06.37
Commercial Paper	–	265,00.00
	<u>3412,31.47</u>	<u>2546,97.67</u>

* Refer Note 4 for Security provided for Term Loans from Banks and Non-Convertible Debentures.

Subordinated debt due on 23rd May 2012 contracted at 9.60% p.a.

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

Details of Secured Non Convertible Debentures

Implicit Interest Rate (%)	As on 31.03.2012	As on 31.03.2011
7 to 8	267,69.94	501,32.88
> 8 to 9	638,78.73	680,00.00
> 9 to 10	84,63.80	100,00.00
> 10 to 11	27,36.10	–
> 12 to 13	–	50,00.00
Mibor +2.25	–	50,00.00
Total	1018,48.57	1381,32.88

Details of Term Loans from Banks

	As on 31.03.2012	As on 31.03.2011
Repayment	1393,00.00	59,00.00

Note 10: Short-term provisions

(₹ in lakhs)

	31.03.2012	31.03.2011
Employee Benefits	30,76.32	24,26.30
Non-Performing Assets	53,98.60	38,39.61
Proposed dividend	44,44.15	38,88.64
Provision for dividend tax	4,61.30	4,44.17
	<u>133,80.37</u>	<u>105,98.72</u>

Note 11: Fixed Assets

(₹ in Lakhs)

DESCRIPTION	GROSS BLOCK AT COST			DEPRECIATION			Net Book Value	Balance in Lease Adjustment Account as at 31.03.2012	NET BLOCK			
	As at 31.03.2011	Additions	Deductions	As at 31.03.2012	Upto 31.03.2011	Additions			Deductions	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
(i) Tangible Assets												
1 Freehold Land and Buildings	18,11.99	6,02.80	-	24,14.79	5,61.74	68.91	-	6,30.65	-	17,84.14	12,50.25	
2 Leasehold Office / Residential Premises	14,59.58	-	-	14,59.58	7,18.26	37.07	-	7,55.33	-	7,04.25	7,41.32	
3 Plant and Machinery and Computers	43,01.70	6,19.22	1,25.67	47,95.25	32,97.97	3,98.28	1,20.60	35,75.65	-	12,19.60	10,03.73	
4 Furniture and Fixtures	21,07.98	1,08.62	28.39	21,88.21	16,45.80	1,16.37	25.99	17,36.18	-	4,52.03	4,62.18	
5 Vehicles	17,00.41	4,79.11	2,44.94	19,34.58	8,16.48	3,04.37	1,73.66	9,47.19	-	9,87.39	8,83.93	
6 Office Equipment	13,07.82	1,37.26	16.36	14,28.72	7,59.11	89.23	10.50	8,37.84	-	5,90.88	5,48.71	
	126,89.48	19,47.01	4,15.36	142,21.13	77,99.36	10,14.23	3,30.75	84,82.84	-	57,38.29	48,90.12	
7 Assets on Operating Lease												
a) Plant and Machinery and Computers	42,04.84	12,01.41	1,13.17	52,93.08	14,50.60	5,62.35	33.01	19,79.94	-	33,13.14	27,54.24	
b) Vehicles	225,08.91	98,25.78	36,47.91	286,86.78	85,41.60	47,35.62	21,58.95	111,18.27	-	175,68.51	139,67.31	
	267,13.75	110,27.19	37,61.08	339,79.86	99,92.20	52,97.97	21,91.96	130,98.21	-	208,81.65	167,21.55	
8 Assets on Finance Lease												
a) Plant and Machinery and Computers	44,01.38	-	2,06.71	41,94.67	41,83.32	30.80	2,03.62	40,10.50	(1,64.87)	19.30	18.79	
b) Vehicles	6,71.58	-	92.16	5,79.42	6,65.20	1.64	91.52	5,75.32	(4.09)	0.01	-	
c) Office Equipment	87.77	-	11.68	76.09	81.57	0.84	10.14	72.27	(2.99)	0.83	1.03	
	51,60.73	-	3,10.55	48,50.18	49,30.09	33.28	3,05.28	46,58.09	(1,71.95)	20.14	19.82	
Total	445,63.96	129,74.20	44,86.99	530,51.17	227,21.65	63,45.48	28,27.99	262,39.14	(1,71.95)	266,40.08	216,31.49	
(ii) Intangible Assets												
Computer Software	16,98.18	1,54.99	-	18,53.17	7,44.86	3,37.60	-	10,82.46	-	7,70.71	9,53.32	
(iii) Intangible Assets Under Development	8,30.05	12,07.53	8.29	20,29.29	-	-	-	-	-	20,29.29	8,30.05	
Grand Total	470,92.19	143,36.72	44,95.28	569,33.63	234,66.51	66,83.08	28,27.99	273,21.60	(171.95)	294,40.08	234,14.86	
Previous Year	412,40.14	117,14.59	58,62.54	470,92.19	223,49.33	54,29.15	43,11.97	234,66.51	(210.82)	234,14.86	183,45.72	

Additions to Freehold Land and Building in Gross Block represent assets transferred from Investment Property.

Finance Lease Depreciation of ₹ 33.28 lakhs (Previous Year – ₹ 98.66 lakhs) has been netted off against Lease Income.

Additions to Intangible Assets under development in Gross Block include depreciation on assets used for development of Computer software amounting to ₹ 3.77 lakhs.

Building on lease hold land include ₹ 1228.16 lakhs (Previous Year – ₹ 1228.16 lakhs) being the cost of ownership flats in co-operative societies / associates.

Land and Building include ₹ 1053.51 lakhs (Previous Year – ₹ 1086.80 lakhs) representing undivided share of land.

NOTES TO THE ACCOUNTS (Contd.)

Maturity Pattern of the future minimum lease payments is given below:

(₹ in lakhs)

	31.03.2012	31.03.2011
Less than 1 year	83,00.27	66,02.06
Later than 1 year and not later than 5 years	133,64.45	107,61.21
Total	216,64.72	173,63.27

In accordance with Accounting Standard – 26 – Intangible Assets software purchased / developed amounting to ₹ 154.99 lakhs (Previous Year – ₹ 617.47 lakhs) is amortised over their expected useful life of three to five years based on a technical evaluation.

Note 12: Non-current Investments

(₹ in lakhs)

	31.03.2012	31.03.2011
Investment Property (net of depreciation)	41,11.76	48,35.95
Investment in Equity Instruments	590,56.44	520,88.14
Investment in Preference Shares	5,00.00	11,00.00
Investment in Government securities	143,92.77	128,04.70
Investment in Debentures	–	1,30.05
Investment in Mutual Funds	2,00.00	2,00.00
	<u>782,60.97</u>	<u>711,58.84</u>
Less: Aggregate provision for diminution in value of investments	27,11.68	14,12.52
	<u>755,49.29</u>	<u>697,46.32</u>

(₹ in lakhs)

Particulars	Cost	Market Value
Aggregate amount of Quoted Investments	174,29.69	332,03.44
Aggregate amount of Unquoted Investments	540,07.84	
Investment Property	41,11.76	
Total	755,49.29	

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 ₹ 143,62.30 lakhs (Cost – ₹ 143,92.77 lakhs) and bank deposits of ₹ 66,70.50 lakhs (Refer Note 17 'Cash and Bank balances') in favour of trustees representing the deposit holders of the Company.

NOTES TO THE ACCOUNTS (Contd.)

Particulars	Face Value (₹)	As at 31.03.2012		As at 31.03.2011	
		Holding (Number)	Cost (₹ in lakhs)	Holding (Number)	Cost (₹ in lakhs)
Investment in Equity Instruments: Fully Paid					
i) Subsidiary Companies:					
Sundaram Asset Management Co. Ltd.	10	1,53,33,229	153,13.84	1,53,33,229	153,13.84
Sundaram BNP Paribas Home Finance Ltd. (a)	10	4,01,56,296	61,39.10	4,01,56,296	61,39.10
Sundaram BNP Paribas Fund Services Ltd. (a)	10	2,67,75,000	26,77.54	2,16,75,000	21,67.54
Sundaram Infotech Solutions Ltd. (b)	10	1,64,00,000	16,40.00	40,00,000	4,00.00
Professional Management Consultants Ltd. (b)	10	62,20,560	16,37.23	2,20,600	10,37.24
Sundaram Business Services Ltd.	10	1,50,00,000	15,00.00	1,50,00,000	15,00.00
Sundaram Trustee Company Ltd.	10	50,000	2,28.62	50,000	2,28.62
Sundaram Finance Distribution Ltd.	10	5,00,000	65.18	5,00,000	65.18
Sundaram Insurance Broking Services Ltd.	10	5,00,000	50.00	5,00,000	50.00
LGF Services Ltd.	10	2,50,000	5.00	2,50,000	5.00
ii) Associate Companies					
The Dunes Oman LLC (FZC) @	1	22,93,725	26,94.86	22,93,725	26,94.86
Flometallic India Ltd. 1,00,000		1,600	16,00.00	1,600	16,00.00
Sundaram Hydraulics Ltd.	10	1,12,50,000	11,25.00	73,50,000	7,35.00
Axles India Ltd.	10	98,91,754	10,15.70	98,91,754	10,15.70
Turbo Energy Ltd. (c)	10	25,60,000	1,88.41	19,20,000	1,88.41
Transenergy Ltd	100	1,20,000	1,87.50	30,000	30.00
Sundaram Dynacast Private Ltd.	10	11,70,000	1,17.00	11,70,000	1,17.00
iii) Joint Venture Companies					
Royal Sundaram Alliance Insurance Company Ltd.	10	14,47,10,000	169,61.43	12,47,50,000	137,67.83
BNP Paribas Sundaram Global Securities Operations Pvt Ltd. (a)	10	36,48,050	3,64.92	36,48,050	3,64.92
iv) Other Companies					
– Quoted					
Sundaram Clayton Ltd.	5	45,46,170	17,19.14	45,46,170	17,19.14
Wheels India Ltd.	10	13,33,741	8,38.14	13,33,741	8,38.14
Reliance Industries Ltd. (b)	10	40,850	3,47.22	40,850	3,47.22
India Motor Parts & Accessories Ltd.	10	7,35,392	2,79.26	7,35,392	2,79.26
Techtran Polylenses Ltd. (b)	10	2,50,000	67.50	2,50,000	67.50
– Unquoted					
Equifax Credit Information Services Pvt Ltd. (a)	10	75,00,000	7,50.00	75,00,000	7,50.00
Experian Credit Information Company of India Pvt Ltd.	10	42,00,000	4,20.00	42,00,000	4,20.00
Credit Information Bureau (India) Ltd.	10	6,25,000	1,25.01	6,25,000	1,25.01
Vishnu Forge Industries Ltd.	10	2,97,110	45.93	2,97,110	45.93

NOTES TO THE ACCOUNTS (Contd.)

Particulars	Face Value (₹)	As at 31.03.2012		As at 31.03.2011	
		Holding (Number)	Cost (₹ in lakhs)	Holding (Number)	Cost (₹ in lakhs)
Lucas-TVS Ltd.	100	63,224	27.22	63,224	27.22
Delphi TVS Diesel Systems Ltd.	10	2,52,896	18.15	2,52,896	18.15
Brakes India Ltd.	100	1,59,460	15.33	1,59,460	15.33
NTTF Industries Pvt Ltd	10	75,000	15.00	75,000	15.00
TVS Commutation Solutions Ltd.	10	79,100	8,77.21	–	–
			590,56.44		520,88.14
Investment in Preference Shares: Fully Paid					
Sundaram Hydraulics Ltd. - 9%, Redeemable Cumulative Non-Convertible Preference Shares	100	5,00,000	5,00.00	5,00,000	5,00.00
Axles India Ltd. – 12%, Redeemable Cumulative Non-Convertible Preference Shares	100	–	–	6,00,000	6,00.00
			5,00.00		11,00.00
Investment in Government Securities:					
– Quoted					
Central Government Loans (₹ in lakhs)	(b)	112,14.30	112,13.46		98,25.77
State Government Loans (₹ in lakhs)	(b)	31,48.00	31,79.31		29,78.93
			143,92.77		128,04.70
Investment in Debentures:					
– Quoted					
Reliance Industries Ltd. - Zero Coupon Secured Redeemable Non-Convertible Debentures	100	–	–	1,29,880	1,30.05
			–		1,30.05
Investment in Mutual Funds:					
Sundaram Energy Opportunities – Growth	(b)	10	20,00,000	20,00,000	2,00.00
			2,00.00		2,00.00

During the year the Company has subscribed to the rights equity shares of Sundaram BNP Paribas Fund Services Ltd., Professional Management Consultants Ltd., Transenergy Ltd and Royal Sundaram Alliance Insurance Company Ltd.

During the year the Company has subscribed to the preferential equity share of Sundaram Infotech Solutions Ltd. and Sundaram Hydraulics Ltd.

(a) denotes shares are under a lock in period

(b) denotes investments where provision for diminution in value has been made

(c) denotes increase in holding on receipt of bonus shares

@ face value in Omani Riyal

NOTES TO THE ACCOUNTS (Contd.)

Note 13: Deferred Tax Assets (Net)

(₹ in lakhs)

	31.03.2012	31.03.2011
Deferred Tax Assets		
Contingent Provisions against Standard Assets	14,30.95	12,35.50
Provisions against Non-performing Assets	21,17.10	21,50.92
Income deferment on Non-performing Assets	2,77.10	2,11.51
Depreciation	14,21.80	10,76.19
Others	8,89.50	3,64.97
	<u>61,36.45</u>	<u>50,39.09</u>
Less: Deferred Tax Liabilities		
Hire Purchase Income	2,60.43	3,89.40
Others	21.84	21.85
	<u>2,82.27</u>	<u>4,11.25</u>
	<u>58,54.18</u>	<u>46,27.84</u>

Note 14: Long-term loans and advances

(₹ in lakhs)

	31.03.2012	31.03.2011
Secured, Considered good		
Hypothecation Loans	5478,84.51	4617,41.73
Net Investment in Stock-on-hire	26,51.85	61,53.24
Net investment in lease	28,61.09	32,20.32
Other loans	23,33.43	13,98.89
	<u>5557,30.88</u>	<u>4725,14.18</u>
Unsecured, Considered good		
Capital Advances	10,42.53	23,01.96
Deposits	7,54.54	6,48.01
Loans and advances to related parties		
Subsidiary Companies	–	15,00.00
Associate Company / Joint Venture	–	5,00.00
Other loans	20,48.82	19,54.11
	<u>38,45.89</u>	<u>69,04.08</u>
Other loans and advances		
Advance Income tax and Tax Deducted at Source (net of provision)	81,80.48	80,75.85
Other advances	6.68	14.80
	<u>81,87.16</u>	<u>80,90.65</u>
	<u>5677,63.93</u>	<u>4875,08.91</u>

The Long-term loans and advances includes Non-performing Assets of ₹ 2,77.00 lakhs (Previous Year – ₹ 19,90.53 lakhs)

Advance income tax and tax deducted at source (net of provision) comprises:

- Provision for Income Tax ₹ 477,86.25 lakhs (31.03.2011 – ₹ 381,34.20 lakhs)
- Income tax paid under dispute ₹ 47,72.76 lakhs (31.03.2011 – ₹ 37,51.69 lakhs)
- Advance Fringe Benefit Tax ₹ 0.16 lakhs (31.03.2011 – ₹ 1,70.16 lakhs)
- Provision for Fringe Benefit Tax ₹ 21.10 lakhs (31.03.2011 – ₹ 1,60.87 lakhs)

NOTES TO THE ACCOUNTS (Contd.)

Note 15: Other Non-Current Assets

	(₹ in lakhs)	
	31.03.2012	31.03.2011
SFL Employees Welfare Trust	3,49.84	3,61.13
Other assets	5,44.07	5,50.13
	<u>8,93.91</u>	<u>9,11.26</u>

Other assets includes Service Tax / Sales Tax paid under dispute of ₹ 520.27 lakhs (31.03.2011 – ₹ 526.33 lakhs)

Note 16: Current Investments

	(₹ in lakhs)	
	31.03.2012	31.03.2011
Investment in Government Securities	–	5,05.05
Investment in Debentures	1,30.05	–
Investment in Mutual Funds	7,20.65	290,37.42
	8,50.70	295,42.47
Less: Aggregate provision for diminution in value of investment in Government Securities	–	5.05
	<u>8,50.70</u>	<u>295,37.42</u>

(₹ in lakhs)

Particulars	Cost	Market Value
Aggregate amount of Quoted Investments	1,30.05	1,30.05
Aggregate amount of Unquoted Investments	7,20.65	
Total	8,50.70	

NOTES TO THE ACCOUNTS (Contd.)

Particulars	Face Value (₹)	As at 31.03.2012		As at 31.03.2011	
		Holding (Number)	Cost (₹ in lakhs)	Holding (Number)	Cost (₹ in lakhs)
Investment in Government Securities:					
– Quoted					
Central Government Loans (₹ in lakhs)	500		–		5,05.05
			–		5,05.05
Investment in Debentures:					
– Quoted					
Reliance Industries Ltd. - Zero Coupon Secured Redeemable Non- Convertible Debentures	100	1,29,880	1,30.05	–	–
			1,30.05		–
Investment in Mutual Funds:					
Sundaram Rural India Fund – Growth	10	34,00,000	3,76.28	45,17,936	5,00.00
Sundaram Select Focus – Appreciation	10	6,00,000	3,44.37	8,71,148	5,00.00
HDFC Cash Management Fund Treasury Advantage Plan Wholesale Growth	10	–	–	1,63,18,060	35,06.41
Birla Sun Life Cash Manager-Plan C Instl. Growth	10	–	–	1,83,39,899	30,07.36
Sundaram Ultra Short Term Super Instl. Growth	10	–	–	2,27,28,662	30,07.16
Kotak Floater Long-Term-Growth	10	–	–	1,61,14,461	25,07.62
Reliance Quarterly Interval Fund – Series I – Instl. Growth	10	–	–	2,38,44,268	25,00.00
ICICI Prudential Instl. Liquid Plan Super IP Growth	100	–	–	17,24,369	25,00.00
Reliance Money Manager Fund-Instl. Plan Growth	1,000	–	–	1,50,365	20,08.87
UTI Liquid Fund-Cash Plan-Instl. Growth	1,000	–	–	93,198	15,00.00
IDFC Saving Advantage Fund-Growth	1,000	–	–	1,09,304	15,00.00
SBI Premier Liquid Fund-Super Instl. Growth	10	–	–	64,87,146	10,00.00
Canara Robeco Liquid-Super Instl. Growth	10	–	–	83,90,670	10,00.00
Religare Liquid Fund - Super Instl. Growth	1,000	–	–	74,260	10,00.00
Templeton India Treasury Management A/c Super Instl. Growth	1,000	–	–	68,619	10,00.00
Tata Liquid Super High Investment Plan – Appreciation	1,000	–	–	55,248	10,00.00
Baroda Pioneer Liquid Fund Instl. Plan - Growth	1,000	–	–	89,068	10,00.00
			7,20.65		290,37.42

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

Note 17: Cash and Bank balances

Cash and cash equivalents:

Cash on hand

Balances with Banks in Current Accounts

Bank Deposits (upto 3 months maturity)

Cheques, drafts on hand

Bank Deposits

More than 3 months and upto 12 months maturity

More than 12 months maturity

Others

Stamps and Stamp papers on hand

Unpaid dividend account

	31.03.2012	31.03.2011
Cash on hand	15,98.42	10,10.85
Balances with Banks in Current Accounts	23,98.67	14,60.17
Bank Deposits (upto 3 months maturity)	–	816,22.73
Cheques, drafts on hand	44,94.98	48,28.87
	84,92.07	889,22.62
Bank Deposits		
More than 3 months and upto 12 months maturity	166,79.50	68,35.74
More than 12 months maturity	175,10.45	122,89.41
	341,89.95	191,25.15
Others		
Stamps and Stamp papers on hand	1,32.75	1,07.78
Unpaid dividend account	94.14	63.65
	2,26.89	1,71.43
	429,08.91	1082,19.20

Bank Deposits include ₹ 25631.68 lakhs (Previous Year – ₹ 12723.60 lakhs) provided as collateral for assets securitised / assigned.

Note 18: Short-term loans and advances

(₹ in lakhs)

Secured, Considered good

Hypothecation Loans

Net Investment in Stock-on-hire

Net Investment in lease

Advance for business assets

Trade receivables

Other loans

Unsecured, Considered good

Loans and advances to related parties

Subsidiary Companies

Joint Venture Company

Trade bills purchased

Other advances

	31.03.2012	31.03.2011
Hypothecation Loans	5147,39.40	4505,90.64
Net Investment in Stock-on-hire	71,65.52	98,70.09
Net Investment in lease	15,90.40	16,99.32
Advance for business assets	275,09.10	166,84.01
Trade receivables	32,56.46	29,87.22
Other loans	8,04.95	5,76.77
	5550,65.83	4824,08.05
Unsecured, Considered good		
Loans and advances to related parties		
Subsidiary Companies	5,99.96	4,18.02
Joint Venture Company	5,00.00	5,00.00
Trade bills purchased	2,74.87	8,46.12
Other advances	12,65.32	16,25.68
	26,40.15	33,89.82
	5577,05.98	4857,97.87

Short-term loans and advances include Non-Performing assets of ₹ 62,69.23 lakhs (Previous Year – ₹ 54,18.26 lakhs).

Other advances under unsecured loans include ₹ 0.06 lakhs (31.03.2011 – ₹ 0.12 lakhs) due from an officer of the Company

In accordance with Accounting Standard – 19 – Leases, the reconciliation between the total gross investment in the lease and the present value of minimum lease payments (MLP) receivables as on 31.03.2012 is as follows:

(₹ in lakhs)

	31.03.2012	31.03.2011
Gross Investment in lease	166,59.16	249,82.48
Less: Unearned Finance Charges	20,07.35	34,31.87
	146,51.81	215,50.61

NOTES TO THE ACCOUNTS (Contd.)

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

(₹ in lakhs)

	31.03.2012		31.03.2011	
	Gross Investment in Lease	MLP Receivables	Gross Investment in Lease	MLP Receivables
Less than 1 year	103,09.96	90,38.96	141,38.62	120,85.47
Later than 1 year and not later than 5 years	62,49.20	55,12.85	108,43.86	94,65.14
Total	165,59.16	145,51.81	249,82.48	215,50.61

Note 19: Other current assets

(₹ in lakhs)

	31.03.2012	31.03.2011
Interest accrued on investments	1,80.38	1,81.55
Income Receivable	115,67.57	97,59.27
SFL Shares Trust	5,94.30	5,94.30
SFL Employees Welfare Trust	11.29	11.80
Repossessed assets (at realisable value)	4,84.26	6,61.99
	128,37.80	112,08.91

PROFIT AND LOSS STATEMENT

Note 20: Revenue from Operations

(₹ in lakhs)

	2011-12	2010-11
Income from Financing Operations		
Hypothecation Loans / Hire Purchase	1438,10.07	1197,69.45
Income on Assets securitised / assigned Lease	53,54.31	9,99.10
Other financing income	88,68.44	68,13.51
Recovery of bad debts	7,26.02	8,13.95
	18,32.45	14,77.77
	1605,91.29	1298,73.78
Income from Investments		
Interest on Bank Deposits	36,24.52	24,80.83
Interest on Government Securities	9,86.78	8,90.11
Profit on sale of Long-term Investments	1,20.16	2,18.95
Profit on sale of Current Investments	20,84.48	13,13.27
	68,15.94	49,03.16
Income from other Financial Services	22,03.29	17,78.77
Income from other Services	5,32.72	4,61.32
	1701,43.24	1370,17.03

Income from Hypothecation Loans / Hire Purchase is net of business origination cost of ₹ 3844.63 lakhs (Previous Year – ₹ 3034.91 lakhs).

Income from Lease is net of depreciation / lease equalization account of ₹ (1.16) lakhs (Previous Year – ₹ 92.69 lakhs)

SUNDARAM FINANCE LIMITED

NOTES TO THE ACCOUNTS (Contd.)

Note 21: Other Income

	(₹ in lakhs)	
	2011-12	2010-11
Interest Receipts	5,91.20	6,62.88
Dividend Income		
Subsidiary companies	11,50.68	44,44.81
Others	25,96.34	14,07.59
	<u>37,47.02</u>	<u>58,52.40</u>
Rent Receipts	8,05.33	8,31.38
Profit on sale of assets	5,05.68	39.69
Other non-operating income	3,95.47	6,37.92
	<u>60,44.70</u>	<u>80,24.27</u>

Note 22: Finance Costs

	(₹ in lakhs)	
	2011-12	2010-11
Interest expense		
Non convertible debentures	366,33.62	347,75.91
Term loans	279,19.22	185,54.85
Fixed deposits	116,96.00	109,34.44
Discounting charges on Commercial paper	105,72.00	58,08.94
Other interest	3,57.53	3,78.58
	<u>871,78.37</u>	<u>704,52.72</u>
Other borrowing costs	6,35.69	3,29.28
Less: Net gain on foreign currency transaction	70.75	—
	<u>5,64.94</u>	<u>3,29.28</u>
	<u>877,43.31</u>	<u>707,82.00</u>

Note 23: Employee Benefits

	(₹ in lakhs)	
	2011-12	2010-11
Salaries, bonus and commission	130,78.39	101,77.98
Contribution to Provident and other funds	9,75.81	6,09.49
Employees Share Options expense	76.29	60.00
Staff welfare expenses	4,05.55	3,83.47
	<u>145,36.04</u>	<u>112,30.94</u>

NOTES TO THE ACCOUNTS (Contd.)

Defined Benefit Plans

(₹ in lakhs)

Description of Benefit Plans	Funded Gratuity	
	31.03.2012	31.03.2011
A) Reconciliation of opening and closing balances of the present value of the defined benefit obligation		
Opening Balance: Present value of obligation	10,90.07	9,83.51
Current service cost	1,02.64	87.63
Interest cost	79.40	75.50
Liability transferred in from a Subsidiary Company	11.42	–
Benefits paid	(1,19.89)	(1,04.27)
Actuarial (gain) / loss on obligations	3,00.89	(47.70)
Closing Balance: Present value of obligation	14,64.53	10,90.07
B) Reconciliation of opening and closing balances of the fair value of plan assets		
Opening Balance: Fair value of plan assets	11,65.70	10,50.83
Expected return on plan assets	90.91	86.99
Contributions made	2,28.95	1,27.51
Assets acquired from a Subsidiary Company	11.42	–
Benefits paid	(1,19.89)	(1,04.27)
Actuarial gain / (loss) on plan assets	7.02	4.64
Closing Balance: Fair value of plan assets	13,84.13	11,65.70
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	14,64.53	10,90.07
Closing Balance: Fair value of plan assets	13,84.13	11,65.70
Unrecognised past service cost	–	–
Net Asset / (Liability) recognised in Balance Sheet (included under short term loans and advances in Note 18)	(80.40)	75.63
D) Expenses recognised in the Profit and Loss statement		
Current service cost	1,02.64	87.63
Interest cost	79.40	75.50
Expected return on plan assets	90.91	86.99
Net actuarial (gain) / loss recognized	2,93.87	43.06
Total Expenses (included under Employee Benefits in Note 23)	3,84.99	1,19.20
E) Actual return on plan assets		
Expected return on plan assets	90.91	86.99
Actuarial gain / (loss) on plan assets	7.02	4.64
Actual return on plan assets	97.93	91.63
F) Actuarial assumptions*		
Discount rate	8%	8%
Expected rate of return on plan assets	8%	8%
Rate of increase in compensation levels	7%	6%-7%
Attrition rate	1-3% LIC, 6% SBI life	1-3% LIC, 6% SBI life

* 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.

NOTES TO THE ACCOUNTS (Contd.)

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

(₹ in lakhs)

Particulars	2011-12	2010-11	2009-10	2008-09
Defined Benefit Obligation	14,64.53	10,90.07	9,83.51	9,02.15
Plan Assets	13,84.13	11,65.70	10,50.83	9,61.16
Surplus / (deficit)	(80.40)	75.63	67.32	59.01
Experience adjustments on plan liabilities	3,00.89	(47.70)	11.17	(65.96)
Experience adjustments on plan assets	7.02	4.64	5.91	(1.78)

Defined Benefit Plans

(₹ in lakhs)

Funded Compensation Absences	31.03.2012	31.03.2011
A) Reconciliation of opening and closing balances of the present value of the defined benefit obligation		
Opening Balance: Present value of obligation	3,71.58	3,82.54
Current service cost	26.91	35.91
Interest cost	54.08	31.47
Benefits paid	(70.35)	(70.10)
Actuarial (gain) / loss on obligations	1,00.05	(8.24)
Closing Balance: Present value of obligation	4,82.27	3,71.58
B) Reconciliation of opening and closing balances of the fair value of plan assets		
Opening Balance: Fair value of plan assets	4,36.15	3,71.72
Expected return on plan assets	37.78	29.35
Contributions made	1,40.56	1,05.18
Benefits paid	(70.35)	(70.10)
Actuarial gain / (loss) on plan assets	(3.89)	-
Closing Balance: Fair value of plan assets	5,40.26	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	4,82.27	3,71.58
Closing Balance: Fair value of plan assets	5,40.26	4,36.15
Unrecognised past service cost	-	-
Net Asset / (Liability) recognised in Balance Sheet (included under short term loans and advances in Note 18)	57.99	64.57

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

Funded Compensation Absences	31.03.2012	31.03.2011
D) Expenses recognised in the Profit and Loss Statement		
Current service cost	54.08	35.91
Interest cost	26.91	31.47
Expected return on plan assets	37.78	29.35
Net actuarial (gain) / loss recognized	1,03.93	(8.24)
Total Expenses (included under Employee benefits in Note 23)	1,47.14	29.79
E) Actual return on plan assets		
Expected return on plan assets	37.78	29.35
Actuarial gain / (loss) on plan assets	(3.89)	–
Actual return on plan assets	33.89	29.35
F) Actuarial assumptions		
Discount rate	8.00%	8.25%
Expected rate of return on plan assets	8.00%	8.00%
Rate of increase in compensation levels	6.00%	8.00%

The actuarial value of sick leave entitlement as on 31.03.2012 is ₹ 57.83 lakhs (31.03.2011 – ₹ 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 lakhs)

	2011-2012	2010-2011	2009-2010	2008-2009
Employee assured bonus scheme	8,30.23	6,11.84	12,03.30	6,57.06
Staff Medical Scheme	1,60.12	1,02.50	78.60	78.98
Retired Employee Medical Scheme	1,15.97	1,29.35	1,32.53	1,43.04

NOTES TO THE ACCOUNTS (Contd.)

Employee Stock Option Scheme - SFESOS

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 3	Grant 2
Board Meeting Date	30.05.2011	28.05.2010
Options Granted	16,500	17,250
Exercise Price	₹ 10/- per share	
Grant Date	30.05.2011	28.05.2010
Vesting Date	31.05.2012	31.05.2011
Vesting Period	12 months	12 months
Exercise Period	01.06.2012 to 31.08.2012	01.06.2011 to 31.08.2011
Market Price on a date immediately prior to Grant Date	484.30	395.00
Intrinsic Value	474.30	385.00
Expenses recognised in 2011-12 (₹ in lakhs)	65.22	11.07

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:

	(₹ in lakhs)	
	2011-2012	2010-2011
Profit after Tax (as reported)	355,45.46	295,23.12
Add: SFESOS compensation expense included in net profit	76.29	60.00
Less: SFESOS compensation expense determined under fair value based method	76.41	60.08
Profit after Tax (adjusted)	<u>355,45.34</u>	<u>295,23.04</u>
Basic Earnings per Share of ₹ 10/- each (as reported) (₹)	63.99	53.15
Basic Earnings per Share of ₹ 10/- each (adjusted) (₹)	63.99	53.15

The key assumptions used for calculating in Black scholes model are:

Date of Grant	30.05.2011	28.05.2010
Risk Free Interest Rate (%)	8.36	5.07
Exercise Price (₹)	10	10
Life of the option	368 days	369 days
Expected Volatility	27.12%	38.27%
Dividend Yield	No Dividend Rights during vesting period	
Price of the underlying share in market at the time of the Option grant (₹)	4,84.30	3,95.00
Fair Value of the Option (₹)	4,75.11	3,85.50

NOTES TO THE ACCOUNTS (Contd.)

Note 24: Administrative and Other Expenses

	(₹ in lakhs)	
	2011-12	2010-11
Rent	8,63.24	7,80.28
Rates and taxes	17,21.92	12,48.42
Communication expenses	7,70.62	7,30.17
Electricity expenses	4,02.20	3,55.28
Travelling and conveyance	11,67.12	9,48.39
Outsourcing cost	21,03.95	16,49.22
Insurance	1,06.43	98.02
Donations	3,73.45	3,37.10
Repairs		
– Buildings	56.20	21.34
– Others	9,60.26	8,42.57
	10,16.46	8,63.91
Miscellaneous expenses	36,89.09	31,70.93
	<u>1,22,14.48</u>	<u>1,01,81.72</u>

Miscellaneous expenses include payment to Auditors towards:

	(₹ in lakhs)	
	2011-12	2010-11
Statutory Audit	35.00	27.00
Tax Audit	10.00	9.00
Certification	19.70	18.86
Reimbursement of Expenses	2.99	2.72

Miscellaneous expenses include exchange difference amounting to ₹ 0.22 lakhs-net loss (Previous Year – ₹ 0.27 lakhs - net loss) arising on account of foreign currency transactions.

Note 25: Provisions and Write Off

	(₹ in lakhs)	
	2011-12	2010-11
Provision against non-performing assets (net)	12,61.16	(20,67.61)
Provision against Repossessed assets	(88.36)	(2,30.14)
Provision / (Reversal) on loan to subsidiary companies	(12,95.00)	11,40.00
Provision for losses of subsidiary companies	12,40.00	7,66.24
Provision against Investments (net)	54.11	(0.11)
Bad Debts	14,32.73	28,66.37
Loss on assets sold / written off	5,59.06	9,02.10
Loss on sale of investment of subsidiary company	–	3,96.90
Loss on sale of investments	5.05	12.76
	<u>31,68.75</u>	<u>37,86.51</u>

NOTES TO THE ACCOUNTS (Contd.)

26 General

26.1 The presentation in the Balance Sheet, Profit and Loss Statement and Notes to the Accounts is in terms of the Revised Schedule VI to the Companies Act, 1956 which has become mandatory with effect from 01st April, 2011. The assets and liabilities have been classified as current and non-current based on a twelve month operating cycle. Previous year's figures have been regrouped / reclassified wherever necessary to conform to the current year's presentation.

26.2 Segment Reporting:

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

26.3 During the year, the Company securitised a part of its Hypothecation Loan receivables - 'at par' representing the principal component, the details of which are given below:

	2011-12	2010-11
Total Number of assets securitised	11,465	–
Total Book Value of Assets Securitised (₹ in lakhs)	500,00.28	–
Sale Consideration received (₹ in lakhs)	500,00.28	–

The credit enhancement and liquidity support were provided in the form of bank deposits for ₹ 46,75.00 lakhs. The Company continues to collect and service the receivables in respect of the securitised assets.

During the year, the Company assigned a part of its Hypothecation Loan receivables / Hire purchase assets - 'at par' representing the principal component, aggregating ₹ 129999.44 lakhs (Previous Year – ₹ 75094.31 lakhs).

26.4 RELATED PARTIES DISCLOSURES:

Related party disclosures, as stipulated by Accounting Standard – 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.

Caltex Servicez Private Limited

NOTES TO THE ACCOUNTS (Contd.)

Associates:

Axles India Ltd.

Turbo Energy Ltd.

Transenergy Ltd.

Sundaram Dynacast Private Ltd.

Sundaram Hydraulics Ltd.

The Dunes Oman LLC (FZC)

Flometallic India Ltd.

Joint Ventures:

Royal Sundaram Alliance Insurance Company Ltd.

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)

Relatives of Key Management Personnel:

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

NOTES TO THE ACCOUNTS (Contd.)

RELATED PARTY TRANSACTIONS FOR THE YEAR ENDED 31ST MARCH 2012

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

INCOME	Subsidiary Companies	Associates / Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	2011-12	2010-11
Income from other Financial Services						
Sundaram BNP Paribas Home Finance Ltd.	8,34.26				8,34.26	5,37.76
Sundaram BNP Paribas Fund Services Ltd.	1,96.12				1,96.12	1,20.36
Royal Sundaram Alliance Insurance Co. Ltd.		6,49.48			6,49.48	5,65.75
Others	0.45				0.45	3.41
Total	10,30.83	6,49.48			16,80.31	12,27.28
Income from other Services						
Royal Sundaram Alliance Insurance Co. Ltd.		1,95.72			1,95.72	1,75.69
Sundaram BNP Paribas Home Finance Ltd.	1,81.15				1,81.15	1,48.40
Turbo Energy Ltd.		50.00			50.00	52.00
Others	17.78				17.78	10.72
Total	1,98.93	2,45.72			4,44.65	3,86.81
Rent Receipts						
Sundaram BNP Paribas Home Finance Ltd.	78.05				78.05	40.55
Sundaram Asset Management Company Ltd.	1,03.16				1,03.16	99.35
Sundaram Business Services Ltd.	2,56.19				2,56.19	3,43.23
Royal Sundaram Alliance Insurance Co. Ltd.		1,91.90			1,91.90	2,23.16
Others	42.81	14.05			56.86	42.55
Total	4,80.21	2,05.95			6,86.16	7,48.84
Dividend						
Sundaram BNP Paribas Home Finance Ltd.	6,02.34				6,02.34	
Sundaram Asset Management Company Ltd.	3,83.33				3,83.33	3,07.28
Axles India Ltd.		2,94.51			2,94.51	
Turbo Energy Ltd.		7,42.40			7,42.40	5,76.00
The Dunes Oman LLC (FZC)		2,89.25			2,89.25	
BNP Paribas Sundaram GSO		2,44.42			2,44.42	1,40.07
Others	1,65.00	23.40			1,88.40	41,72.63
Total	11,50.67	15,93.98			27,44.65	51,95.98

NOTES TO THE ACCOUNTS (Contd.)

(₹ in Lakhs)

INCOME	Subsidiary Companies	Associates / Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	2011-12	2010-11
Interest-ICL						
Sundaram Infotech Solutions Ltd.	24.12				24.12	99.47
Axles India Ltd.		42.13			42.13	60.00
BNP Paribas Sundaram GSO		64.25			64.25	57.71
Infreight Logistics Solutions Ltd.	50.33				50.33	58.54
Others						21.85
Total	74.45	1,06.38			1,80.83	2,97.57
Interest- Hypothecation Loan						
BNP Paribas Sundaram GSO		54.00			54.00	
Income from Lease						
Turbo Energy Ltd.		70.86			70.86	79.57
Sundaram Asset Management Company Ltd.	25.78				25.78	24.05
Royal Sundaram Alliance Insurance Co. Ltd.		37.16			37.16	14.56
Others	6.40	10.91			17.31	17.14
Total	32.18	1,18.93			1,51.11	1,35.32
Income from Bill Discounting						
Axles India Ltd.						21.39
Other non operating income	89.19	37.72			1,26.91	1,01.14

NOTES TO THE ACCOUNTS (Contd.)

(₹ in Lakhs)

EXPENSE	Subsidiary Companies	Associates / Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	2011-12	2010-11
Interest						
Royal Sundaram Alliance Insurance Co. Ltd.		3,10.90			3,10.90	2,15.79
Sundaram Finance Distribution Ltd.	49.61				49.61	1,80.45
Others	22.60		3.87	47.41	73.88	51.33
Total	72.21	3,10.90	3.87	47.41	4,34.39	4,47.57
Professional Charges						
Sundaram Business Services Ltd.	3,17.09				3,17.09	2,99.91
Others	17.86				17.86	6.00
Total	3,34.95				3,34.95	3,05.91
Provision / (Reversal of Provision) against Investment						
Sundaram Infotech Solutions Ltd.	12,40.00				12,40.00	4,00.00
Professional Management Consultants Ltd.						8,07.24
Infreight Logistics Solutions Ltd.						(4,41.00)
Total	12,40.00				12,40.00	7,66.24
Provision / (Reversal of Provision) against Intercorporate loan						
Sundaram Infotech Solutions Ltd.						12,40.00
Infreight Logistics Solutions Ltd.	(55.00)				(55.00)	(1,00.00)
Total	(55.00)				(55.00)	11,40.00
Loss on Sale of Investment						
Infreight Logistics Solutions Ltd.						(396.90)
Software Expenses						
Sundaram Infotech Solutions Ltd.	71.63				71.63	38.18
Remuneration			3,99.68		3,99.68	2,71.75
Dividend			1,17.28	5,46.37	6,63.65	5,01.28
Insurance Premium						
Royal Sundaram Alliance Insurance Co. Ltd.		50.01			50.01	49.58
Rent Paid						
Sundaram BNP Paribas Home Finance Ltd.	5.18				5.18	7.71
Others						1.44
Total	5.18				5.18	9.15
Other Expenses	39.97				39.97	3.20

NOTES TO THE ACCOUNTS (Contd.)

(₹ in Lakhs)

ASSETS	Subsidiary Companies	Associates / Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	2011-12	2010-11
Investment in Equity Shares						
Sundaram Infotech Solutions Ltd.	12,40.00				12,40.00	
Royal Sundaram Alliance Insurance Co. Ltd.		31,93.60			31,93.60	32,43.50
Sundaram Asset Management Company Ltd.						141,03.98
Professional Management Consultants Ltd.	6,00.00				6,00.00	
Others	5,10.00	5,47.50			10,57.50	29,44.15
Total	23,50.00	37,41.10			60,91.10	202,91.63
Investment in Preference Shares						
Sundaram Hydraulics Ltd.						5,00.00
Disinvestment in Preference Shares						
Axles India Ltd.		6,00.00			6,00.00	
Intercorporate Loans disbursed to						
BNP Paribas Sundaram GSO		23,00.00			23,00.00	30,00.00
Others						1,50.00
Total		23,00.00			23,00.00	31,50.00
Hypothecation Loan Disbursed to						
BNP Paribas Sundaram GSO		5,00.00			5,00.00	
Purchase of Investment						
Sundaram Business Services Ltd.						10,95.90
Sale of Investment						
Sundaram Finance Distribution Ltd.						44.10
Repayment of Intercorporate Loan by						
BNP Paribas Sundaram GSO		23,00.00			23,00.00	25,00.00
Axles India Ltd.		5,00.00			5,00.00	
Infreight Logistics Solutions Ltd.	55.00				55.00	1,00.00
Sundaram Business Services Ltd.						5,00.00
Others						10.00
Total	55.00	28,00.00			28,55.00	31,10.00
Repayment of Hypothecation Loan by						
BNP Paribas Sundaram GSO		1,37.46			1,37.46	
Intercorporate loan converted into equity						
Sundaram Infotech Solutions Ltd.	(12,40.00)				(12,40.00)	
Bonus Shares						
Turbo Energy Ltd.		64.00			64.00	
Sale of Fixed assets						
Sundaram BNP Paribas Fund Services Ltd.	1.24				1.24	5.32
Others						7.19
Total	1.24				1.24	12.51

NOTES TO THE ACCOUNTS (Contd.)

(₹ in Lakhs)

BALANCES OUTSTANDING	Subsidiary Companies	Associates / Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	31.03.2012	31.03.2011
Preference Shares Holdings						
Sundaram Hydraulics Ltd.		5,00.00			5,00.00	5,00.00
Axles India Ltd.						6,00.00
Total		5,00.00			5,00.00	11,00.00
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	153,13.84
Royal Sundaram Alliance Insurance Co. Ltd.		169,61.43			169,61.43	137,67.83
Professional Management Consultants Ltd.	16,37.23				16,37.23	10,37.24
Sundaram BNP Paribas Fund Services Ltd.	26,77.54				26,77.54	21,67.54
The Dunes Oman LLC (FZC)		26,94.86			26,94.86	26,94.87
Flometallic India Ltd.		16,00.00			16,00.00	16,00.00
Axles India Ltd.		10,15.70			10,15.70	10,15.70
Sundaram Hydraulics Ltd.		11,25.00			11,25.00	7,35.00
Sundaram Business Services Ltd.	15,00.00				15,00.00	15,00.00
Sundaram Infotech Solutions Ltd.	16,40.00				16,40.00	4,00.00
Others	3,48.80	8,57.83			12,06.63	10,49.13
Total	292,56.51	242,54.82			535,11.33	474,20.25
Intercorporate Loans						
Infreight Logistics Solutions Ltd.	5,95.00				5,95.00	6,50.00
BNP Paribas Sundaram GSO		5,00.00			5,00.00	5,00.00
Sundaram Infotech Solutions Ltd.						12,40.00
Axles India Ltd.						5,00.00
Total	5,95.00	5,00.00			10,95.00	28,90.00
Hypothecation Loan						
BNP Paribas Sundaram GSO		3,62.54			3,62.54	
Lease Receivables						
Turbo Energy Ltd.		1,15.03			1,15.03	1,76.59
Royal Sundaram Alliance Insurance Co. Ltd.		1,15.38			1,15.38	56.37
Sundaram Asset Management Co. Ltd.	42.90				42.90	55.45
Sundaram Infotech Solutions Ltd.	48.11				48.11	53.50
Axles India Ltd.		48.92			48.92	61.46
Others	0.27	1.86			2.13	5.28
Total	91.28	2,81.19			3,72.47	4,08.65
Other Assets	1,30.71	1,48.86			2,79.58	2,06.52

NOTES TO THE ACCOUNTS (Contd.)

(₹ in Lakhs)

LIABILITIES	Subsidiary Companies	Associates / Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	2011-12	2010-11
Issue of Non Convertible Debentures Royal Sundaram Alliance Insurance Co. Ltd.		25,00.00			25,00.00	
Redemption of Non Convertible Debentures Royal Sundaram Alliance Insurance Co. Ltd.						10,00.00
Intercorporate deposit						
Sundaram Finance Distribution Ltd.	20,37.00				20,37.00	50,00.00
Sundaram Business Services Ltd.	18,00.00				18,00.00	4,50.00
LGF Services Ltd.	2,78.00				2,78.00	
Sundaram Insurance Broking Services Ltd.	50.00				50.00	
Total	41,65.00				41,65.00	54,50.00
Intercorporate deposit redeemed						
Sundaram Finance Distribution Ltd.	15,31.00				15,31.00	49,85.00
Sundaram Business Services Ltd.	20,50.00				20,50.00	50.00
LGF Services Ltd.	1,25.00				1,25.00	75.00
Total	37,06.00				37,06.00	51,10.00

(₹ in Lakhs)

BALANCES OUTSTANDING	Subsidiary Companies	Associates / Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	31.03.2012	31.03.2011
Equity Holdings			78.28	3,94.25	4,72.53	4,55.71
Deposits			41.55	5,15.63	5,57.18	4,63.82
Interest on Deposits			1.04	40.34	41.38	36.93
Provision against Investment						
Sundaram Infotech Solutions Ltd.	16,40.00				16,40.00	4,00.00
Professional Management Consultants Ltd.	8,07.24				8,07.24	8,07.24
Total	24,47.24				24,47.24	12,07.24
Provision against intercorporate loan						
Sundaram Infotech Solutions Ltd.						12,40.00
Infreight Logistics Solutions Ltd.	5,95.00				5,95.00	6,50.00
Total	5,95.00				5,95.00	18,90.00
Non Convertible Debentures						
Royal Sundaram Alliance Insurance Co. Ltd.		53,85.07			53,85.07	20,00.00
Intercorporate deposit						
Sundaram Finance Distribution Ltd.	6,26.00				6,26.00	1,20.00
Sundaram Business Services Ltd.	1,50.00				1,50.00	4,00.00
LGF Services Ltd.	1,53.00				1,53.00	
Others	50.00				50.00	
Total	9,79.00				9,79.00	5,20.00
Other Liabilities	46.90	3,00.84			3,47.74	2,08.27

NOTES TO THE ACCOUNTS (Contd.)

26.5 Movement of Provisions during 2011-12

(₹ in lakhs)

Particulars	Opening Balance as on 01.04.2011	Additional Provision created	Reversal of Provision	Closing Balance as on 31.03.2012
Provision for Non Performing Assets				
Long Term	17,02.88			1,10.06
Short Term	38,39.61			53,98.60
	55,42.49	37,84.47	38,18.31	55,08.66
Contingent provision against Standard Assets	38,07.99	6,02.40		44,10.39
Provision for diminution in value of investments				
Non Current	14,12.52			
Current	5.05			
	14,17.57	12,94.11		27,11.68
Total	107,68.05	56,80.98	38,18.31	126,30.73

26.6 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 Lakhs)

Name of Companies	% of Share Holding	Assets	Liabilities	Income	Expenditure	Capital Commitment	Contingent Liability
Royal Sundaram Alliance Insurance Company Ltd.	49.90 (49.90)	1029,37.30 (789,30.94)	851,64.52 (640,28.52)	619,31.53 (484,61.06)	619,54.36 (494,66.16)	2,14.84 (81.77)	47,07.83 (61,09.47)
BNP Paribas Sundaram Global Securities Operations Pvt Ltd.	49.00 (49.00)	20,15.99 (18,36.92)	13,38.29 (11,33.89)	37,70.67 (26,12.01)	31,82.42 (22,97.36)	10.47 (2,00.50)	8.21 (2.00)

26.7 Earnings per share (Basic and diluted)

	2011-12	2010-11
A Profit for the year after taxation (₹ in lakhs)	355,45.46	295,23.12
B Number of equity shares of ₹ 10 each	5,55,51,930	5,55,51,930
C Basic and diluted earnings per share of ₹ 10 each (in ₹)	63.99	53.15
D Amount of Dividend (₹ in lakhs)		
Interim (paid)	41,66.39	38,88.64
Final (proposed)	44,44.15	38,88.64
E Amount of Dividend per share of ₹ 10 each (in ₹)		
Interim (paid)	7.50	7.00
Final (proposed)	8.00	7.00

NOTES TO THE ACCOUNTS (Contd.)

26.8 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 Tribunal admitted the appeal preferred by the Company and granted stay against the recovery proceedings in March 2007.

During the year, the Customs Excise and Service Tax Appellate Tribunal (CESTAT) in its Order, while mentioning the approximate duty to be around ₹ 43 lakhs, remanded the appeal to the adjudicating Commissioner for requantifying the duty. The Tribunal has also revised the penalty to ₹ 10 lakhs. The Company has sought legal opinion on the further course of action.

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.

26.9 Estimated amount of contracts remaining to be executed on capital account – ₹ 774.63 lakhs (net of advances of ₹ 2204.47 lakhs). (31.03.2011 – ₹ 3098.26 lakhs, net of advances of ₹ 922.69 lakhs).

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

26.11 Contingent liabilities in respect of

		(₹ in lakhs)	
		31.03.2012	31.03.2011
a)	Liability –		
	To Banks – on Cheques discounted	15,08.96	16,66.75
	on Letter of Credit	28,28.95	11,86.00
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
	Service Tax	45,01.73	20,60.01
	Others	12,54.69	10,81.69

NOTES TO THE ACCOUNTS (Contd.)

		(₹ in lakhs)	
		31.03.2012	31.03.2011
26.12	Derivative contracts outstanding:		
	Hedging exchange rate risk	47,10.00	–
	Hedging interest rate risk	–	545,00.00
26.13	Cost Insurance Freight (CIF) value of imports:		
	Capital goods (on payment basis)	12,98.14	9,57.19
26.14	Expenditure in foreign currency (on payment basis):		
	Interest	9,74.76	–
	On other matters	25.43	16.94
26.15	Earnings in foreign currency		
	Dividend from an Associate Company	2,89.25	–
	Income from other services (IT support services)	86.28	68.41

Signatures to Notes 1 to 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: 28th May, 2012

S. Viji
Chairman
T. T. Srinivasaraghavan
Managing Director
Harsha Viji
Director (Strategy & Planning)
M. Ramaswamy
Chief Financial Officer

S. Prasad
S. Ravindran
S. Ram
Directors
P. Viswanathan
Secretary & Compliance Officer

N. Venkataramani
P. N. Venkatachalam
Srinivas Acharya
Directors

SCHEDULE

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

(₹ in Lakhs)

	Particulars	Amount Outstanding	Amount Overdue
	Liabilities side:		
(1)	Loans and advances availed by the NBFCs @		
a	Debtentures : Secured	4036,09.78	-
	: Unsecured	487,10.00	-
	(other than falling within the meaning of public deposits)		
b	Deferred Credits	-	-
c	Term Loans	2740,66.80	-
d	Inter-corporate loans and borrowings	-	-
e	Commercial paper	537,52.11	-
f	Public Deposits	1252,96.78	14,10.96 #
g	Other loans		
	- Bank Borrowing	1289,44.51	-
	- Deposits from Corporates	17,66.65	-
(2)	Break-up of 1 (f) above (Outstanding public deposits) @		
a	In the form of Unsecured debtentures	-	-
b	In the form of partly secured debtentures i.e. debtentures where there is a shortfall in the value of security	-	-
c	Other public deposits	1252,96.78	1410.96 #

@ Interest accrued but not paid - Nil

Represents unclaimed deposits

(₹ in Lakhs)

	Particulars	Amount Outstanding
	Assets side:	
(3)	Break-up of Loans and Advances including bills receivables (other than those included in (4) below):	
a	Secured	1260,01.38
b	Unsecured (including Advance for Business Assets)	314,07.40
(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	20.14
b	Operating Lease	204,42.08
(ii)	Net Stock on hire including hire charges under sundry debtors	
a	Assets on hire	132,87.57
b	Repossessed Assets	0.60
(iii)	Hypothecation loans counting towards EL / HP activities	
a	Loans where assets have been repossessed	4,83.66
b	Loans other than (a) above	9414,70.32

(₹ in Lakhs)

	Particulars	Amount Outstanding	Market Value *
(5)	Break-up of Investments:		
	Current Investments:		
1.	Quoted: – Debentures and Bonds	1,30.05	1,30.05
2.	Unquoted: – Units of mutual funds	7,20.65	9,77.13
	Long Term Investments:		
1.	Quoted:		
(i)	Equity Shares	32,51.26	198,94.96
(ii)	Government Securities	143,92.77	133,08.48
2.	Unquoted:		
(i)	Shares – Equity	558,05.18	810,90.92
	– Preference	5,00.00	5,00.00
(ii)	Government Securities	–	–
(iii)	Units of mutual funds	2,00.00	1,49.90
(iv)	Bonds	–	–
(v)	Others	–	–
	Total	749,99.91	1160,51.44

* 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 Lakhs)		
	Category	Amount net of provisions		
		Secured	Unsecured	Total
1.	Related Parties (As per Accounting Standard)			
a	Subsidiaries	91.28	4.97	96.25
b	Companies in the same group			
c	Other related parties	6,43.73	5,00.86	11,44.59
2.	Other than related parties	10961,20.12	302,43.53	11263,63.65
	Total	10968,55.13	307,49.36	11276,04.49

(7)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):	(₹ in Lakhs)	
	Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1.	Related Parties (As per Accounting Standard)		
a	Subsidiaries	276,16.06	268,09.27
b	Companies in the same group		
c	Other related parties	461,66.76	256,25.37
2.	Other than related parties	422,68.62	198,53.60
	Total	1160,51.44	722,88.23

(8)	Other Information	(₹ in Lakhs)
	Particulars	Amount
(i)	Gross Non-Performing Assets	
a	Related Parties	5,95.00
b	Other than related parties	59,51.23
(ii)	Net Non-Performing Assets	
a	Related Parties	–
b	Other than related parties	10,37.57
(iii)	Assets acquired in satisfaction of debt (during the year)	

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

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.	31.03.2012	4,01,56,296 Equity Shares of ₹ 10/- each (50.10%)	46,95.93	64,87.79	Nil	14,05.47
Sundaram Asset Management Company Ltd.	31.03.2012	1,53,33,229 Equity Shares of ₹ 10/- each (100%)	11,00.31	39,80.14	Nil	14,58.80
Sundaram Trustee Company Ltd.	31.03.2012	50,000 Equity Shares of ₹ 10/- each (100%)	45.81	39.28	Nil	77.57
Sundaram Finance Distribution Ltd.	31.03.2012	5,00,000 Equity Shares of ₹ 10/- each (100%)	2,36.30	12,37.19	Nil	42,80.00
LGF Services Ltd.	31.03.2012	2,50,000 Equity Shares of ₹ 10/- each (100%)	1,72.47	2,63.40	Nil	5,92.50
Sundaram Infotech Solutions Ltd.	31.03.2012	1,64,00,000 Equity Shares of ₹ 10/- each (100%)	18.37	(12,97.25)	Nil	Nil
Sundaram Business Services Ltd.	31.03.2012	1,50,00,000 Equity Shares of ₹ 10/- each (100%)	1,00.26	(4,16.26)	Nil	Nil
Professional Management Consultants Ltd.	31.03.2012	62,20,560 Equity Shares of ₹ 10/- each (100%)	(2,67.67)	2,08.76	Nil	Nil
Infreight Logistics Solutions Ltd.	31.03.2012	56,11,200 Equity Shares of ₹ 10/- each (100%)	1,77.39	(12,27.34)	Nil	Nil
Sundaram BNP Paribas Fund Services Ltd.	31.03.2012	2,67,75,000 Equity Shares of ₹ 10/- each (51%)	(7,40.10)	(12,19.78)	Nil	Nil
Sundaram Insurance Broking Services Ltd.	31.03.2012	5,00,000 Equity Shares of ₹ 10/- each (100%)	4.25	(1.98)	Nil	Nil
Sundaram Parekh Warehousing Services Ltd.	31.03.2012	51,000 Equity Shares of ₹ 10/- each (51%)	1.83	(0.29)	Nil	Nil
Caltec Servicez Private Limited	31.03.2012	1,27,500 Equity Shares of ₹ 10/- each (51%)	(0.64)	Nil	Nil	Nil

S. Viji
Chairman
T. T. Srinivasaraghavan
Managing Director
Chennai
Dated: 28th May, 2012

Harsha Viji
Director (Strategy & Planning)
M. Ramaswamy
Chief Financial Officer
P. Viswanathan
Secretary and Compliance Officer

S. Prasad
S. Ravindran
S. Ram
Directors

N. Venkataramani
P. N. Venkatachalam
Srinivas Acharya
Directors

Cash Flow Statement

(₹ in Lakhs)

	2011-12	2010-11
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit	355,45.46	295,23.12
Add: Lease Equalisation Account	(34.44)	40.53
Provision for Taxation	156,69.20	134,21.90
	<u>511,80.22</u>	<u>429,85.55</u>
Add: Financial Expenses	1389,23.53	707,82.00
Depreciation	67,41.58	55,20.97
Provision against Investments (net)	12,94.11	7,66.13
Provision against Non - Performing assets (net)	(1,22.20)	(11,57.75)
Contingent Provisions against Standard Assets	6,02.40	6,46.30
Employee Stock Option Compensation Expenses	76.29	60.00
(Profit) loss on sale of assets	60.03	(35.94)
(Profit) loss on sale of Investments	(26,76.16)	(11,35.33)
Interest / Dividend Income	(37,47.02)	(58,54.91)
Effect of Foreign Exchange rates on Cash and Cash Equivalents, net	-	(0.01)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>1411,52.56</u>	<u>1125,77.01</u>
(Increase) Decrease in Leased assets - net of sales	(95,45.09)	(79,91.19)
(Increase) Decrease in Long Term Loans and Advances	(835,36.02)	(816,42.35)
(Increase) Decrease in Other Non-Current Assets	6.06	(1,00.00)
(Increase) Decrease in Bank deposits	(145,79.29)	24,71.94
(Increase) Decrease in Short Term Loans and Advances	(719,08.11)	(758,79.59)
(Increase) Decrease in Other Current Assets	(15,41.04)	(2,98.77)
(Increase) Decrease in SLR Investments - net of sales	(15,99.02)	(17,04.85)
Increase (Decrease) in Other Long-Term Provisions	46.75	1,57.20
Increase (Decrease) in Other Short-Term Provisions	6,50.02	(4,89.50)
Increase (Decrease) in Other Long-Term Liabilities	(5,59.70)	(5,31.07)
Increase (Decrease) in Trade Payables	(6,06.72)	21,12.72
Increase (Decrease) in Other Current Liabilities	85,55.96	(11,18.54)
Cash generated from Operations	<u>(1746,16.20)</u>	<u>(1650,14.00)</u>
Financial Expenses	(868,74.05)	(710,86.22)
Direct Taxes Paid	(160,50.00)	(121,50.00)
NET CASH FROM OPERATING ACTIVITIES (A)	<u>(1363,87.69)</u>	<u>(1356,73.21)</u>
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(14,99.19)	(18,13.06)
Sale of Fixed Assets	1,12.44	1,31.41
Purchase of Investments in Subsidiaries/Joint Venture	(43,03.59)	(193,59.78)
Sale of Investments in Subsidiaries/Joint Venture	-	44.10
Purchase/Sale of current investments	305,21.40	(173,19.19)
Purchase/Sale of non-current Investments	(2,94.06)	(28,20.83)
Interest Received	-	4.58
Dividend Received	37,47.02	58,52.40
NET CASH FROM INVESTING ACTIVITIES (B)	<u>282,84.02</u>	<u>(352,80.37)</u>
C) CASH FLOW FROM FINANCING ACTIVITIES		
Increase (Decrease) in Long Term Borrowings	219,91.66	1979,54.62
Increase (Decrease) in Short Term Borrowings	148,81.52	(523,93.65)
Dividend paid (including Corporate Dividend Tax)	(91,75.09)	(63,87.40)
NET CASH FROM FINANCING ACTIVITIES (C)	<u>276,98.09</u>	<u>1391,73.57</u>
D) Effect of Foreign Exchange rates on Cash and Cash Equivalents, net (D)	-	0.01
NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)+(D)	<u>(804,05.58)</u>	<u>(317,80.00)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	890,30.40	1208,10.40
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>86,24.82</u>	<u>890,30.40</u>
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Current Account with Banks	23,98.67	14,60.17
Cash, Stamps and Stamp Papers on Hand	62,26.15	875,70.23
	<u>86,24.82</u>	<u>890,30.40</u>

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: 28th May, 2012

S. Viji
Chairman
T. T. Srinivasaraghavan
Managing Director
Harsha Viji
Director (Strategy & Planning)
M. Ramaswamy
Chief Financial Officer

S. Prasad
S. Ravindran
S. Ram
Directors
P. Viswanathan
Secretary & Compliance Officer

N. Venkataramani
P. N. Venkatachalam
Srinivas Acharya
Directors

SUNDARAM FINANCE LIMITED

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 2012:

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 N Venkataramani	Sri S Ravindran
Sri P N Venkatachalam	Sri Aroon Raman
Sri S Prasad	

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, 6 meetings of the Board of Directors were held.

29/04/2011	29/07/2011	27/01/2012
30/05/2011	28/10/2011	30/03/2012

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 Public Limited Companies*	
	Board Meetings	AGM	Chairman	Director	Chairman	Member
Sri S Viji	6	Yes	1	7	–	3
Sri S Ram	5	Yes	2	6	1	3
Sri T R Seshadri (Upto 13.07.2011)	2	No	–	–	–	–
Sri N Venkataramani	4	Yes	5	4	1	4
Sri P N Venkatachalam	5	Yes	–	5	1	3
Sri S Prasad	6	Yes	–	5	3	2
Sri S Ravindran	6	Yes	–	6	–	2
Sri Aroon Raman	5	Yes	–	2	–	1
Sri Srinivas Acharya	6	Yes	–	9	3	4
Sri T T Srinivasaraghavan	6	Yes	1	8	4	1
Sri Harsha Viji	5	Yes	–	5	–	1

* Audit Committee and Shareholders' Grievance Committee considered.

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	29/04/2011, 23/05/2011, 25/07/2011,
Sri S Viji	Member	7	23/08/2011, 24/10/2011, 28/11/2011,
Sri S Ravindran	Member	8	23/01/2012, 27/02/2012

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, Compensation Committee and Remuneration 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 Lakhs)	Commission (₹ in Lakhs)	Number of Shares held individually (as on 31.03.2012)	Relationship with other Directors
Sri S Viji	1.30	5.00	4,44,240 ^{(1)*}	Brother of Sri S Ram and Father of Sri Harsha Viji
Sri S Ram	0.50	3.00	2,51,494 *	Brother of Sri S Viji
Sri T R Seshadri (Upto 13.07.2011)	0.20	3.00	—	—
Sri N Venkataramani	0.40	3.00	—	—
Sri P N Venkatachalam	0.60	3.00	—	—
Sri S Prasad	1.70	5.00	—	—
Sri S Ravindran	1.60	5.00	1,94,960 ⁽²⁾	—
Sri Aroon Raman	0.60	3.00	2,98,948	—
Sri Srinivas Acharya	0.80	3.00	1,200 ^{(3)**}	—

Note: Number of shares held jointly with others: ⁽¹⁾ 4,342, ⁽²⁾ 1,13,360, ⁽³⁾ 25,888.

Number of shares held as Karta of HUF: ⁽¹⁾ 2,39,956

Includes 4,85,872 shares * and 240 shares ** held as Trustees / Executor respectively

Amount of deposits placed by the Non-Executive Directors in the Company aggregated to ₹ 483.99 lakhs as on March 31, 2012. The interest on these deposits paid / credited during the year 2011-12 amounted to ₹ 47.50 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 Lakhs)

Nature of Payment	Sri T T Srinivasaraghavan Managing Director	Sri Harsha Viji, Director (Strategy & Planning) *
Salary	37.80	24.00
Commission	180.00	60.00
Sitting Fees	0.90	0.50
Contributions to Provident, Superannuation and Gratuity Funds	12.27	4.19
Other allowances and perquisites	28.81	46.65

* Son of Sri S Viji, Chairman

V. SHARE TRANSFER AND INVESTOR RELATIONS COMMITTEE

The Share Transfer and Investor Relations Committee:

- approves and monitors transfers, transmission, splits and consolidation of shares of the Company,
- reviews redressal of complaints from shareholders relating to transfer of shares, non-receipt of annual report, dividends etc., and
- 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	08/07/2011, 16/12/2011
Sri T T Srinivasaraghavan	Member	2	
Sri Srinivas Acharya	Member	2	

Sri P Viswanathan, Secretary, is the Compliance Officer. During the year under review, the Company received one communication from the shareholder, which was attended to. One investor complaint was received and resolved during the year. None was pending unresolved as on 31st March, 2012.

VI. COMPENSATION & REMUNERATION 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 on 30th May 2011 to grant Stock Options to eligible employees.

During the year, a Remuneration Committee was constituted in accordance with the provisions of Schedule XIII to the Companies Act 1956 and Clause 49 of the Listing Agreement for determining the remuneration packages of Executive Directors (Wholetime Directors) of the Company and of the Subsidiary Companies.

Remuneration Committee determines the company's policy on specific remuneration packages for Executive Directors of the Company and its subsidiaries and approves the remuneration / any change therein of the managerial personnel of the Company and its subsidiaries. The Committee also approves the minimum remuneration payable when the profits are inadequate.

Composition of the Remuneration Committee and attendance of the members at Committee Meeting are as follows:

Name of the Director		No. of Meetings Attended	Meeting date
Sri P N Venkatachalam	Chairman	1	30/03/2012
Sri S Prasad	Member	1	
Sri S Ravindran	Member	1	

On 30th March 2012, Compensation Committee and the Remuneration Committee, referred above, were combined by the Board and re-named as 'Compensation and Remuneration Committee' comprising the following Directors:

Sri P N Venkatachalam, Chairman

Sri S Prasad, Member

Sri S Ravindran, Member

Sri Aroon Raman, Member

No meetings of the 'Compensation and Remuneration Committee' were held during the year.

VII. GENERAL BODY MEETINGS

Details relating to last three Annual General Meetings:

Year	Date	Time	Location	No. of Special Resolutions Passed
2011	13/07/2011	11.00 AM	The Music Academy, New No.168, Old No.306, TTK Road, Chennai 600 014	Nil
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

No special resolution was passed through postal ballot during the last year.

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

VIII. DISCLOSURES

- There were no materially significant related party transactions having potential conflict with the interests of the Company at large.
- All the mandatory requirements specified under Clause 49 have been complied with.
- The Company has a record of unqualified financial statements since inception.
- The Company has already been following most of the clauses in the Voluntary Guidelines on Corporate Governance and Corporate Social Responsibility issued by Ministry of Corporate Affairs in 2009 and it will take appropriate steps to make it formal in future.
- The Company proposes to adopt other non-mandatory requirements as appropriate, in due course.
- In response to the appeal filed by us, the Securities Appellate Tribunal (SAT), in its Order dated 16th September 2010, held that the 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

- A press meet was organised by the Company on 30th May 2011 for dissemination of audited results.
- Quarterly unaudited and annual audited results of the Company were published in “Business Line” (English) and “Makkal Kural” (Tamil).
- The results and press releases were also displayed on the Company’s website at www.sundaramfinance.in.

X. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

Date	Time	Venue
16/07/2012 (Mon)	10.25 AM	The Music Academy, New No.168, Old No.306, TTK Road, Chennai 600 014

- Financial Year – 1st April 2012 to 31st March 2013
- Book Closure dates – 2nd July 2012 to 16th July 2012 (both days inclusive)
- Date of payment of dividends
Interim – 10th February 2012 – ₹ 7.50 per share (75%)
Final – 17th July 2012 – ₹ 8.00 per share (80%)
- The company’s shares are listed on:
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex
Bandra (E), Mumbai 400 051

- The Company has paid the listing fees for the financial years 2011-12 & 2012-13 to the above stock exchange.
- NSE Stock Code: SUNDARMFN
- ISIN : INE660A01013
- Following dividends are transferable to the Investor Education and Protection Fund (IEPF) on the respective due dates, as under, in accordance with the provisions of Section 205A (5) of the Companies Act, 1956.

Nature of Dividend	Transferable to IEPF on
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
Final Dividend 2010-11	12/08/2018
Interim Dividend 2011-12	27/02/2019

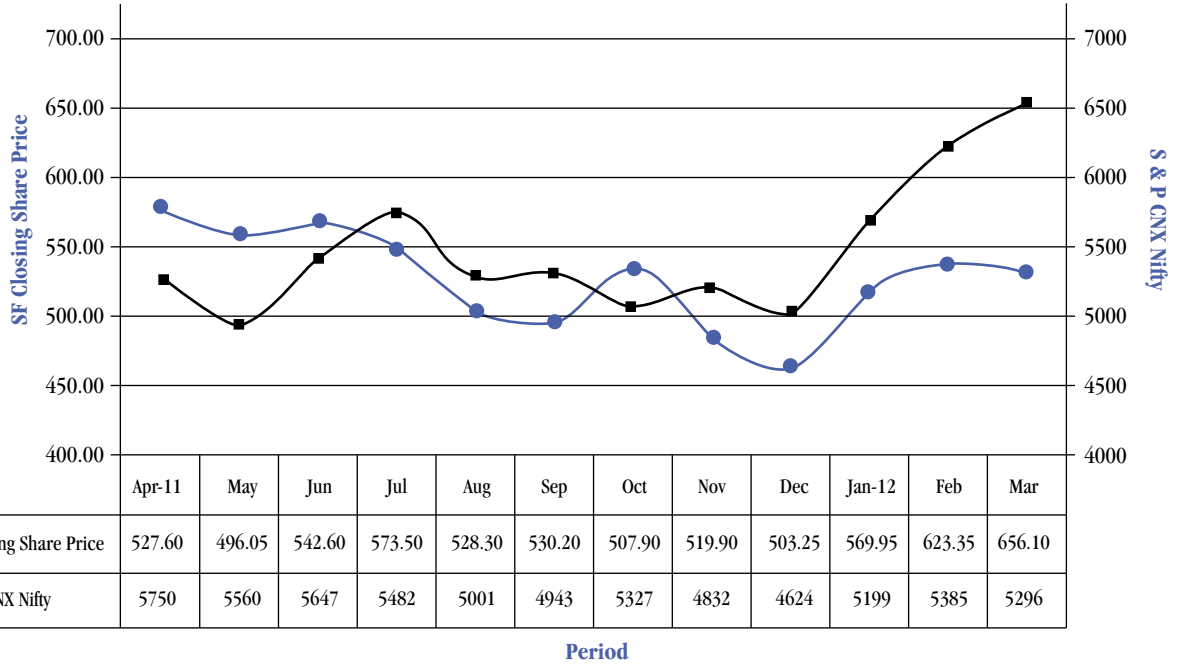
Reminders are sent to members for encashing unclaimed and unpaid dividends, on a regular basis. Members who have not yet made claims are, therefore, requested to contact the Registrar and Share Transfer Agents immediately.

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 – 11	558.00	472.70	Oct	536.00	486.00
May	528.00	380.00	Nov	573.40	487.00
Jun	563.70	453.00	Dec	555.00	495.00
Jul	582.85	526.05	Jan – 12	576.45	500.10
Aug	578.00	508.00	Feb	659.95	562.00
Sep	544.00	515.05	Mar	695.00	610.25

SHARE PRICE PERFORMANCE



- Share transfers were processed and share certificates despatched within one month from lodgement in accordance with the stock exchange listing agreement.

Dematerialisation requests have been confirmed within 21 days from the date of request.

Investor Relation Services – Shares continue to enjoy the ISO 9001:2008 certification by Bureau Veritas Certification (India) Private Limited.

- M/s Cameo Corporate Services Ltd, Registrars and Share Transfer Agents of the Company have attended to the share transfer formalities 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

Ph: 044 2846 0390 Fax: 044 2846 0129

Email: investor@cameoindia.com

Contact Persons : Mr R D Ramasamy, Director

Mr D Narasimhan, Assistant Manager

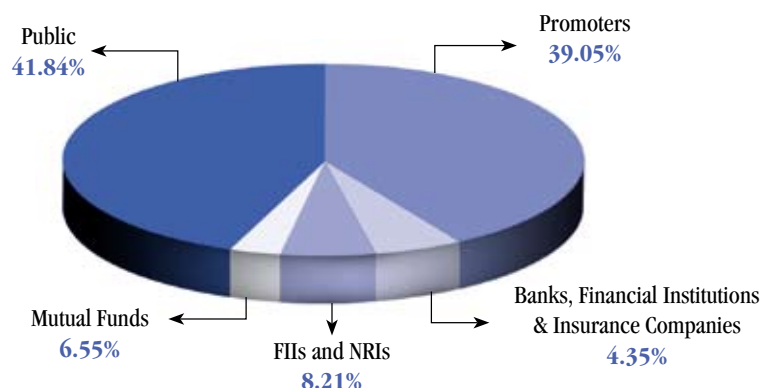
DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2012

No. of Equity Shares Held	Total Shareholders	Total Shares	Total % to Capital
Upto 250	10,293	8,10,662	1.46%
251 to 500	1,739	6,72,789	1.21%
501 to 1000	1,242	9,62,092	1.73%
1001 to 5000	1,576	36,55,758	6.58%
5001 to 10000	259	18,86,007	3.40%
10001 to 50000	328	75,94,612	13.67%
50001 to 100000	83	59,21,284	10.66%
100001 and above	101	3,40,48,726	61.29%
Total	15,621	5,55,51,930	100.00%

Total shares held in dematerialised form 89.80%

Public shareholding in dematerialised form 83.40%

SHAREHOLDING PATTERN AS ON 31.03.2012



For your queries / grievances / complaints, please contact:

Sri P. Viswanathan
 Secretary & Compliance Officer
 Sundaram Finance Limited
 21 Patullos Road, Chennai 600 002
 Ph : 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, 2012, 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.

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

L.RAVI SANKAR
Partner
Membership No. 25929

Place: Chennai
Date: 28th May, 2012

Consolidated

Financial

Statements

Consolidated Balance Sheet

as at 31st March, 2012

(₹ in Lakhs)

Particulars	Note	March 31, 2012	March 31, 2011
<u>EQUITY AND LIABILITIES</u>			
Shareholders' funds			
Share capital	2	55,55.19	55,55.19
Reserves and surplus	3	2109,03.82	1751,08.23
Money received against share warrants		—	—
		2164,59.01	1806,63.42
Share application money pending allotment		—	—
Minority Interest		180,52.03	142,64.32
Non-current liabilities			
Long-term borrowings	4	8014,81.25	7441,67.36
Other Long-term liabilities	5	374,95.52	290,31.91
Long-term provisions	6	75,34.51	58,55.76
		8465,11.28	7790,55.03
Current liabilities			
Short-term borrowings	7	2377,08.55	2160,44.41
Trade Payables	8	315,06.24	255,96.26
Other current liabilities	9	4590,33.98	3649,00.94
Short-term provisions	10	145,57.93	113,43.16
		7428,06.70	6178,84.77
TOTAL EQUITY AND LIABILITIES		18238,29.02	15918,67.54
<u>ASSETS</u>			
Non-current assets			
Fixed assets			
11			
Tangible assets		320,84.80	272,82.94
Intangible assets		172,97.61	174,96.49
Intangible assets under development		17,20.74	9,36.25
		511,03.15	457,15.68
Non-current investments	12	994,56.48	909,78.25
Deferred tax assets (net)	13	63,80.27	46,83.79
Long-term loans and advances	14	9304,59.94	7420,95.60
Other non-current assets	15	8,98.27	9,16.03
		10882,98.11	8843,89.35
Current assets			
Current investments	16	421,07.77	536,65.24
Cash and Bank balances	17	891,94.04	1299,75.68
Short-term loans and advances	18	5848,90.68	5060,15.35
Other current assets	19	193,38.42	178,21.92
		7355,30.91	7074,78.19
TOTAL ASSETS		18238,29.02	15918,67.54
Significant Accounting Policies and Notes to the Accounts	1 to 26		

As per our report of even date attached
For **Brahmayya & Co.**,
Chartered Accountants
Registration No.000511S

S. Viji
Chairman

S. Prasad

N. Venkataramani

T. T. Srinivasaraghavan
Managing Director

S. Ravindran

P. N. Venkatachalam

L. Ravi Sankar
Partner
Membership No.25929

Harsha Viji
Director (Strategy & Planning)

S. Ram
Directors

Srinivas Acharya
Directors

Chennai,
Dated: 28th May, 2012

M. Ramaswamy
Chief Financial Officer

P. Viswanathan
Secretary & Compliance Officer

SUNDARAM FINANCE LIMITED

Consolidated Profit and Loss Statement

for the Year Ended 31st March, 2012

(₹ in Lakhs)

Particulars	Note	2011-12	2010-11
REVENUE:			
Revenue from operations	20	3005,91.60	2349,76.25
Profit on Sale of Shares		—	65,52.94
Other income	21	34,68.64	22,92.23
Total Revenue	(A)	3040,60.24	2438,21.42
EXPENSES:			
Finance Costs	22	1176,51.89	900,31.46
Insurance claims incurred (net)		431,92.94	329,44.88
Employee benefits	23	292,46.98	231,62.16
Administrative and Other expenses	24	370,52.56	326,79.12
Provisions and Write Off	25	39,68.13	6,78.66
Depreciation		84,12.69	71,02.51
Contingent Provisions against Standard Assets		14,47.98	17,03.20
Total expenses	(B)	2409,73.17	1883,01.99
Profit before Tax	(A-B)	630,87.07	555,19.43
Tax expense:			
Current tax		21929.91	175,40.47
Deferred tax		(16,99.27)	10,53.06
Fringe Benefit tax		—	0.48
		202,30.64	185,94.01
Net Profit (before adjustment for minority interest)		428,56.43	369,25.42
Less: Minority Interest		39,67.34	20,25.11
		388,89.09	349,00.31
Add: Share of Profit in Associates		69,02.32	39,89.91
Profit after Tax		457,91.41	388,90.22
Basic and Diluted Earnings Per Share of ₹ 10 each (in ₹)		82.43	70.01
Significant Accounting Policies and Notes to the Accounts	1 to 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: 28th May, 2012

S. Viji
Chairman

T. T. Srinivasaraghavan
Managing Director

Harsha Viji
Director (Strategy & Planning)

M. Ramaswamy
Chief Financial Officer

S. Prasad

S. Ravindran

S. Ram
Directors

P. Viswanathan
Secretary & Compliance Officer

N. Venkataramani

P. N. Venkatachalam

Srinivas Acharya
Directors

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1: SIGNIFICANT ACCOUNTING POLICIES

- 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.

1.2 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.

In respect of assets securitized / assigned, the Excess Interest Spread (EIS) is accounted over the remaining tenor of the contracts.

- 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 – 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.

1.3 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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.

Cost of assets taken on lease on or after 1st April, 2001 is amortised over the lease tenure as per the Accounting Standard – 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.

1.5 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.

1.6 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 losses arising out of fluctuations in exchange rates are accounted for in the Profit and Loss Statement.

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 Statement 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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 Statement.

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 Statement 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 sick leave entitlement 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.

1.8 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 recognized 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.

1.11 Basis of Presentation:

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in terms of the Revised Schedule VI to the Companies Act, 1956 which has become mandatory with effect from 01st April, 2011. Previous year' figures have been regrouped / reclassified wherever necessary to conform to the current year's presentation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

1.12 Basis of Consolidation:

- a) The financial statements of the following subsidiary companies have been consolidated as per Accounting Standard – 21 on ‘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	100.00
Professional Management Consultants Limited	India	100.00
Sundaram BNP Paribas Fund Services Limited	India	51.00
Sundaram Insurance Broking Services Limited	India	100.00
Sundaram Parekh Warehousing Services Limited	India	51.00
Caltec Servicez Private Limited	India	51.00

- b) The Company has the following investments in Joint Venture for which the required treatment as per Accounting Standard – 27 on ‘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
BNP Paribas Sundaram Global Securities Operations Private Limited	India	49.00

- c) The Company has the following investments in Associates for which the required treatment as per Accounting Standard – 23 on ‘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	45.00
Flometallic India Limited	India	45.71
Dunes Oman LLC (FZC)	Sultanate of Oman	43.69

(considered on the basis of unaudited financial statements/details)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

The Financial Statements of the Parent Company and its Subsidiary Companies have been consolidated on a line-by-line 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.

The Consolidated Financial Statements have been prepared by adopting Uniform Accounting Policies except for the 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.

The associate, Sundaram Dynacast Private Limited's reporting date was 31.12.2011 and the Financial Statements as on that date have been considered for the purpose of preparation of Consolidated Financial Statements.

BALANCE SHEET

Note 2: Share Capital

	(₹ in lakhs)	
	31.03.2012	31.03.2011
Authorised Capital		
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	<u>55,55.19</u>	<u>55,55.19</u>

- a) Paid-up share capital 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 allotted for consideration other than cash pursuant to a Scheme of Amalgamation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 3: Reserves and Surplus

(₹ in lakhs)

	31.03.2012	31.03.2011
a) Capital Reserve (on Consolidation)		
Per Last Balance Sheet	2,83.16	2,83.16
Add: Change in Value of holding in Associate	49.34	—
	3,32.50	2,83.16
b) Capital Reserve	50,79.64	50,79.64
c) Securities Premium Account	19,52.77	19,52.77
d) Share Options Outstanding Account		
Opening balance	66.41	27.94
Less: Shares transferred on exercise of option	11.80	7.18
Less: Transfer to General Reserve	54.61	20.76
Add : Granted during the year	78.26	66.41
Less: Deferred Employee Compensation Cost	13.04	11.07
	65.22	55.34
e) Statutory Reserve		
Opening balance	362,85.50	303,75.50
Add: Transfer from Surplus in the Profit and Loss statement	71,10.00	59,10.00
	433,95.50	362,85.50
f) Special Reserve		
Opening balance	17,69.87	12,83.90
Add: Transfer from Surplus in the Profit and Loss statement	10,02.00	4,85.97
	27,71.87	17,69.87
g) General Reserve		
Opening balance	1057,00.02	877,36.96
Add: Transfer from Share Options Outstanding account	54.61	20.76
Add: Transfer from Surplus in the Profit and Loss statement	207,29.49	179,42.30
	1264,84.12	1057,00.02
h) Surplus in the Profit and Loss Statement		
Opening balance	239,81.93	185,25.53
Add: Change in the value of holdings in Subsidiaries / Associates	(49.61)	(2.06)
Add: Profit for the year from the Profit and Loss statement	457,91.42	388,90.22
	697,23.74	574,13.69
Less: Appropriations		
Dividend		
Interim	41,66.39	38,88.64
Final (Proposed)	44,44.15	38,88.64
Dividend Tax	14,49.51	13,16.21
Statutory Reserve	71,10.00	59,10.00
Special Reserve	10,02.00	4,85.97
General Reserve	207,29.49	179,42.30
	308,22.20	239,81.93
	2109,03.82	1751,08.23

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 4: Long-Term Borrowings

	(₹ in lakhs)	
	31.03.2012	31.03.2011
Secured		
Non-Convertible Debentures	4062,45.21	2864,71.69
Term loans from banks	2244,04.70	3026,99.08
Unsecured		
Subordinated Non Convertible Debentures	564,62.50	512,10.00
Debentures Application money- Subordinated	<u>41,40.00</u>	<u>10,00.00</u>
	606,02.50	522,10.00
Fixed Deposits	1101,20.75	1027,28.63
Other borrowings	1,08.09	57.96
	<u>8014,81.25</u>	<u>7441,67.36</u>

Note 5: Other Long-term liabilities

	(₹ in lakhs)	
	31.03.2012	31.03.2011
Interest accrued but not due on borrowings	72,58.97	53,87.19
Other liabilities	<u>302,36.55</u>	<u>236,44.72</u>
	<u>374,95.52</u>	<u>290,31.91</u>

Note 6: Long-term provisions

	(₹ in lakhs)	
	31.03.2012	31.03.2011
Employee Benefits	5,64.83	4,97.52
Non-performing assets	4,23.80	12,54.43
Contingent provisions against Standard Assets	<u>65,45.88</u>	<u>41,03.81</u>
	<u>75,34.51</u>	<u>58,55.76</u>

Note 7: Short-term borrowings

	(₹ in lakhs)	
	31.03.2012	31.03.2011
Secured		
Working capital demand loans and Cash Credit	1052,25.18	833,30.54
Term Loans from Banks	377,66.80	503,04.69
Non Convertible Debentures	<u>110,00.00</u>	—
	1539,91.98	1336,35.23
Unsecured		
Term Loans from Banks	30,00.00	205,00.00
Credit facilities from Banks	42,58.43	96,95.66
Commercial paper	761,88.64	518,46.02
Other loans and advances	<u>2,69.50</u>	<u>3,67.50</u>
	837,16.57	824,09.18
	<u>2377,08.55</u>	<u>2160,44.41</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 8: Trade Payables

	(₹ in lakhs)	
	31.03.2012	31.03.2011
Dealer Balances	21,52.82	33,75.46
Creditors for Expenses	260,63.46	191,88.14
Outstanding Liability	32,89.96	30,32.66
	<u>315,06.24</u>	<u>255,96.26</u>

Note 9: Other current liabilities

	(₹ in lakhs)	
	31.03.2012	31.03.2011
Non Convertible Debentures		
– Secured	1373,56.82	1571,32.88
– Unsecured	40,00.00	–
	<u>1413,56.82</u>	<u>1571,32.88</u>
Term loans from Banks - Secured	1564,48.05	403,02.50
Fixed Deposits	673,21.40	678,85.83
Commercial Paper	–	265,00.00
Interest accrued but not due on borrowings	310,86.45	274,78.93
Unpaid dividends	94.14	63.65
Income received in advance	41,75.40	2,99.91
Unpaid matured deposits and interest accrued thereon	19,19.67	13,31.17
Amount due on assets securitised / assigned	109,31.49	66,47.84
Advance from Customers	84,63.43	57,60.11
Sundry creditors for finance	52,10.78	67,47.99
Sundry Creditors for Unexpired Insurance Risk	319,08.45	247,19.89
Other liabilities	1,17.90	30.24
	<u>4590,33.98</u>	<u>3649,00.94</u>

Note 10: Short-term provisions

	(₹ in lakhs)	
	31.03.2012	31.03.2011
Employee Benefits	37,38.09	27,54.57
Non-Performing Assets	54,39.86	39,32.15
Proposed dividend	44,44.15	38,88.64
Provision for dividend tax	9,35.83	7,67.80
	<u>145,57.93</u>	<u>113,43.16</u>

Note 11: Fixed Assets

(₹ in Lakhs)

DESCRIPTION	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK					
	As at 31.03.2011	Adjustments on consolidation	Additions	Deductions	As at 31.03.2012	Upto 31.03.2011	Adjustments on consolidation	Additions	Deductions	Upto 31.03.2012	Net Book Value	Balance in Lease Adjustment Account as at 31.03.2012	As at 31.03.2012	As at 31.03.2011
(i) Tangible Assets														
1 Freehold Land and Buildings	55,03.38	-	-	-	55,03.38	11,04.55	-	1,00.61	-	12,05.16	42,98.22	-	42,98.22	43,98.83
2 Leasehold office / Residential Premises	15,26.90	-	-	-	15,26.90	7,55.32	-	38.58	-	7,93.90	7,33.00	-	7,33.00	7,71.58
3 Plant and Machinery and Computers	82,01.15	61.82	13,66.06	1,48.36	94,80.67	59,43.67	42.18	10,39.09	1,39.04	68,85.90	25,94.77	-	25,94.77	22,57.48
4 Furniture and Fixtures	40,46.89	0.11	4,67.26	1,04.72	44,09.54	28,80.93	0.05	3,27.18	97.83	31,10.33	12,99.21	-	12,99.21	11,65.96
5 Vehicles	20,61.28	-	7,35.65	2,90.45	25,06.48	9,55.97	-	4,10.33	1,99.97	11,66.33	13,40.15	-	13,40.15	11,05.31
6 Office Equipment	21,84.69	-	3,05.45	28.56	24,61.58	12,30.47	-	1,72.17	16.82	13,85.82	10,75.76	-	10,75.76	9,54.22
	235,24.29	61.93	28,74.42	5,72.09	258,88.55	128,70.91	42.23	20,87.96	4,53.66	145,47.44	113,41.11	-	113,41.11	106,53.38
7 Operating Lease														
a) Plant and Machinery and Computers	42,04.87	-	12,01.40	1,13.17	52,93.10	14,50.61	-	5,62.35	33.01	19,79.95	33,13.15	-	33,13.15	27,54.26
b) Vehicles	2,23,48.48	-	97,25.82	36,30.99	284,43.31	84,92.99	-	46,90.98	21,51.05	110,32.92	174,10.39	-	174,10.39	138,55.49
	2,65,53.35	-	109,27.22	37,44.16	337,36.41	99,43.60	-	52,53.33	21,84.06	130,12.87	207,23.54	-	207,23.54	166,09.75
8 Assets on Finance Lease														
a) Plant and Machinery and Computers	44,01.38	-	-	2,06.71	41,94.67	41,83.32	-	30.80	2,03.62	40,10.50	1,84.17	(1,64.87)	19.30	18.77
b) Vehicles	6,71.58	-	-	92.16	5,79.42	6,65.19	-	1.64	91.52	5,75.31	4.11	(4.09)	0.02	0.01
c) Office Equipment	87.77	-	-	11.68	76.09	81.57	-	0.84	10.14	72.27	3.82	(2.99)	0.83	1.03
	51,60.73	-	-	3,10.55	48,50.18	49,30.08	-	33.28	3,05.28	46,58.08	1,92.10	(1,71.95)	20.15	19.81
	5,52,38.37	61.93	138,01.64	46,26.80	644,75.14	277,44.59	42.23	73,74.57	29,43.00	322,18.39	322,56.75	(1,71.95)	320,84.80	272,82.94
(ii) Intangible Assets														
Goodwill (on Consolidation)	1,48,76.51	-	1,12.84	-	149,89.35	-	-	-	-	-	149,89.35	-	149,89.35	148,76.51
Computer Software	47,64.24	26.39	7,23.20	-	55,13.83	21,44.26	14.04	10,47.27	-	32,05.57	23,08.26	-	23,08.26	26,19.98
(iii) Intangible Assets Under Development	9,36.25	-	9,57.31	1,72.82	17,20.74	-	-	-	-	-	17,20.74	-	17,20.74	9,36.25
Grand Total	7,58,15.37	88.32	155,94.99	47,99.62	866,99.05	298,88.85	56.27	84,21.84	29,43.00	354,23.96	512,75.10	(1,71.95)	511,03.15	457,15.68
Previous Year	5,51,57.01	-	266,92.65	60,34.29	758,15.37	271,86.87	-	71,29.66	44,27.66	298,88.87	459,26.50	(2,10.82)	457,15.68	275,15.67

Finance Lease Depreciation of ₹ 33.28 lakhs (Previous Year – ₹ 98.66 lakhs) has been netted off against Lease Income.

Additions to Intangible Assets under development in Gross Block include depreciation on assets used for development of Computer software amounting to ₹ 4.94 lakhs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 12: Non-current Investments

	(₹ in lakhs)	
	31.03.2012	31.03.2011
Investment property (net of depreciation)	15,70.86	16,59.02
Investment in Equity Instruments	333,04.04	256,91.81
Investment in preference shares	5,00.00	11,00.00
Investment in Government securities	365,75.04	329,17.61
Investment in debentures or bonds	285,35.58	304,81.94
Investment in Mutual Funds	2,15.98	2,00.98
Investment in Trust securities	2,26.66	3,39.41
	<u>1009,28.16</u>	<u>923,90.77</u>
Less: Aggregate provision for diminution in value of investments	14,71.68	14,12.52
	<u>994,56.48</u>	<u>909,78.25</u>

Carrying amount of associates includes Capital Reserve on acquisition of shares ₹ 87.69 lakhs (31.03.11 – ₹ 38.36 lakhs)

(₹ in lakhs)		
Aggregate amount of Quoted Investments	Cost	723,39.99
Aggregate amount of Quoted Investments	Market Value	872,70.17
Aggregate amount of Unquoted Investments	Cost	255,45.64

Note 13: Deferred Tax Assets (Net)

	(₹ in lakhs)	
	31.03.2012	31.03.2011
Deferred Tax Assets		
Contingent provisions against Standard assets	17,39.17	16,54.01
Provisions against Non-performing assets	28,06.99	23,26.12
Income deferment on Non-performing assets	2,77.10	2,11.51
Depreciation	15,07.64	11,49.20
Others	12,20.06	6,09.36
	<u>75,50.96</u>	<u>59,50.20</u>
Less: Deferred Tax Liabilities		
Hire Purchase Income	2,60.43	3,89.41
Others	9,10.26	8,77.00
	<u>11,70.69</u>	<u>12,66.41</u>
	<u>63,80.27</u>	<u>46,83.79</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 14: Long-term loans and advances

(₹ in lakhs)

	31.03.2012	31.03.2011
Secured, Considered good		
Hypothecation Loans	5477,90.20	4617,41.73
Mortgage Loans	3540,56.59	2495,35.75
Net Investment in Stock-on-hire	26,51.85	61,53.24
Net investment in lease	28,24.51	31,83.80
Other loans	<u>2,16.55</u>	<u>2,55.27</u>
	9075,39.70	7208,69.79
Unsecured, Considered good		
Capital Advances	11,80.88	24,58.98
Deposits	18,26.88	17,64.66
Other loans	<u>66,29.58</u>	<u>51,22.96</u>
	96,37.34	93,46.60
Other loans and advances		
Advance Income tax and Tax Deducted at Source (net of provision)	132,76.22	118,64.41
Other advances	<u>6.68</u>	<u>14.80</u>
	<u>9304,59.94</u>	<u>7420,95.60</u>

Note 15: Other Non-Current Assets

(₹ in lakhs)

	31.03.2012	31.03.2011
SFL Employees Welfare Trust	3,49.84	3,61.13
Other assets	<u>5,48.43</u>	<u>5,54.90</u>
	<u>8,98.27</u>	<u>9,16.03</u>

Note 16: Current Investments

(₹ in lakhs)

	31.03.2012	31.03.2011
Current Investments		
Investment in Government Securities	93,46.95	49,47.38
Investment in Debentures or Bonds	218,43.09	160,52.30
Investment in Mutual Funds	13,40.91	326,32.87
Investment in Trust Securities	<u>95,76.82</u>	<u>37.74</u>
	421,07.77	536,70.29
Less: Aggregate provision for diminution in value of investment in Government Securities	<u>—</u>	<u>5.05</u>
	<u>421,07.77</u>	<u>536,65.24</u>

(₹ in lakhs)

Aggregate amount of Quoted Investments	Cost	304,47.22
Aggregate amount of Quoted Investments	Market Value	296,83.69
Aggregate amount of Unquoted Investments	Cost	116,60.55

SUNDARAM FINANCE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 17: Cash and Bank balances

	(₹ in lakhs)	
	31.03.2012	31.03.2011
Cash and cash equivalents:		
Cash on hand	27,06.48	16,98.71
Balances with Banks in Current Accounts	317,44.09	56,26.95
Bank Deposits (upto 3 months maturity)	20.98	930,26.42
Cheques, drafts on hand	44,94.98	48,28.87
	<u>362,60.05</u>	<u>1034,82.24</u>
Bank Deposits		
More than 3 months and upto 12 months maturity	309,07.99	97,85.74
More than 12 months maturity	190,92.53	148,37.56
	<u>500,00.52</u>	<u>246,23.30</u>
Others		
Stamps and Stamp papers on hand	1,32.83	1,07.78
Unpaid dividend account	94.16	63.65
	<u>2,26.99</u>	<u>1,71.43</u>
	<u>891,94.04</u>	<u>1299,75.68</u>

Note 18: Short-term loans and advances

	(₹ in lakhs)	
	31.03.2012	31.03.2011
Secured, Considered good		
Hypothecation Loans	5146,56.09	4505,90.65
Mortgage Loans	234,68.02	173,01.29
Net Investment in Stock-on-hire	71,65.52	98,70.09
Net Investment in lease	15,69.82	16,79.57
Advance for business assets	275,09.11	166,84.01
Trade receivables	32,56.47	29,87.22
Other loans	3,11.23	6,09.32
	<u>5779,36.26</u>	<u>4997,22.15</u>
Unsecured, Considered good		
Trade bills purchased	2,74.87	8,46.10
Other advances	66,79.55	54,47.10
	<u>69,54.42</u>	<u>62,93.20</u>
	<u>5848,90.68</u>	<u>5060,15.35</u>

Note 19: Other current assets

	(₹ in lakhs)	
	31.03.2012	31.03.2011
Interest accrued on investments	40,28.08	6,98.81
Income Receivable	142,20.49	158,55.02
SFL Shares Trust	5,94.30	5,94.30
SFL Employees Welfare Trust	11.29	11.80
Repossessed assets (at realisable value)	4,84.26	6,61.99
	<u>193,38.42</u>	<u>178,21.92</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

PROFIT AND LOSS STATEMENT

Note 20: Revenue from Operations

(₹ in lakhs)

	2011-12	2010-11
Income from Financing Operations		
Hypothecation Loans / Hire Purchase	1437,83.60	1197,69.41
Mortgage Loans	447,45.23	277,62.59
Income on Assets securitised / assigned	53,54.31	9,99.10
Lease	88,16.87	67,85.27
Recovery of bad debts	18,46.92	14,77.77
Other financing income	1,24.98	80.06
	<u>2046,71.91</u>	<u>1568,74.20</u>
Insurance Premium earned (Net)	551,12.09	436,99.15
Income from Investments	160,43.55	112,07.40
Investment Management and Advisory fee	102,82.80	120,69.27
Income from other Financial Services	26,11.45	48,85.36
Income from other Services	94,04.71	47,38.56
Loan processing & other fees	23,75.33	13,79.09
Sale of products	89.76	1,23.22
	<u>3005,91.60</u>	<u>2349,76.25</u>

Note 21: Other Income

(₹ in lakhs)

	2011-12	2010-11
Interest Receipts	7,44.68	7,70.15
Dividend Income	12,96.94	6,62.06
Rent Receipts	5,46.72	2,53.43
Profit on sale of assets	5,05.96	38.57
Other non-operating income	3,74.34	5,68.02
	<u>34,68.64</u>	<u>22,92.23</u>

Note 22: Finance Costs

(₹ in lakhs)

	2011-12	2010-11
Interest expense		
Non convertible debentures	488,76.24	395,40.86
Term loans	306,92.54	201,55.99
Fixed deposits	167,27.79	159,86.02
Discounting charges on Commercial paper	137,52.61	73,77.93
Other interest	66,55.90	64,02.96
	<u>1167,05.08</u>	<u>894,63.76</u>
Other borrowing costs	10,22.62	5,78.72
Less: Net gain on foreign currency transaction	75.81	11.02
	<u>9,46.81</u>	<u>5,67.70</u>
	<u>1176,51.89</u>	<u>900,31.46</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 23: Employee benefits

	(₹ in lakhs)	
	2011-12	2010-11
Salaries, bonus and commission	259,47.82	207,25.30
Contribution to Provident and other funds	18,03.87	12,56.32
Employees Share Options expense	76.29	60.00
Staff welfare expenses	14,19.00	11,20.54
	<u>292,46.98</u>	<u>231,62.16</u>

Note 24: Administrative and other expenses

	(₹ in lakhs)	
	2011-12	2010-11
Rent	27,06.97	21,17.51
Rates and taxes	18,84.10	14,07.08
Communication expenses	15,93.05	14,43.54
Electricity expenses	9,19.50	7,82.12
Travelling and conveyance	22,26.08	19,50.35
Outsourcing cost	124,63.85	101,83.24
Insurance	2,80.14	2,76.81
Donations	4,54.57	3,46.87
Repairs		
– Buildings	2,15.76	2,63.07
– Others	<u>24,05.71</u>	<u>18,71.37</u>
	26,21.47	21,34.44
Miscellaneous expenses	119,02.83	120,37.16
	<u>370,52.56</u>	<u>326,79.12</u>

Note 25: Provisions and Write Off

	(₹ in lakhs)	
	2011-12	2010-11
Provision against Non-Performing Assets (net)	16,71.16	(27,21.76)
Provision against Repossessed assets (net)	(88.36)	(2,30.14)
Provision against Investments (net)	52.20	(4,38.11)
Bad Debts	17,64.29	29,22.62
Loss on assets sold / written off	5,61.82	9,07.86
Loss on sale of Investments	7.02	2,38.19
	<u>39,68.13</u>	<u>6,78.66</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 26: General

26.1 During the year Sundaram BNP Paribas Home Finance Limited has changed the method of accounting of brokerage paid on the deposits accepted by the Company. Hitherto, brokerage was amortised over the tenure of the deposit. From the current year, brokerage paid is written off in the year of accepting the deposits. Consequently, brokerage for the year is higher by ₹ 65.10 lakhs and profit before tax for the year is lower by corresponding amount.

26.2 In accordance with Insurance Regulatory and Development Authority (IRDA) guidelines, all general insurance companies participated in the Indian Motor Third Party Insurance Pool (IMTPIP) administered by the General Insurance Corporation of India from 1st Apr 2007, to collectively service Commercial Vehicle Third Party Insurance business.

IRDA had vide its Orders dated December 23, 2011 and January 3, 2012 directed dismantling of the IMTPIP with effect from Mar 31, 2012. Further, IRDA vide its Order dated March 22, 2012, has directed to account and recognise in full, in the financial year ending 31st March 2012, the actuarially determined transitional liabilities relating to underwriting years 2007-08 and 2008-09 and an option to recognise the transitional liabilities relating to the underwriting years 2009-10 to 2011-12 immediately or as an expense on a straight line basis over a period of 3 years beginning from the financial year ending 31st March 2012. Royal Sundaram Alliance Insurance Company Limited having exercised the option, has recognised ₹ 184.34 cr. representing in full the differential actuarially estimated liability for the underwriting years 2007-08 to 2010-11 and ₹ 38.14 cr. representing one third of the actuarially estimated liability for the underwriting year 2011-12. Accordingly, the consolidated financials recognised the differential liability of ₹ 11102 lakhs during the financial year 2011-12 and carried forward ₹ 3807 lakhs to be absorbed over the next two financial years.

26.3 During the year, the Caltec Servicez Private Limited has changed the method of providing depreciation for software. The Company has provided depreciation on software considering the useful life is three years as against earlier method of providing depreciation at 40% on WDV basis. Consequent to the change in method, the depreciation for the year is higher by ₹ 5.11 lakhs and loss before tax is higher by ₹ 5.11 lakhs.

(₹ in Lakhs)

26.4 Segment Reporting

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	2165,09.05	1651,72.50	615,06.93	483,13.25	225,75.63	214,90.50	-	-	-	-
Inter segment sales	1,83.12	2,53.41	3,57.34	1,39.15	77,50.52	61,57.49	82,90.99	65,50.05	-	-
Total Revenue	2166,92.17	1654,25.91	618,64.27	484,52.40	303,26.15	276,47.99	82,90.99	65,50.05	3005,91.60	2349,76.25
RESULT										
Segment Result	593,84.63	475,47.82	(90.14)	(7,51.27)	25,58.06	26,01.20	5,13.87	6,57.28	623,66.42	500,55.04
Unallocated income (net of expense)	-	-	-	-	-	-	-	-	7,20.65	54,64.39
Profit before tax	-	-	-	-	-	-	-	-	630,87.07	555,19.43
Less: Income tax	-	-	-	-	-	-	-	-	202,30.64	185,94.01
Add: Share of Profit in Associates	-	-	-	-	-	-	-	-	69,02.32	39,89.91
Less: Minority Interest	-	-	-	-	-	-	-	-	39,67.34	20,25.11
Profit after Tax	-	-	-	-	-	-	-	-	457,91.41	388,90.22
OTHER INFORMATION										
Segment Assets	16969,18.01	14932,60.95	1021,32.35	778,90.23	173,26.31	163,55.63	171,05.10	176,65.15	17992,71.57	15698,41.66
Unallocated Assets	-	-	-	-	-	-	-	-	245,57.45	220,25.88
Total Assets	-	-	-	-	-	-	-	-	18238,29.02	15918,67.54
Segment Liabilities	15004,29.89	13264,41.68	851,64.53	640,28.52	53,33.73	62,39.37	69,90.15	44,26.21	15839,38.00	13922,83.36
Unallocated Liabilities	-	-	-	-	-	-	-	-	53,79.98	46,56.44
Total Liabilities	-	-	-	-	-	-	-	-	15893,17.98	13969,39.80
Capital Expenditure	129,16.84	106,03.03	3,59.44	2,62.02	12,63.71	39,23.90	-	-	145,39.99	147,88.95
Depreciation	67,57.33	54,08.54	3,34.32	3,96.45	13,21.04	12,97.51	-	-	84,12.69	71,02.51
Non-cash expenses other than depreciation	51,38.44	21,33.47	-	12.05	2,73.13	2,30.35	-	-	54,11.57	23,75.87

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

26.5 RELATED PARTIES DISCLOSURES:

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

Associates:

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

Key Management Personnel:

Mr. T. T. Srinivasaraghavan, Managing Director
Mr. Harsha Viji, Director (Strategy & Planning)

Relatives of Key Management Personnel:

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

RELATED PARTY TRANSACTIONS FOR THE YEAR ENDED 31ST MARCH 2012

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

INCOME	Associates	Key Management Personnel	Relatives of Key Management Personnel	2011-12	2010-11
Income from Other Services					
Turbo Energy Ltd.	50.00			50.00	52.00
Dividend					
Axles India Ltd.	2,94.51			2,94.51	
Turbo Energy Ltd.	7,42.40			7,42.40	5,76.00
The Dunes Oman LLC (FZC)	2,89.25			2,89.25	
Others	23.40			23.40	35.10
Total	13,49.56			13,49.56	6,11.10
Interest - ICL					
Axles India Ltd.	42.13			42.13	60.00
Income from Lease					
Turbo Energy Ltd.	70.86			70.86	79.57
Axles India Ltd.	9.50			9.50	10.21
Others	1.41			1.41	1.41
Total	81.77			81.77	91.19
Income from Bill Discounting					
Axles India Ltd.					21.39
Other Non Operating Income	14.05			14.05	14.08

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in Lakhs)

EXPENSE	Associates	Key Management Personnel	Relatives of Key Management Personnel	2011-12	2010-11
Interest		3.87	47.41	51.28	36.92
Remuneration		3,99.68		3,99.68	2,71.75
Dividend		1,17.28	5,46.37	6,63.65	5,01.28

(₹ in Lakhs)

ASSETS	Associates	Key Management Personnel	Relatives of Key Management Personnel	2011-12	2010-11
Investment in Equity Shares					
Transenergy Ltd.	1,57.50			1,57.50	
Sundaram Hydraulics Ltd.	3,90.00			3,90.00	
Flometallic India Ltd.					16,00.00
The Dunes Oman LLC (FZC)					4,30.54
Total	5,47.50			5,47.50	20,30.54
Investment in Preference Shares					
Sundaram Hydraulics Ltd.					5,00.00
Disinvestment in Preference Shares					
Axles India Ltd.	6,00.00			6,00.00	
Bonus Shares					
Turbo Energy Ltd.	64.00			64.00	
Repayment of Intercorporate Loan by					
Axles India Ltd.	5,00.00			5,00.00	

(₹ in Lakhs)

BALANCES OUTSTANDING	Associates	Key Management Personnel	Relatives of Key Management Personnel	31.03.2012	31.03.2011
Preference Shares Holdings					
Sundaram Hydraulics Ltd.	5,00.00			5,00.00	5,00.00
Axles India Ltd.					6,00.00
Total	5,00.00			5,00.00	11,00.00
Equity Holdings					
Axles India Ltd.	10,15.70			10,15.70	10,15.70
Sundaram Hydraulics Ltd.	11,25.00			11,25.00	7,35.00
The Dunes Oman LLC (FZC)	26,94.86			26,94.86	26,94.87
Flometallic India Ltd.	16,00.00			16,00.00	16,00.00
Others	4,92.91			4,92.91	3,35.41
Total	69,28.47			69,28.47	63,80.98
Intercorporate Loans					
Axles India Ltd.					5,00.00
Lease Receivables					
Turbo Energy Ltd.	1,15.03			1,15.03	1,76.59
Axles India Ltd.	48.92			48.92	61.46
Others	1.86			1.86	2.51
Total	1,65.81			1,65.81	2,40.56
Other Assets					
	1.17			1.17	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in Lakhs)

LIABILITIES	Associates	Key Management Personnel	Relatives of Key Management Personnel	31.03.2012	31.03.2011
Balances Outstanding					
Equity Holdings		78.28	3,94.25	4,72.53	4,55.71
Deposits		41.55	5,15.63	5,57.18	4,63.82
Interest on Deposits		1.04	40.34	41.38	36.93

26.6 Earnings per share (Basic and diluted)

		2011-12	2010-11
A	Profit for the year after taxation (₹ in lakhs)	457,91.41	388,90.22
B	Number of equity shares of ₹ 10 each	5,55,51,930	5,55,51,930
C	Basic and diluted earnings per share of ₹ 10 each (in ₹)	82.43	70.01
D	Amount of Dividend (₹ in lakhs)		
	Interim (paid)	41,66.39	38,88.64
	Final (proposed)	44,44.15	38,88.64
E	Amount of Dividend per share of ₹ 10 each (in ₹)		
	Interim (paid)	7.50	7.00
	Final (proposed)	8.00	7.00

26.7 Contingent liabilities in respect of

(₹ in lakhs)

		31.03.2012	31.03.2011
a)	Liability –		
	To Banks – on Cheques discounted	15,08.96	16,66.75
	on Letter of Credit	28,28.95	11,86.00
b)	Claims against the Company not acknowledged as Debts:	112,22.11	100,56.26

Signatures to Notes 1 to 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: 28th May, 2012

S. Viji
Chairman

T. T. Srinivasaraghavan
Managing Director

Harsha Viji
Director (Strategy & Planning)

M. Ramaswamy
Chief Financial Officer

S. Prasad

S. Ravindran

S. Ram
Directors

P. Viswanathan
Secretary & Compliance Officer

N. Venkataramani

P. N. Venkatachalam

Srinivas Acharya
Directors

Consolidated Cash Flow Statement

(₹ in Lakhs)

	2011-12		2010-11	
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit	457,91.41		388,90.22	
Add: Lease Equalisation Account	(34.44)		40.53	
Provision for Taxation	202,30.64		185,94.01	
	659,87.61		575,24.76	
Add: Financial Expenses	1176,51.89	1836,39.50	900,31.46	1475,56.22
Deferred rent		93.52		-
Dividend received from Subsidiaries / Associates / JV	24,50.14		52,16.35	
Depreciation		84,45.96		71,54.67
Profit attributable to Minority Interests		39,67.34		20,25.11
Provision against Investments (net)		52.20		(4,38.11)
Provision against Non - Performing assets (net)		15,82.80		(29,51.90)
Contingent Provisions against Standard Assets		14,47.98		17,03.20
Employee Stock Option Compensation Expenses		76.29		60.00
(Profit) loss on sale of assets		52.77		(35.03)
(Profit) loss on sale of Investments		(39,19.29)		(87,17.71)
Interest / Dividend Income		(134,54.82)		(123,67.95)
Exchange gain unrealised(net)		(0.35)		(0.16)
Effect of Foreign Exchange rates on Cash and Cash Equivalents, net		(8.99)		(7.67)
Less: Share of Profits from Associates		(69,02.32)		(39,89.91)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		1775,22.73		1352,07.11
(Increase) Decrease in leased assets - net of sales	(95,45.09)		(79,91.19)	
(Increase) Decrease in Long Term Loans and Advances	(1896,96.58)		(1493,01.11)	
(Increase) Decrease in Other Non-Current Assets	(2,54.47)		(7,08.97)	
(Increase) Decrease in Bank Deposits (net)	(145,79.32)		24,71.94	
(Increase) Decrease in Short Term Loans and Advances	(796,07.88)		(770,30.19)	
(Increase) Decrease in Inventory	(0.50)		13.14	
(Increase) Decrease in Other Current Assets	(59.23)		89,63.26	
(Increase) Decrease in SLR Investments - net of sales	(15,99.02)		(17,04.85)	
(Increase) Decrease in Trade Receivables	37.26		5,19.07	
Increase (Decrease) in Other Long-Term Provisions	74.05		3,21.66	
Increase (Decrease) in Other Short-Term Provisions	79,60.00		10,79.87	
Increase (Decrease) in Other Long-Term Liabilities	60,19.25		39,28.96	
Increase (Decrease) in Trade Payables - Current	(11,72.93)		22,10.87	
Increase (Decrease) in Current Liabilities	36.17		45,86.47	
Increase (Decrease) in Other Current Liabilities	165,16.59	(2658,71.70)	267,15.45	(1859,25.62)
Cash generated from Operations		(883,48.97)		(507,18.51)
Financial Expenses	(1280,67.12)		(903,34.42)	
Direct Taxes Paid	(209,93.44)	(1490,60.56)	(167,59.90)	(1070,94.32)
NET CASH FROM OPERATING ACTIVITIES (A)		(2374,09.53)		(1578,12.83)

Consolidated Cash Flow Statement (Contd.)

(₹ in Lakhs)

	2011-12	2010-11
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(31,85.78)	(37,00.99)
Sale of Fixed Assets	1,39.69	1,84.55
Purchase / Sale of non-current Investments	(1,73.68)	(250,81.10)
Purchase / Sale of current Investments	132,35.69	(202,56.00)
Interest Received	83,35.36	57,04.85
Dividend Received	38,50.37	13,97.16
Deposits maturing after three months	(103,11.41)	(44,24.25)
NET CASH FROM INVESTING ACTIVITIES (B)	118,90.24	(461,75.78)
C CASH FROM FINANCING ACTIVITIES		
Increase (Decrease) in long term borrowings	1388,24.30	2260,84.57
Increase (Decrease) in Short Term Borrowings	300,41.29	(435,76.31)
Dividend paid (including Corporate Dividend Tax)	(114,93.76)	(75,27.35)
Increase in Share capital / premium	17,29.99	6,77.52
NET CASH FROM FINANCING ACTIVITIES (C)	1591,01.82	1756,58.43
Effect of foreign exchange rate on Cash and Cash Equivalents, net (D)	8.99	7.67
NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)+(D)	(664,08.48)	(283,22.51)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1052,88.72	1336,11.21
Add: Adjustment for change in holdings in subsidiaries / joint venture	2,19.12	0.02
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	390,99.36	1052,88.72

COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR

Current Account with Banks	362,39.07	104,55.81
Cash, Stamps and Stamp Papers on Hand	28,39.31	18,06.49
Short Term Deposit	20.98	930,26.42

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	S. Viji	S. Prasad	N. Venkataramani
For Brahmayya & Co.,	Chairman		
Chartered Accountants	T. T. Srinivasaraghavan	S. Ravindran	P. N. Venkatachalam
Registration No.000511S	Managing Director		
L. Ravi Sankar	Harsha Viji	S. Ram	Srinivas Acharya
Partner	Director (Strategy & Planning)	Directors	Directors
Membership No.25929			
Chennai,	M. Ramaswamy	P. Viswanathan	
Dated: 28th May, 2012	Chief Financial Officer	Secretary & Compliance Officer	

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, Chennai its subsidiaries and associate companies as at 31st March, 2012, the Consolidated Profit and Loss Statement 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 ₹ 211620.56 lakhs as at 31st March, 2012, total revenue of ₹ 132809.83 lakhs and net cash inflows amounting to ₹ 2452.50 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 ₹ 64272.67 lakhs as at 31st March, 2012 and total revenue of ₹ 83327.38 lakhs for the year ended on that date are based on their unaudited financial statements as on 31st March, 2012.

The financial statements of one associate company reflecting the total assets of ₹ 1551.56 lakhs as at 31st December 2011 and total revenues of ₹ 2878.50 lakhs for the year ended as on that date are based on the unaudited financial statements as on 31st December 2011.

In respect of one associate company the total assets of ₹ 59677 lakhs as at 31st March 2012 and total revenue of ₹ 75883 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, 2012,
- b) the Consolidated Profit and Loss Statement 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, 2012 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, 2012.

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

L.RAVI SANKAR
Partner

Place: Chennai
Date: 28th May, 2012

Membership No. 25929

FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31.03.2012

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

Description	(₹ in Lakhs)												
	Sundaram BNP Paribas Home Finance Limited	Sundaram Asset Management Company Limited	Sundaram Trustee Company Limited	Sundaram Finance Distribution Limited	IGF 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	Caltec Servicez Private Limited
Share Capital	80,15.23	15,33.32	5.00	50.00	25.00	16,40.00	15,00.00	6,22.06	5,61.12	52,50.00	50.00	10.00	25.00
Reserves	245,78.69	51,37.62	38.61	13,28.21	2,90.60	(12,78.88)*	(3,16.00)*	(58.91)*	(10,49.95)*	(38,42.92)*	2.27	3.03	1,62.95
Total Assets	4253,05.11	89,19.94	1,04.81	15,66.55	4,72.58	9,68.90	14,74.42	7,18.34	1,19.81	25,00.36	53.24	15.10	2,70.81
Total Liabilities	3927,11.19	22,49.00	61.20	1,88.33	1,56.98	6,07.78	2,90.42	1,55.19	6,08.64	10,93.28	0.98	2.07	82.86
Investment	38,48.52	1,85.98	84.91	3,49.08	5.95	-	-	-	5.10	2,95.09	2.11	-	0.23
Turnover	495,26.94	105,10.25	1,33.93	8,53.86	5,65.65	25,42.52	27,14.94	6,12.50	8,69.40	11,98.09	4.58	37.51	4,97.80
Profit / (Loss) before Taxation	130,50.01	15,52.14	63.46	3,53.44	2,53.50	15.97	1,05.70	(2,55.33)	2,09.09	(14,18.16)	4.25	5.29	(1.94)
Provision for Taxation	36,76.90	4,51.83	17.65	1,17.14	81.03	(2.40)	5.43	12.33	31.70	33.03	-	1.70	0.68
Profit / (Loss) after Taxation	93,73.11	11,00.31	45.81	2,36.30	1,72.47	18.37	1,00.26	(2,67.67)	1,77.39	(14,51.19)	4.25	3.59	(1.26)
Dividend	20,03.81	3,06.66	40.00	1,25.00	1,25.00	-	-	-	-	-	-	-	-

* Represents Debit balance in P & L account

Sundaram Finance Branch Network – 542 Branches

