

Sundaram Finance Limited

60th Annual Report
2012-13



SUNDARAM FINANCE
Enduring values. New age thinking.



SUNDARAM FINANCE

Enduring values. New age thinking.

| | | |
|--|--|---|
| 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 |
| Nomination 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 | Executive Director |
| Paramesh Krishnaier | Executive Director | Executive Director |
| K Swaminathan | Advisor – Technology | Advisor – Technology |
| M Ramaswamy | Chief Financial Officer | Chief Financial Officer |
| V K Raman | Senior Vice President & Head – Group Internal Audit | Senior Vice President & Head – Group Internal Audit |
| P Viswanathan | Secretary & Compliance Officer | Secretary & Compliance Officer |
| S Ravindran | Senior Vice President & Head – Credit Control and Processing Dept. | Senior Vice President & Head – Credit Control and Processing Dept. |
| S Srinivasan | Senior Vice President & Head – Leasing | Senior Vice President & Head – Leasing |
| S Sivakumar | Vice President & Head – Administration & Corporate Communications | Vice President & Head – Administration & Corporate Communications |
| Shridhar Iyer | Vice President | Vice President |
| M J Kulkarni | Vice President & Head – Western Region | Vice President & Head – Western Region |
| K Sankarakumar | Vice President & Head – Distribution | Vice President & Head – Distribution |
| D Ravindran | Vice President (Sundaram Infotech Solutions) | Vice President (Sundaram Infotech Solutions) |
| Rajesh Venkat | Senior General Manager & Head – Sundaram Business Services | Senior General Manager & Head – Sundaram Business Services |
| H Venkatesan | Senior General Manager – Internal Audit | Senior General Manager – Internal Audit |
| V P R V P Varma | General Manager – Audit | General Manager – Audit |
| Balachander Gopinath | General Manager & Head – Kerala Region | General Manager & Head – Kerala Region |
| S Krishnamurthy | General Manager & Head – Tamil Nadu – South | General Manager & Head – Tamil Nadu – South |
| C Balasubramanian | General Manager & Head – Tamil Nadu – West | General Manager & Head – Tamil Nadu – West |
| G Vaikuntam | General Manager & Head – Asset Reconstruction Cell & Quality Initiatives | General Manager & Head – Asset Reconstruction Cell & Quality Initiatives |
| S Balasubramanian | General Manager & Head – Andhra Region | General Manager & Head – Andhra Region |
| N Ramachandran | General Manager & Head – Central Region | General Manager & Head – Central Region |
| N Veeraraghavan | General Manager – Information Systems | General Manager – Information Systems |
| Venkatesh Kumaraswami | General Manager – Services | General Manager – Services |
| S Sridhar | General Manager – Treasury | General Manager – Treasury |
| Subramaniam Ravi | General Manager – Special Projects | General Manager – Special Projects |
| K K Subramanian | General Manager – Projects (Sundaram Infotech Solutions) | General Manager – Projects (Sundaram Infotech Solutions) |
| V Srinivasan | General Manager – Legal | General Manager – Legal |
| R Annapoorna | General Manager – Operations | General Manager – Operations |

| Subsidiaries | | |
|--|---|---|
| Sundaram BNP Paribas Home Finance Limited | LGF Services Limited | LGF Services Limited |
| Sundaram Asset Management Company Limited | Sundaram Infotech Solutions Limited | Sundaram Infotech Solutions Limited |
| Sundaram Asset Management Singapore Pte. Limited | Sundaram Business Services Limited | Sundaram Business Services Limited |
| Sundaram Trustee Company Limited | Sundaram BNP Paribas Fund Services Limited | Sundaram BNP Paribas Fund Services Limited |
| Sundaram Finance Distribution Limited | Sundaram Insurance Broking Services Limited | Sundaram Insurance Broking Services Limited |
| Infreight Logistics Solutions Limited | Sundaram BPO India Limited | Sundaram BPO India Limited |
| Sundaram Parekh Warehousing Services Limited | | |

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

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 ₹ 54.39* |
| ₹ One Billion = | ₹ 100 Crores or ₹ 10,000 Lakhs | *RBI Reference Rate as on 31.03.2013 |

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A member of the



International Finance & Leasing Association

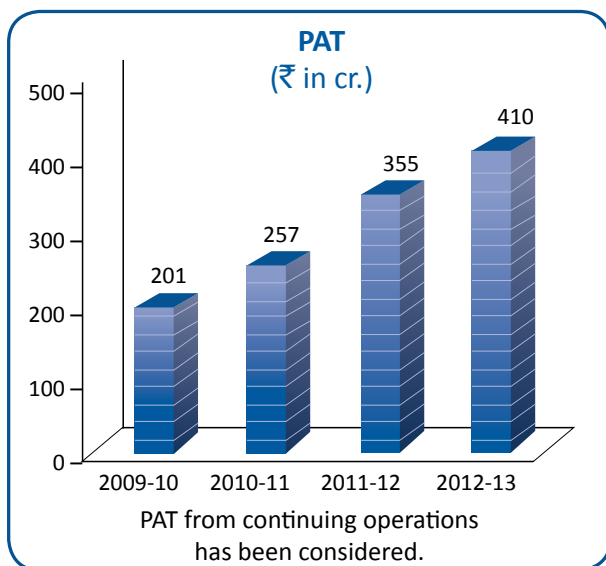
Directors' Report

Your directors have pleasure in presenting the 60th Annual Report with audited accounts for the year ended 31st March 2013. The summarised financial results of the Company are given hereunder:

FINANCIAL RESULTS:

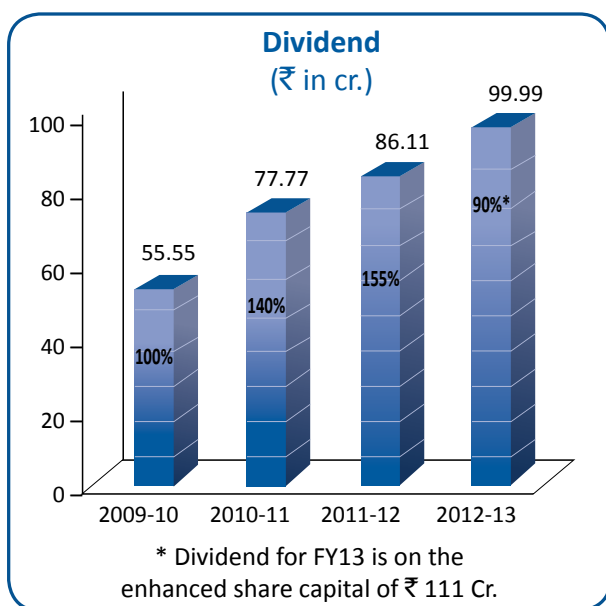
(₹ in cr.)

| Particulars | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|------------------------------|------------------------------|
| Revenue from Operations | 2063.02 | 1698.71 |
| Other Income | 68.76 | 60.39 |
| Total Revenue | 2131.78 | 1759.10 |
| Less: Total Expenses | 1539.17 | 1246.95 |
| Profit before Tax | 592.61 | 512.15 |
| Profit after Tax | 410.11 | 355.45 |
| Surplus brought forward | 67.56 | 60.14 |
| Amount available for appropriation | 477.67 | 415.59 |
| Appropriations have been made as under: | | |
| Transfers to: | | |
| – Statutory Reserve | 82.02 | 71.10 |
| – General Reserve | 174.88 | 179.45 |
| Dividend – Interim | 50.00 | 41.67 |
| Final (Proposed) | 50.00 | 44.44 |
| Dividend Tax | 12.82 | 11.37 |
| Surplus carried to balance sheet | 107.95 | 67.56 |
| | 477.67 | 415.59 |



DIVIDEND

Your Company paid an interim dividend of ₹ 4.50 per share (45% on the face value of ₹ 10/-) in February 2013. Your directors are now pleased to recommend a final dividend of ₹ 4.50 per share (45% on the face value of ₹ 10/-). This, together with the interim dividend, aggregates to a total dividend of ₹ 9/- per share (90% on the face value of ₹ 10/-) for the financial year ended 31st March 2013, on the enhanced paid-up capital of ₹ 111.10 cr., as a result of the bonus issue in the ratio of 1:1, in December 2012.



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

FIVE years on from the start of the financial crisis, the global economy appears to be exhibiting some feeble signs of recovery. The euro zone's debt crisis became less acute in 2012, thanks largely to the European Central Bank's aggressive actions to save the single currency. However, Europe's chronic problems are far from over and the Eurozone economy shrank in 2012. In comparison, the US economy looked much better, with a rebound in its housing market and a steadily falling unemployment rate. But the recovery is still very weak. Many emerging markets had a poor year, as growth rates dropped.

The era of high growth in the BRICs — Brazil, Russia, India and China — appears to be over, which has already had an impact on global commodity prices. Global economic prospects seem to have improved slightly, in the last six months, though the road to recovery in the developed economies is expected to be bumpy and sluggish in 2013. Short-term risks would appear to have receded, thanks to the recent unconventional policy actions by Central Banks. However, fiscal policy changes and uncertainty about outcomes continue to threaten the prospects of a sustained recovery in several advanced economies and could delay recovery in emerging markets and developing economies.

INDIAN ECONOMY

GDP growth in 2012-13 is likely to fall below 5% - down from 6.2% a year ago, mainly due to the protracted weakness in industrial activity, aggravated by domestic supply bottlenecks and slowdown in the services sector, reflecting weak external demand. The high level of Fiscal and Current Account deficits had an equally dampening effect on the Indian economy. A modest increase in exports in Q4 of 2012-13 and some deceleration in imports are likely to help moderate the current account deficit (CAD) to around 5.0%, after a record high of 6.7% in Q3. Despite this, the CAD/GDP ratio for the year 2012-13 is expected to be around 5.0%, way above the sustainable level.

Headline inflation, as measured by the wholesale price index (WPI), fell to 6.0% by the end of the year, the lowest in the last three years. The corresponding figures for the previous two years were 7.69% and 9.68% respectively. However, the Consumer Price Index, (CPI), remained stubbornly in double digits through most of the year, dipping marginally in April to 9.39%. Food inflation continued to show upside pressures throughout 2012-13 and averaged 9.86% during the year, while fuel inflation averaged 10.53% during the same period, largely reflecting periodical upward revisions in administered prices and the pass through of high international crude prices to freely priced items, resulting in what some commentators described as 'Imported' inflation.

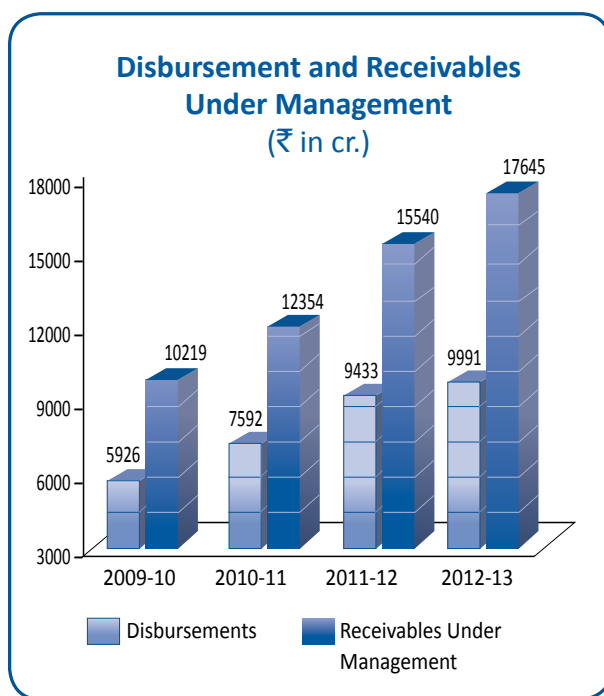
However, taking note of the overall inflation trends, RBI responded to the call for revival of growth and revised its policy rates three times between July 2012 and May 2013, reducing Repo rates from 8% to 7.25% and Reverse Repo rates from 7% to 6.25%. Liquidity management however, remained a major challenge for the RBI during the year. In order to redress the liquidity deficit, Reserve Bank of India reduced the cash reserve ratio (CRR) by 75 basis points, (from 4.75% to 4.00%) between July 2012 and May 2013, and the Statutory Liquidity Ratio by 100 basis points from 24.00% to 23.00%, in July 2012.

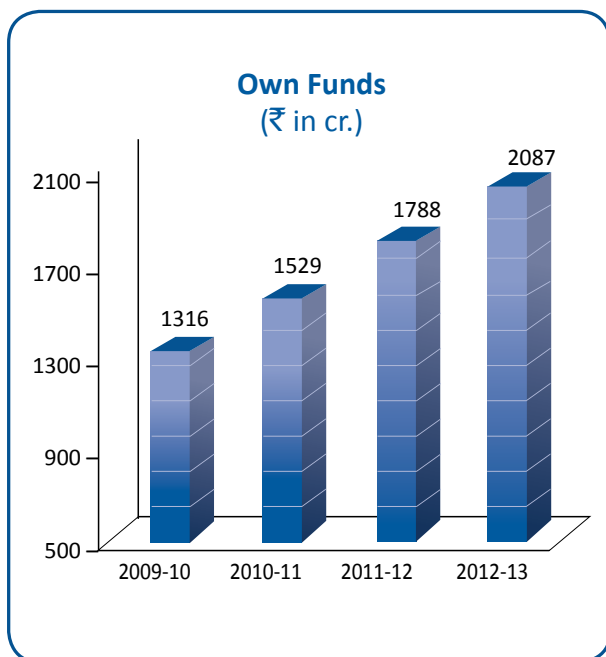
AUTOMOTIVE SECTOR

The automotive industry in India was amongst the worst hit sectors of the economy. Sales of medium and heavy commercial vehicles (M/HCV) registered a steep fall of 23% during 2012-13 as against a growth of 8% in the previous year, as a direct result of the below normal monsoon and the continuing sluggishness in the manufacturing and infrastructure sectors. Sales of light commercial vehicles, driven predominantly by the sub one tonne segment, grew by 14% as against 23% in the previous year. Sales of Cars and multi-utility vehicles recorded a 2% growth in 2012-13 as against 4% in the previous year. The current level of economic growth, flagging buyer sentiment, high interest rates and high fuel prices, are some of the reasons attributed to the indifferent performance of the passenger vehicle segment. Sales of tractors also declined 2%, from the previous year.

OPERATING & FINANCIAL PERFORMANCE

Reflecting the trends in the automotive sector, your Company's disbursements at ₹ 9991 cr. for the year, registered a modest growth of 6%, over the previous year.





The gross receivables managed by the Company, grew by 13.5% and stood at ₹ 17645 cr. as at 31st March 2013. Your Company increased its market share in the M&HCV segment, its traditional area of strength. The Company's continued 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. In December 2012, Reserve Bank of India (RBI), issued draft guidelines on the regulatory framework for NBFCs, which, inter alia, propose that the asset classification and provisioning norms for NBFCs, should, in a phased manner, be made similar to those for banks. In view of the imminent tightening of regulations, the Company has made a provision of ₹ 15.81 cr. on assets whose instalments are overdue for 120 days and above. Further, the Company foresees emerging stress on Commercial vehicle operators, occasioned by the difficult economic environment and has, as a measure of prudence, made an additional provision of ₹ 20.91 cr. during the year. Gross and Net NPAs as at 31st March, 2013 stood at 1.04% and 0.45%, respectively, based on the more stringent classification norms - as detailed above - adopted by your Company.

The net profit from operations was ₹ 410.11 cr. as against ₹ 355.45 cr. in the previous year, registering a growth of 15.38%. The Company's Net-Worth stood at ₹ 2086.71 cr. as on 31.3.2013. Capital Adequacy (CRAR) at 17.85% was comfortably higher than the statutory requirement of 15%. Your Company continues with the higher level of provisioning on standard assets, at 0.40%, as against the statutory requirement of 0.25% and has transferred an amount of ₹ 3.46 cr. towards Contingent Provision against Standard Assets.

RESOURCE MOBILISATION

a) Deposits

During the year, your Company mobilised fresh deposits aggregating to ₹ 343.24 cr. Renewal of deposits during the year amounted to ₹ 389.01 cr. representing 79% of the matured deposits of ₹ 490.25 cr. Deposits outstanding at the year-end were at ₹ 1476.99 cr. as against ₹ 1260.84 cr. in the previous year. The Net accretion for the financial year was ₹ 216.15 cr. which is the highest ever in a single financial year, in the history of your Company.

As at 31st March 2013, 3800 deposits amounting to ₹ 20.52 cr. had matured for payment and were due to be claimed or renewed. After close follow-up, the figures are currently down to 2188 and ₹ 10.02 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 ₹ 3219.29 cr. across various tenors.

c) Bank Finance

As part of the overall funding plan, your Company's working capital limits with Consortium banks were increased from ₹ 1500 cr. to ₹ 1800 cr. during the year. Your Company also issued several tranches of commercial paper aggregating to ₹ 5615 cr. The maximum amount outstanding at any time was ₹ 2500 cr. and the amount outstanding at the end of the year was ₹ 1450 cr.

d) Assets Securitised / Assigned

In August 2012, RBI announced the revised Guidelines on Securitisation transactions, with a view to develop an orderly and healthy securitisation market and encourage greater alignment of the interests of the originators and investors. During the year, your Company raised resources to the extent of ₹ 1991.26 cr. through securitisation and assignment of hypothecation loan receivables.

CREDIT RATINGS

All the borrowings of the Company are rated. The short term borrowings (including commercial papers) are rated "A1+" (very strong degree of safety). Fixed Deposits are rated "AAA" (Highest Credit Quality). The long term borrowings are rated "AA+" (High Degree of Safety), with a "Stable outlook" and are rated by ICRA, CRISIL and FITCH.

REGULATORY CHANGES

In December 2012, Reserve Bank of India issued draft Guidelines on "Review of NBFC Regulatory Framework – Recommendations of the Working Group on Issues and Concerns in the NBFC Sector" for public comments. While appreciating the broad thrust of the Guidelines, your Company has raised a number of issues in its representation to RBI, covering, among others, the areas of Asset Classification, Increase in Tier 1 Capital, Principal Business criteria and Corporate Governance, as detailed below.

- (a) Asset Classification – Tightening of NPA norms to be kept in abeyance until the benefits under Income tax Act and SARFAESI Act are extended to NBFCs.

- (b) Tier I Capital – Higher Tier I capital to be made effective after allowing the benefit of lower risk weightage for retail assets.

- (c) Principal Business Criteria – Definition of Financial Assets to include SLR and liquid investments.

- (d) Corporate Governance – Alignment of norms with other extant laws.

- (e) Access to Perpetual Debt Instruments and External Commercial Borrowings be extended to NBFC-AFCs.

OUTLOOK

Prospects for the coming year continue to remain uncertain. While the emergence of so-called 'green shoots' in the economy, are being mentioned in some quarters, the signs are faint, at best. The fact remains that until the severe fiscal imbalances are corrected, economic growth will continue to suffer. In recent months, the government has made some course corrections by way of policy responses and spelt out a path of fiscal consolidation. The fiscal deficit target for FY13 has been contained below the revised Budget estimates of 5.3% of GDP and is targeted to come in lower, at 4.8% of GDP in FY14. The RBI, on the other hand, could consider some calibrated easing, encouraged by the prospect of falling inflation and global commodity prices. However, the recent weakening of the Rupee could nullify all the gains and curtail the room for easing.

WPI inflation is expected to be around 5.5% during 2013-14, based on forecasts of domestic demand-supply, global commodity prices and the expectation of a normal monsoon. In summary, the prospect of some monetary easing, a normal monsoon and revival of stalled infrastructure projects could pave the way for a turnaround in the economy. But fiscal prudence and clear policy direction remain critical, if India is to continue attracting substantial foreign investments and get back on a sustained growth path.

According to The Society of Indian Automobile Manufacturers (SIAM), sales of all categories of vehicles are estimated to grow by 6-8% in 2013-14 and that of medium and heavy commercial vehicles by 1-3%, with “sales likely to remain sluggish over the next few quarters with probably marginal recovery during the second half. The SIAM forecast will be dependent on many factors such as monsoon, government policies, stability of government at the Centre, international crude prices and currency fluctuations.”

Your Company's fortunes are closely linked with those of the automotive sector. Consequently, the Company's disbursements are only expected to grow at a modest pace in the financial year 2013-14. Your Company, while continuing to be a leading player in the M&HCV segment, has also taken initiatives to deepen its presence in several other segments of the automotive industry, including Light commercial vehicles and tractors, besides offering a number of working capital products to our commercial vehicle customers and distributing a wide range of retail financial products, such as Home loans, Insurance and Mutual Funds, to all our customers. Your Company has built strong customer relationships over several decades and delivers the unique Sundaram Experience, through an extensive branch network and a dedicated team.

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 has been redesigned and upgraded in stages to meet the long-term, future needs. During the year, your Company implemented PROJECT SUNDARAM, a state of the art software solution, built on Java Platform, with rich capabilities. The entire application was designed and developed in house, assimilating six decades of domain expertise in retail lending and providing real time transaction processing to branches all over the country. The new system and the Business Continuity Plan of the Company are systematically reviewed by the independent systems auditors. A remote Disaster Recovery Centre set up last year, has become fully functional.

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, the Balance Sheet, Statement of Profit and Loss, 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 on your Company's 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 reported another year of excellent performance. The Company approved loans aggregating to ₹ 2847 cr. as against ₹ 2248 cr. in the previous year (PY), while disbursements at ₹ 2572 cr. (PY ₹ 1948 cr.), grew significantly by 32%. The Company earned a gross income of ₹ 692 cr. (PY ₹ 485 cr.) and reported an impressive 35% growth in profit after tax at ₹ 126.55 cr. (PY ₹ 93.73 cr.). The loan portfolio as at 31st March 2013 stood at ₹ 5902 cr. as against ₹ 4226 cr. in the previous year. The gross and net NPA stood at 0.77% and 0.23% respectively as of 31.03.2013, clearly one of the best in the industry. The Company proposed a higher dividend of 35% for the year as against 25% during the previous year.

• Sundaram Asset Management Company Limited

Sundaram Asset Management Company Limited earned a gross income of ₹ 118.30 cr. as against ₹ 105.10 cr. in the previous year and reported a profit after tax of ₹ 16.86 cr. as against ₹ 11.00 cr. in the previous year. The Average Assets under Management of the Company were ₹ 13574 cr. for the year 2012-13 as compared to ₹ 14226 cr. in the previous year and the investor base stood at 1.63 million. The Company recommended a dividend of 30% for the year as against 20% during the previous year.

• Sundaram Trustee Company Limited

Sundaram Trustee Company Limited earned a gross income of ₹ 1.27 cr. as against ₹ 1.34 cr. in the previous year and reported a profit after tax of ₹ 0.40 cr. for the year, as against ₹ 0.46 cr. 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 ₹ 12.39 cr. as against ₹ 7.56 cr. in the previous year. The profit after tax for the year was at ₹ 0.73 cr. as against ₹ 2.36 cr. in the previous year. The Company recommended a dividend of 100% for the year.

- **LGF Services Limited**

During the year, LGF Services Limited earned revenue from operations of ₹ 6.46 cr. as against ₹ 5.51 cr. in the previous year. The profit after tax for the year was at ₹ 0.79 cr. as against ₹ 1.72 cr. in the previous year. The Company recommended a dividend of 200% for the year.

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

The Company earned total revenue of ₹ 32.79 cr. as against ₹ 25.43 cr. in the previous year. The profit after tax for the year was at ₹ 6.54 cr. as against ₹ 0.18 cr. in the previous year. The Company has made significant progress towards developing the next generation software solution for Lending Companies. The Company has made deeper inroads into the Australian market and has also set up an office in Sharjah, UAE to tap into the potential of the Middle East market.

- **Sundaram BNP Paribas Fund Services Limited**

Sundaram BNP Paribas Fund Services Limited earned an income of ₹ 14.57 cr. during the year, which was higher by 21.59% as against ₹ 11.98 cr. in the previous year. The Company reported a loss of ₹ 13.78 cr. during the year as against ₹ 14.51 cr. in the previous year.

During the year, the Company has secured the ISO 27001:2005 certification of its Information Security

Management System covering the entire gamut of services offered. The Company achieved an overall quality processing level of above 99% which is a benchmark in the industry.

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

Consequent to the management's decision to exit the logistics business, contracts which expired were not renewed. Therefore, the revenue of Infreight during the year dropped sharply to ₹ 0.89 cr. as against ₹ 8.69 cr. in the previous year. The Company incurred a loss of ₹ 0.05 cr. during the year as against profit of ₹ 1.77 cr. earned during the previous year.

- **Sundaram BPO India Limited**

In order to centralise the domestic BPO operations under one umbrella, Sundaram BPO India Limited was incorporated as a subsidiary of your Company on 7th August 2012.

Sundaram Business Services Limited moved its India-centric business to Sundaram BPO India Limited with effect from 1st October 2012.

Further, the subsidiaries which were engaged in India-centric business, Professional Management Consultants Limited and Caltec Servicez Private Limited, were merged with Sundaram BPO India Limited with effect from 1st October 2012, pursuant to the Order passed by the Honourable High Court of Judicature at Madras on 26th April 2013.

The Company earned a gross income of ₹ 11.07 cr. for the period 7th August 2012 to 31st March 2013 and posted profit before tax of ₹ 0.14 cr.

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

During the year, SBSL earned revenue of ₹ 25.29 cr. as compared to ₹ 27.15 cr. in the previous year. The drop in revenue was on account of the transfer of all the domestic business of the Company to Sundaram BPO India Limited effective 1st October 2012.

As against a profit before tax of ₹ 1.06 cr. last year, SBSL has posted a loss ₹ 0.70 cr. before taxes. The loss was occasioned by increased investments towards business development in new markets which are expected to help the Company grow in the coming years.

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

During the period ended 30th September 2012, PMC earned revenues of ₹ 1.91 cr. as compared to ₹ 6.13 cr. for the financial year ended 31st March 2012. The Company was merged with Sundaram BPO India Limited with effect from 1st October 2012, pursuant to the Order passed by the Honourable High Court of Judicature at Madras on 26th April 2013.

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

During the period ended 30th September 2012, Caltec earned revenues of ₹ 2.15 cr. as compared to ₹ 4.98 cr. for the financial year ended 31st March 2012. The Company was merged with Sundaram BPO India Limited with effect from 1st October 2012, pursuant to the Order passed by the Honourable High Court of Judicature at Madras on 26th April 2013.

- **Other Subsidiaries**

The financials of Sundaram Parekh Warehousing Services Limited, Sundaram Insurance Broking Services

Limited and Sundaram Asset Management Singapore Pte. Limited which have not yet commenced their core business operations are furnished in the statement giving financial information of subsidiary companies.

JOINT VENTURES

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

Royal Sundaram reported an impressive profit after tax of ₹ 54.67 cr. during the year. The Gross Written Premium (GWP) was ₹ 1560 cr. as compared to ₹ 1479.79 cr. in the previous year. The Company has been able to balance prudent selection and pricing of risks resulting in focus on profitable growth. During the year, the shareholders of Royal Sundaram infused additional capital of ₹ 40 cr. taking the total paid-up capital of the Company to ₹ 315 cr.

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

BNP Paribas Sundaram Global Securities Operations Private Limited earned total revenue of ₹ 108.28 cr. during the year as against ₹ 76.95 cr. in the previous year. The Company reported a profit after tax of ₹ 8.87 cr. during the year, as against ₹ 8.54 cr. in the previous year. The Company recommended a dividend of 91% for the year ended 31st March 2013 as against 89% for the previous year.

DIRECTORS

Sri S Ram, Sri Srinivas Acharya and Sri T T Srinivasaraghavan 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 2012-13, expenditure in foreign currencies amounted to ₹ 4.54 cr. on account of interest and other charges. Foreign Currency earnings amounted to ₹ 13.31 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

Based on the recommendations of the Compensation and Remuneration Committee, your Board of Directors have granted 18,000 stock options to its eligible employees, on 29.05.2013. The disclosure required under SEBI Guidelines, in this regard, is furnished in the Annexure.

BUSINESS RESPONSIBILITY REPORT

SEBI, vide its Circular CIR/CFD/DIL/8/2012 dated August 13, 2012, has mandated the top 100 listed entities, based on market capitalisation at BSE and NSE, to include Business

Responsibility Report (BRR) as part of the Annual Report, describing the initiatives taken by them from Environmental, Social and Governance perspectives.

Though not mandatorily required to present the BRR, your Company has, as a measure of good governance, presented it as part of this report.

CORPORATE SOCIAL RESPONSIBILITY

Your Company along with its subsidiaries and associates (Sundaram Finance Group) is involved in a number of community focused activities in the areas of health, education and preservation of the country's rich culture and heritage.

Healthcare

In the healthcare sector, the Group has established the Sundaram Medical Foundation, a non-profit Trust that runs the Dr. Rangarajan Memorial Hospital. The primary objective of this community centric hospital is to deliver affordable, high quality health care services. Within a span of almost two decades, the Sundaram Medical Foundation has established itself as a centre for clinical and academic excellence. It occupies an eminent position in the healthcare sector of India as a model of cost-conscious, affordable, healthcare delivery and corporate involvement in social projects.

For the past 14 years, the Group has been associated with the Hindu Mission Hospital in Tambaram, Chennai that caters to the medical needs of under-served rural communities. It regularly conducts free rural mobile clinics with the help of its 400 medical and paramedical staff.

Cancer, schizophrenia, kidney and ophthalmic care are some of the other health care causes that the Group supports through organisations such as the Cancer Institute, Cancer Relief Society, Schizophrenia Research Foundation, Tanker Foundation and Sankara Nethralaya.

Education

The Group has been supporting the activities of several schools, colleges, Universities and NGOs, such as the The Kuppuswami Sastri Research Institute, Central Chinmaya Mission Trust, Vidya Mandir, Ramakrishna Mission Students Home, Swami Vivekananda Rural Development Society, Laxmi Charities, Kuruvilla Jacob Memorial Educational Trust, Madras School of Economics, Vivekananda College, SASTRA University and the University of Madras.

Culture, Heritage and Children's Development

Your Company is involved in a wide spectrum of activities aimed at encouraging children's participation in art and craft, music and personality development, through year round programmes. The Company is also closely involved with the 'Sundaram Finance Mylapore Festival', a popular annual festival in Chennai that showcases folk art, music and dance, again with emphasis on children.

Environment

Your Company was one of the earliest to adopt a public park, the Nageswara Rao Park in Mylapore, Chennai. The upkeep and maintenance of the park have come in for wide appreciation from the media and local community, alike.

Your Company initiated the Solar Energy Project in 2011 with a view to participate in the development of renewable energy, which is a pressing need for the country. Your Company has taken up this initiative in several branches across the country, as well as the Head Office at Chennai. The installed capacity of Solar energy as at 31st March was 110 Kw and plans are afoot to add to this in the current year.

Sundaram Finance Group has adopted an eco-friendly e-waste management and disposal process for all its electrical and electronic assets in order to nurture the spirit of a Pollution-free Green World.

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.

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.

Your directors also place on record their appreciation of the tireless efforts of Team Sundaram, a dedicated and loyal band of people who have displayed unswerving commitment to their work in these challenging times and helped the Company deliver strong results.

For and on behalf of the Board

Chennai 600 002
29th May 2013

S VIJI
Chairman

Business Responsibility Report for the Financial Year 2012-13

Section A: General Information about the Company

1. Corporate Identity Number (CIN) : L65191TN1954PLC002429
2. Name of the Company : Sundaram Finance Limited
3. Registered address : 21, Patullos Road, Chennai 600 002
4. Website : www.sundaramfinance.in
5. E-mail id : investorservices@sundaramfinance.in
6. Financial Year reported : 2012-13
7. Sector(s) that the Company is engaged in (industrial activity code-wise)
 As per National Industrial Classification – 2008:
 Section K - Financial and Insurance Activities
 Division 64 – Financial service activities, except insurance and pension funding.
8. List three key products / services that the Company manufactures / provides (as in balance sheet)
 - A. Providing finance for purchase of commercial vehicles, cars, multi-utility vehicles, construction equipment, tractors and working capital finance.
 - B. Distribution of full range of financial products like mutual fund, deposits, insurance etc.
9. Total number of locations where business activity is undertaken by the Company
 - i. Number of International Locations (Provide details of major 5)
 Nil
 - ii. Number of National Locations
 562 locations
10. Markets served by the Company – Local / State / National / International
 National

Section B: Financial Details of the Company (as on 31.03.2013)

1. Paid up Capital (INR) : ₹ 111.10 cr.
2. Total Turnover (INR) : ₹ 2131.78 cr.
3. Total profit after taxes (INR) : ₹ 410.11 cr.
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)

The Company's total spending on CSR is 1.80% of the average profit after taxes in the previous three financial years.

5. List of activities in which expenditure in 4 above has been incurred:-

- A. Health
- B. Education
- C. Social Welfare
- D. Promotion of culture and heritage

Section C: Other Details

1. Does the Company have any Subsidiary Company / Companies?

Yes.

2. Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

Business Responsibility initiatives of the Parent Company are generally followed by the subsidiary companies to the extent possible.

3. Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]

No.

Section D: BR Information

1. Details of Director / Directors responsible for BR

- a) Details of the Director / Directors responsible for implementation of the BR policy / policies

| | |
|-------------|---------------------------|
| DIN Number | 00018247 |
| Name | Sri T T Srinivasaraghavan |
| Designation | Managing Director |

b) Details of the BR head

| S. No. | Particulars | Details |
|--------|----------------------------|--------------------------------|
| 1. | DIN Number (if applicable) | |
| 2. | Name | Sri P Viswanathan |
| 3. | Designation | Secretary & Compliance Officer |
| 4. | Telephone Number | 044 2888 1207 |
| 5. | Email id | pv@sundaramfinance.in |

2. Principle-wise (as per NVGs) BR Policy / policies (Reply in Y / N)

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as under:

P1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

P2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

P3: Businesses should promote the wellbeing of all employees.

P4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

P5: Businesses should respect and promote human rights.

P6: Business should respect, protect, and make efforts to restore the environment.

P7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

P8: Businesses should support inclusive growth and equitable development.

P9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

| Sr. No. | Questions | Business Ethics | Product Responsibility | Wellbeing of Employees | Stakeholder Engagement | Human Rights | Environment | Public Policy | CSR | Customer Relations |
|---------|--|-----------------|------------------------|------------------------|------------------------|--------------|-------------|---------------|-----|--------------------|
| | | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
| 1 | Do you have a policy / policies for.... | Y | N | Y | N | Y | N | N | Y | Y |
| 2 | Has the policy being formulated in consultation with the relevant stakeholders? | Y | - | Y | - | Y | - | - | Y | Y |
| 3 | Does the policy conform to any national / international standards? If yes, specify? (50 words) | Y | - | Y | - | Y | - | - | Y | Y |
| 4 | Has the policy being approved by the Board? Is yes, has it been signed by MD / owner / CEO / appropriate Board Director? | Y | - | Y | - | Y | - | - | Y | Y |
| 5 | Does the company have a specified committee of the Board / Director / Official to oversee the implementation of the policy? | Y | - | Y | - | Y | - | - | Y | Y |
| 6 | Indicate the link for the policy to be viewed online? | * | - | * | - | * | - | - | * | * |
| 7 | Has the policy been formally communicated to all relevant internal and external stakeholders? | Y | - | Y | - | Y | - | - | Y | Y |
| 8 | Does the company have in-house structure to implement the policy / policies. | Y | - | Y | - | Y | - | - | Y | Y |
| 9 | Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies? | Y | - | Y | - | Y | - | - | Y | Y |
| 10 | Has the company carried out independent audit / evaluation of the working of this policy by an internal or external agency? | N | - | N | N | N | - | - | N | N |

* http://www.sundaramfinance.in/app_documents/companyinfo/Policies_on_BRR.pdf

2a. If answer to S. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

| Sr. No. | Questions | Business Ethics | Product Responsibility | Wellbeing of Employees | Stakeholder Engagement | Human Rights | Environment | Public Policy | CSR | Customer Relations |
|---------|---|-----------------|------------------------|------------------------|------------------------|--------------|-------------|---------------|-----|--------------------|
| | | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
| 1 | The company has not understood the Principles | - | - | - | - | - | - | - | - | - |
| 2 | The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles | - | - | - | - | - | - | - | - | - |
| 3 | The company does not have financial or manpower resources available for the task | - | - | - | - | - | - | - | - | - |
| 4 | It is planned to be done within next 6 months | - | - | - | - | - | - | - | - | - |
| 5 | It is planned to be done within the next 1 year | - | - | - | - | - | - | - | - | - |
| 6 | Any other reason (please specify) | - | * | - | * | - | * | * | - | - |

* Considering the nature of company's business, these Principles have limited applicability. The Company complies with Regulations governing its operations and has taken initiatives to promote inclusive growth and environmental sustainability.

3. Governance related to BR

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

Annually.

- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

No.

Section E: Principle-wise performance

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes / No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

Yes. The Policy covers the company, group and joint ventures.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

| From | Received and Resolved during the year 2012-13 |
|--------------|---|
| Shareholders | Two |
| Depositors | One |
| Customers | Seven |

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

Not Applicable

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

- i. Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?
ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Not Applicable

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

- i. If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Not Applicable

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Yes, wherever possible.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Yes, wherever possible.

Principle 3: Businesses should promote the wellbeing of all employees

1. Please indicate the Total number of employees.

3,184

2. Please indicate the Total number of employees hired on temporary / contractual / casual basis.

2,797

3. Please indicate the Number of permanent women employees.

118

4. Please indicate the Number of permanent employees with disabilities

The Company does not specifically track the number of disabled employees. The Company gives equal opportunities and treats all employees at par. Based on the income-tax declarations which enable claiming income-tax deduction for self-disability, the Company has 3 employees.

5. Do you have an employee association that is recognized by management.

Yes

6. What percentage of your permanent employees is members of this recognized employee association?

42.65%

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Nil

| S. No. | Category | No. of complaints filed during the financial year | No. of complaints pending as on end of the financial year |
|--------|--|---|---|
| 1. | Child labour / forced labour/ involuntary labour | Nil | |
| 2. | Sexual harassment | | |
| 3. | Discriminatory employment | | |

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

- A. Permanent Employees
- B. Permanent Women Employees
- C. Casual / Temporary / Contractual Employees
- D. Employees with Disabilities

All employees of the Company (Permanent men, Permanent women and Contractual employees are covered by skill upgradation training programmes conducted through our “Sundaram Learning Centre”.

All the employees of the Company at Head Office have been given fire and other safety training while first-aid training had been given to selected employees at HO and at branches.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. Has the company mapped its internal and external stakeholders? Yes/No

No.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

Not Applicable

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders.

If so, provide details thereof, in about 50 words or so.

Not Applicable

Principle 5: Businesses should respect and promote human rights

1. Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

This is covered under our Policies on Business Responsibility Report.

Refer http://www.sundaramfinance.in/app_documents/companyinfo/Policies_on_BRR.pdf

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

Refer Serial no.2 of Principle 1.

Principle 6: Business should respect, protect, and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others.

Not Applicable

2. Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Not Applicable

3. Does the company identify and assess potential environmental risks? Y / N

Not Applicable

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

Please refer to the para “Corporate Social Responsibility” in the Directors’ Report.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y / N. If yes, please give hyperlink for web page etc.

Please refer to the para “Corporate Social Responsibility” in the Directors’ Report.

6. Are the Emissions / Waste generated by the company within the permissible limits given by CPCB / SPCB for the financial year being reported?

Not Applicable.

7. Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

Not Applicable.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

A. Madras Chamber of Commerce & Industry

B. Finance Companies’ Association (India)

C. Finance Industry Development Council

2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

Yes. Representations had been submitted to the Government and regulatory authorities on various matters for the improvement of public good.

Principle 8: Businesses should support inclusive growth and equitable development

1. Does the company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.

Not Applicable.

2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?

Not Applicable.

3. Have you done any impact assessment of your initiative?

Not Applicable.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

Please refer to the para "Corporate Social Responsibility" in the Directors' Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Please refer to the para "Corporate Social Responsibility" in the Directors' Report.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints / consumer cases are pending as on the end of financial year.

Nil.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)

Not Applicable.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

No.

4. Did your company carry out any consumer survey / consumer satisfaction trends?

Yes, this is done periodically.

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 | 79,000* |
| (b) | The pricing formula | ₹ 10/- per share (at par) |
| (c) | Options vested | 44,250 |
| (d) | Options exercised | 44,250 |
| (e) | The total number of shares arising as a result of exercise of Option. | 44,250 |
| (f) | Options lapsed | Nil |
| (g) | Variation of terms of Options | Not Applicable |
| (h) | Money realized by exercise of Option | ₹ 4,42,500/- |
| (i) | Total number of Options in force | 34,750* |
| (j) | Employee-wise details of Options granted on 28th May 2012 (Grant 4) & 29th May 2013 (Grant 5)* | |
| (i) | Senior Managerial Personnel | |
| 1 | Sri. A N Raju | 6,000 |
| 2 | Sri. Paramesh Krishnaier | 4,000 |
| 3 | Sri. K Swaminathan | 2,500 |
| 4 | Sri. M Ramaswamy | 5,500 |
| 5 | Sri. S Ravindran | 1,250 |
| 6 | Sri. P Viswanathan | 3,000 |
| 7 | Sri. S Srinivasan | 1,500 |
| 8 | Sri. S Sivakumar | 500 |
| 9 | Sri. M J Kulkarni | 1,000 |
| 10 | Sri. K Sankarakumar | 1,500 |
| 11 | Sri. Rajesh Venkat | 500 |
| 12 | Sri. S Sridhar | 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 Srinivas Acharya, Managing Director, Sundaram BNP Paribas Home Finance Limited | 6,000 |

* Excluding the Bonus accruals in the ratio of 1:1 for 16,750 options granted vide Grant 4.

| 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 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. | ₹ 0.14 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 ₹ 0.14 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 | Grant 4 |
| | | ₹ 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 | ₹ 10/- per share (at par) and Fair Value is ₹ 630.98 |
| (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 | Black Scholes Model |
| | (i) risk free interest rate, | 4.13% | 5.07% | 8.36% | 8.54% |
| | (ii) expected life, | 368 days | 369 days | 368 days | 368 days |
| | (iii) expected volatility, | 55.92% | 38.27% | 27.12% | 28.14% |
| | (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. | 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 | ₹ 640.15 |

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. Your Company 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 2013:

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

Non-Executive Director:

Sri Srinivas Acharya

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

II. BOARD MEETINGS

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

During the year under review, 8 meetings of the Board of Directors were held.

| | | |
|-----------------|---------------------|-------------------|
| 26th April 2012 | 21st September 2012 | 8th February 2013 |
| 28th May 2012 | 26th October 2012 | 25th March 2013 |
| 27th July 2012 | 28th January 2013 | |

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 | 8 | Yes | 1 | 7 | 1 | 2 |
| Sri S Ram | 8 | Yes | 2 | 6 | 1 | 3 |
| Sri N Venkataramani | 4 | Yes | 5 | 4 | 1 | 5 |
| Sri P N Venkatachalam | 6 | Yes | – | 5 | 1 | 3 |
| Sri S Prasad | 8 | Yes | – | 5 | 3 | 2 |
| Sri S Ravindran | 7 | Yes | – | 7 | – | 2 |
| Sri Aroon Raman | 5 | Yes | – | 2 | – | 1 |
| Sri Srinivas Acharya | 8 | Yes | – | 9 | 3 | 4 |
| Sri T T Srinivasaraghavan | 8 | Yes | 1 | 9 | 5 | 1 |
| Sri Harsha Viji | 8 | Yes | – | 5 | – | 2 |

* 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 | 23rd April 2012, 26th May 2012, 23rd July 2012, |
| Sri S Viji | Member | 8 | 27th August 2012, 24th October 2012, |
| Sri S Ravindran | Member | 8 | 27th November 2012, 21st January 2013, 5th March 2013 |

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 and Remuneration Committee and Bonus Issue 2012 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 31.03.2013) | Relationship with other Directors |
|-----------------------|-----------------------------|----------------------------|---|--|
| Sri S Viji | 1.60 | 7.50 | 8,92,480 ^{(1) *} | Brother of Sri S. Ram and Father of Sri Harsha Viji |
| Sri S Ram | 0.80 | 5.00 | 5,02,988 * | Brother of Sri S. Viji |
| Sri N Venkataramani | 0.40 | 5.00 | — | — |
| Sri P N Venkatachalam | 0.80 | 5.00 | — | — |
| Sri S Prasad | 2.10 | 7.50 | — ⁽²⁾ | — |
| Sri S Ravindran | 1.70 | 7.50 | 3,89,920 ⁽³⁾ | — |
| Sri Aroon Raman | 0.60 | 5.00 | 5,37,896 | — |
| Sri Srinivas Acharya | 1.10 | 5.00 | 2,400 ^{(4)**} | — |

Note: Number of shares held jointly with others: ⁽¹⁾ 8,684, ⁽²⁾ 12,600, ⁽³⁾ 2,26,720, ⁽⁴⁾ 56,776.

Number of shares held as Karta of HUF: ⁽¹⁾ 4,79,912

Includes 11,60,647 shares * and 480 shares ** held as Trustees / Executor respectively

Amount of deposits placed by the Non-Executive Directors in the Company aggregated to ₹ 496.29 lakhs as on March 31, 2013. The interest on these deposits paid / credited during the year 2012-13 amounted to ₹ 51.32 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 Compensation and Remuneration Committee and 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 | 42.00 | 27.00 |
| Commission | 175.00 | 57.00 |
| Sitting Fees | 1.10 | 0.80 |
| Contributions to Provident, Superannuation and Gratuity Funds | 13.36 | 4.54 |
| Other allowances and perquisites | 33.74 | 52.75 |

* Son of Sri S Viji, Chairman

V. SHARE TRANSFER AND INVESTOR RELATIONS COMMITTEE

The Share Transfer and Investor Relations Committee

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

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

| Name of the Director | | No. of Meetings Attended | Meeting dates |
|-----------------------------|----------|--------------------------|--------------------|
| Sri S. Prasad | Chairman | 2 | 4th July 2012, |
| Sri T. T. Srinivasaraghavan | Member | 2 | 25th February 2013 |
| Sri Srinivas Acharya | Member | 2 | |

Sri P. Viswanathan, Secretary, is the Compliance Officer. During the year under review, the Company received 6 communications from the shareholders, which were attended to. Two investor complaints were received and resolved during the year. None was pending unresolved as on 31st March, 2013.

VI. COMPENSATION & REMUNERATION COMMITTEE

The Compensation & Remuneration Committee was constituted pursuant to the provisions of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the provisions of Schedule XIII to the Companies Act 1956 and Clause 49 of the Listing Agreement. The Terms of Reference of the Committee is as under:

- a) grants Stock Options to eligible employees;
- b) determines the remuneration packages of Executive Directors (Wholetime Directors) of the Company and of the Subsidiary Companies;
- c) 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; and
- d) approves the minimum remuneration payable when the profits are inadequate.

Composition of the Compensation & 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 | 2 | 26th May 2012, 25th March 2013 |
| Sri S Prasad | Member | 2 | |
| Sri S Ravindran | Member | 2 | |
| Sri Aroon Raman | Member | 1 | |

The Company Secretary is the Secretary to the Committee.

VII. BONUS ISSUE 2012 COMMITTEE

During the year, “Bonus Issue 2012” Committee was constituted for the purpose of allotment of bonus shares and for approving various matters connected therewith.

Composition of the Bonus Issue 2012 Committee and attendance of the members at Committee Meeting are as follows:

| Name of the Director | | No. of Meetings Attended | Meeting date |
|-----------------------------|----------|--------------------------|--------------------|
| Sri S. Prasad | Chairman | 1 | 15th December 2012 |
| Sri T. T. Srinivasaraghavan | Member | 1 | |
| Sri Srinivas Acharya | Member | 1 | |

The Company Secretary is the Secretary to the Committee.

VIII. NOMINATION COMMITTEE

On 28th January 2013, a Nomination Committee was constituted as per RBI’s Guidelines on Corporate Governance, with the following terms of reference:

- (i) To identify persons who are qualified to become directors;
- (ii) To undertake process of due diligence to determine the suitability of directors, based upon qualification, track record, integrity and other fit and proper criteria;
- (iii) To recommend the director’s appointment / continuing to hold appointment as a director on the Board;
- (iv) To ensure that such persons meet the relevant criteria prescribed under applicable laws; and
- (v) To review the said criteria from time to time.

Composition of the Nomination Committee is as follows:

| Name of the Director | |
|-----------------------|----------|
| Sri P N Venkatachalam | Chairman |
| Sri S Prasad | Member |
| Sri S Ravindran | Member |
| Sri Aroon Raman | Member |

The Company Secretary is the Secretary to the Committee.

No Meetings of the ‘Nomination Committee’ were held during the year.

IX. GENERAL BODY MEETINGS

Details relating to last three Annual General Meetings:

| Year | Date | Time | Location | No. of Special Resolutions Passed |
|------|----------------|----------|---|-----------------------------------|
| 2012 | 16th July 2012 | 10.25 AM | The Music Academy, New No.168, Old No.306, TTK Road, Chennai 600014 | Nil |
| 2011 | 13th July 2011 | 11.00 AM | The Music Academy, New No.168, Old No.306, TTK Road, Chennai 600014 | Nil |
| 2010 | 15th July 2010 | 11.00 AM | The Music Academy, New No.168, Old No.306, TTK Road, Chennai 600014 | Nil |

One Special Resolution seeking the consent of the Members for increasing the Authorised Share Capital from ₹ 100 cr. to ₹ 250 cr. and consequential amendments in the Memorandum and Articles of Association and one Ordinary Resolution seeking the consent of the Members for capitalizing ₹ 55,55,19,300/- from General Reserve in order to issue bonus shares in the proportion of 1:1, were passed through Postal Ballot and E-voting, as per the procedure prescribed under Section 192A of the Companies Act, 1956 read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 and conducted by Sri T T Srinivasaraghavan and Sri P Viswanathan, Secretary & Compliance Officer, under the overall supervision of the Scrutinizer, Sri T K Bhaskar, Partner, HSB Partners, Advocates, Chennai.

| Resolutions | Date of Special / Ordinary Resolutions | Votes cast in favour | | | | Votes cast against | | | | Result |
|-------------|--|----------------------|----------|--------------------|-------|--------------------|----------|-------|------|--------------------------------|
| | | Postal Ballot | E-voting | Total | % | Postal Ballot | E-voting | Total | % | |
| Special | 04.12.2012 | 3,29,85,877 | 9,92,847 | 3,39,78,724 | 99.98 | 5,211 | 26 | 5,237 | 0.02 | Passed with requisite majority |
| Ordinary | 04.12.2012 | 3,29,91,767 | 9,94,354 | 3,39,86,121 | 99.99 | 21 | 119 | 140 | 0.01 | Passed with requisite majority |

The results of the postal ballots were announced by Sri S Viji, Chairman, at the Registered Office of the Company, posted on the website and advertised in the newspapers.

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

X. 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 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.

XI. MEANS OF COMMUNICATION

- A press meet was organised by the Company on 28th May 2012 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.

XII. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

| Date | Time | Venue |
|----------------------|----------|--|
| 18th July 2013 (Thu) | 11.00 AM | The Music Academy, New No.168, Old No.306, TTK Road, Chennai 600 014 |

- Financial Year – 1st April 2013 to 31st March 2014
- Book Closure dates – 4th July 2013 to 18th July 2013 (both days inclusive)
- Date of payment of dividends
 - Interim – 22nd February 2013 - ₹ 4.50 per share (45%)
 - Final – 19th July 2013 - ₹ 4.50 per share (45%)
- 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 2012-13 & 2013-14 to the above stock exchange.
- NSE Stock Code: SUNDARMFN
- ISIN : INE660A01013
- Details of outstanding shares in Sundaram Finance Limited Unclaimed Shares Suspense Account.

| Particulars | Aggregate Number of shareholders | Outstanding shares lying in Sundaram Finance Limited Unclaimed Shares Suspense Account |
|---|----------------------------------|--|
| Opening Balance as on 13th August 2012* | 62 | 8,528 |
| Add: Bonus shares issued in the ratio of 1:1 on 15th December 2012 | – | 8,528 |
| Total post bonus | 62 | 17,056 |
| Shareholders approached for transfer / delivery during 2012-13; and Shares transferred / delivered during 2012-13 | 1 | 400 |
| Balance as on 31st March 2013 | 61 | 16,656 |

* Account opening date

- 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 |
|-------------------------------|-------------------------|
| Consolidated Dividend 2005-06 | 2nd September 2013 |
| Interim Dividend 2006-07 | 15th April 2014 |
| Final Dividend 2006-07 | 24th August 2014 |
| Interim Dividend 2007-08 | 27th June 2015 |
| Final Dividend 2007-08 | 23rd August 2015 |
| Interim Dividend 2008-09 | 29th March 2016 |
| Final Dividend 2008-09 | 23rd August 2016 |
| Interim Dividend 2009-10 | 6th March 2017 |
| Final Dividend 2009-10 | 14th August 2017 |
| Interim Dividend 2010-11 | 28th February 2018 |
| Final Dividend 2010-11 | 12th August 2018 |
| Interim Dividend 2011-12 | 27th February 2019 |
| Final Dividend 2011-12 | 17th August 2019 |
| Interim Dividend 2012-13 | 10th March 2020 |

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.

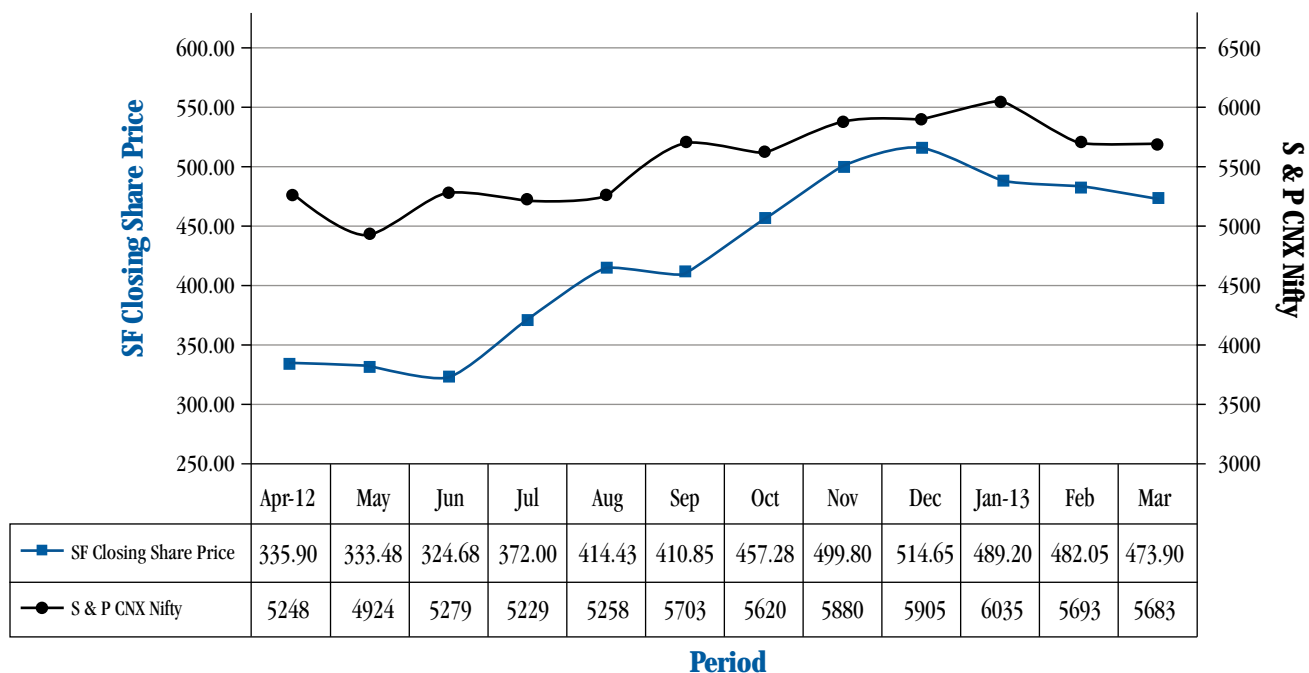
No claim shall lie against the Fund or the Company in respect of unclaimed and unpaid dividends transferred to the IEPF as per Section 205C of the Companies Act, 1956.

MARKET PRICE DATA ON THE NATIONAL STOCK EXCHANGE

| Month | High | Low | Month | High | Low |
|----------|--------|--------|----------|---------|--------|
| Apr – 12 | 725.10 | 650.00 | Oct | 940.50 | 810.00 |
| May | 699.90 | 617.05 | Nov | 1018.40 | 916.00 |
| Jun | 687.50 | 640.00 | Dec (CB) | 1120.00 | 505.10 |
| | | | (XB)* | 526.40 | 495.10 |
| Jul | 769.95 | 643.00 | Jan – 13 | 539.45 | 455.00 |
| Aug | 884.90 | 725.70 | Feb | 533.85 | 465.25 |
| Sep | 850.00 | 800.00 | Mar | 514.75 | 472.10 |

* Ex-bonus 1:1

SHARE PRICE PERFORMANCE



Note: For the above graph, SF Closing Price has been adjusted, till Nov - 12, for bonus issue of 1:1.

- Share transfers were processed and share certificates despatched within fifteen days 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

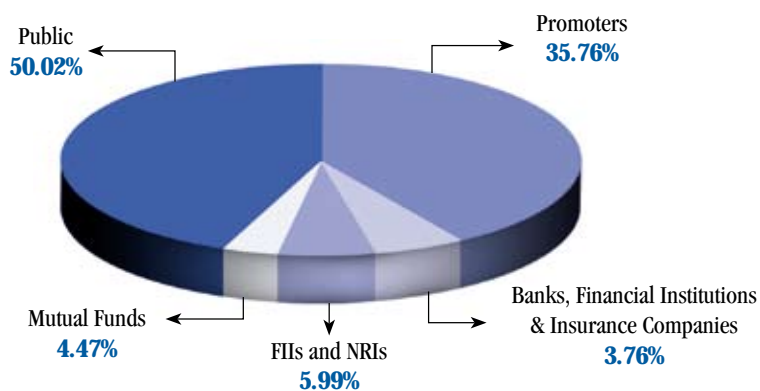
DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2013

| No. of Equity Shares Held | Total Shareholders | Total Shares | Total % to Capital |
|---------------------------|--------------------|---------------------|--------------------|
| Upto 250 | 12,712 | 9,01,980 | 0.81% |
| 251 to 500 | 2,457 | 9,46,620 | 0.85% |
| 501 to 1,000 | 1,893 | 14,61,093 | 1.32% |
| 1,001 to 5,000 | 2,517 | 62,28,373 | 5.61% |
| 5,001 to 10,000 | 456 | 34,12,125 | 3.07% |
| 10,001 to 50,000 | 507 | 1,13,19,401 | 10.19% |
| 50,001 to 1,00,000 | 120 | 88,14,409 | 7.93% |
| 1,00,001 and above | 185 | 7,80,19,859 | 70.22% |
| Total | 20,847 | 11,11,03,860 | 100.00% |

Total shares held in dematerialised form 91.12%

Public shareholding in dematerialised form 86.31%

SHAREHOLDING PATTERN AS ON 31.03.2013



For your queries / grievances / complaints, please contact:

Sri P. Viswanathan
 Secretary & Compliance Officer
 Sundaram Finance Limited
 21 Patullos Road, Chennai 600 002
 Ph : 044-28881207
 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, 2013, 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
Firm Regn. No. 000511S
P. BABU
Partner
Membership No.203358

Place: Chennai
Date: 29th May 2013

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 |
| 2012-13 | 111.10 | 1974.72 | 1476.99 | 11487.36 | 17644.58 | 674.11 | 410.11 | 90.00 | 99.99 |

includes 50% Special Dividend

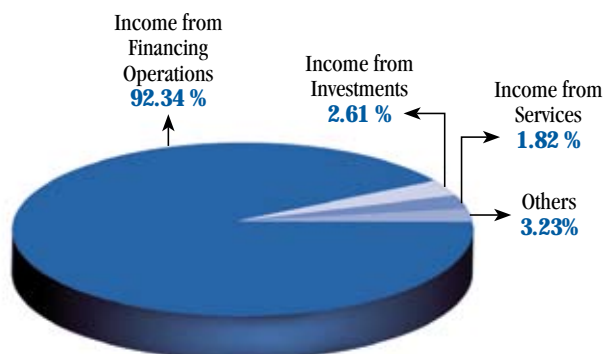
@ includes profit on sale of shares - ₹ 88.13 cr., ₹ 76.82 cr., and ₹ 25.39 cr., respectively.

\$ includes Special Dividend received from a subsidiary company - ₹ 38.85 cr.

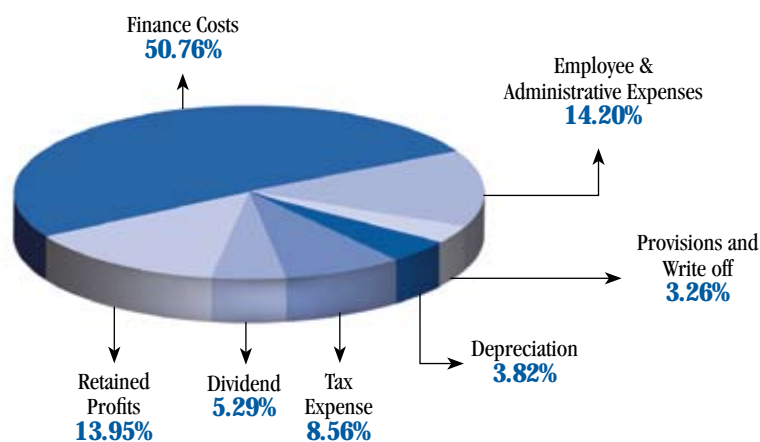
Sources and Distribution of Income (2012-13)

₹ 2131.78 cr.

SOURCES



DISTRIBUTION



Independent Auditors' Report to the Members of Sundaram Finance Limited

1) Report on the Financial Statements

We have audited the accompanying financial statements of Sundaram Finance Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2) Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act") and the guidelines issued by Reserve Bank of India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3) Auditor's Responsibility

- a) Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- b) An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
- c) We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4) Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) In the case of the Statement of Profit and Loss, 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.

5) Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227 (3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. 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.
 - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

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

P. BABU
Partner

Place: Chennai
Date: 29th May 2013

Membership No.203358

Annexure to the Auditors' Report

Referred to in Paragraph 5 of our Report of Even Date

1. a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) 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 four companies and unsecured loans to a company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year was ₹ 6114.20 lakhs for the secured loans and ₹ 595.00 lakhs for the unsecured loans. The balance outstanding at the end of the year was ₹ 2840.00 lakhs in respect of the secured loans and ₹ Nil 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 three companies covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year was ₹ 4468.60 lakhs in respect of debentures issued and ₹ 726 lakhs in respect of the unsecured loans. The balance outstanding at the end of the year was ₹ 4468.60 lakhs in respect of the debentures and ₹ Nil 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.
5. 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, service tax, sales tax, excise duty and cess which are outstanding as at 31st March, 2013 for a period of more than six months from the date they became payable.
9. According to the records of the Company and the information and explanations given to us, there are no dues of wealth tax, customs duty, excise duty and cess which have not been deposited on account of dispute. Details of disputed sales tax and service tax not deposited are as follows:
- | Nature of dues | Amount (₹ in lakhs) | Period to which the amount relates | Forum where the dispute is pending |
|----------------|---------------------|------------------------------------|------------------------------------|
| Sales Tax | 888.48 | 1993-1994 to 2007-2008 | Various appellate authorities |
| Service Tax | 6104.70 | 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
Firm Regn. No. 000511S

P. BABU
Partner

Place: Chennai
Date: 29th May 2013

Membership No. 203358

Balance Sheet

as at 31st March, 2013

(₹ in Lakhs)

| Particulars | Note | March 31, 2013 | March 31, 2012 |
|---|---------|---------------------------|---------------------------|
| <u>EQUITY AND LIABILITIES</u> | | | |
| Shareholders' funds | | | |
| Share capital | 2 | 111,10.39 | 55,55.19 |
| Reserves and surplus | 3 | 1975,60.13 | 1732,96.57 |
| Money received against share warrants | | — | — |
| | | 2086,70.52 | 1788,51.76 |
| Share application money pending allotment | | — | — |
| Non-current liabilities | | | |
| Long-term borrowings | 4 | 5041,54.44 | 5357,74.47 |
| Other Long-term liabilities | 5 | 137,74.50 | 98,15.38 |
| Long-term provisions | 6 | 63,83.19 | 49,46.16 |
| | | 5243,12.13 | 5505,36.01 |
| Current liabilities | | | |
| Short-term borrowings | 7 | 2400,24.07 | 1997,32.41 |
| Trade Payables | 8 | 43,95.70 | 44,64.37 |
| Other current liabilities | 9 | 4714,20.30 | 3461,56.11 |
| Short-term provisions | 10 | 149,36.20 | 133,74.79 |
| | | 7307,76.27 | 5637,27.68 |
| TOTAL EQUITY AND LIABILITIES | | <u>14637,58.92</u> | <u>12931,15.45</u> |
| <u>ASSETS</u> | | | |
| Non-current assets | | | |
| Fixed assets | 11 | | |
| Tangible assets | | 299,75.52 | 266,40.08 |
| Intangible assets | | 31,81.37 | 7,70.71 |
| Intangible assets under development | | 31.63 | 20,29.29 |
| | | 331,88.52 | 294,40.08 |
| Non-current investments | 12 | 826,35.79 | 755,49.29 |
| Deferred tax assets (net) | 13 | 90,50.28 | 58,54.18 |
| Long-term loans and advances | 14 | 6292,64.84 | 5669,57.79 |
| Other non-current assets | 15 | 10,00.43 | 8,93.91 |
| | | 7551,39.86 | 6786,95.25 |
| Current assets | | | |
| Current investments | 16 | 217,93.74 | 8,50.70 |
| Cash and Bank balances | 17 | 874,36.12 | 429,08.91 |
| Short-term loans and advances | 18 | 5831,45.84 | 5582,09.42 |
| Other current assets | 19 | 162,43.36 | 124,51.17 |
| | | 7086,19.06 | 6144,20.20 |
| TOTAL ASSETS | | <u>14637,58.92</u> | <u>12931,15.45</u> |
| 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
P. Babu
Partner
Membership No.203358
Chennai,
Dated: 29th May, 2013

S. Viji
Chairman
T. T. Srinivasaraghavan
Managing Director
M. Ramaswamy
Chief Financial Officer
P. Viswanathan
Secretary & Compliance Officer

S. Prasad
S. Ravindran
S. Ram
Directors

N. Venkataramani
P. N. Venkatachalam
Srinivas Acharya
Directors

Statement of Profit and Loss

for the Year Ended 31st March, 2013

(₹ in Lakhs)

| Particulars | Note | 2012-13 | 2011-12 |
|--|--------------|--------------------------|--------------------------|
| REVENUE: | | | |
| Revenue from operations | 20 | 2063,01.71 | 1698,71.26 |
| Other income | 21 | 68,76.30 | 60,38.39 |
| Total Revenue | (A) | <u>2131,78.01</u> | <u>1759,09.65</u> |
| EXPENSES: | | | |
| Finance Costs | 22 | 1082,15.31 | 883,59.78 |
| Employee benefits | 23 | 161,92.77 | 145,36.04 |
| Administrative and Other expenses | 24 | 140,69.29 | 115,98.01 |
| Provisions and Write Off | 25 | 69,43.71 | 28,90.46 |
| Depreciation | | 81,50.30 | 67,08.30 |
| Contingent Provision against Standard Assets | | 3,45.74 | 6,02.40 |
| Total expenses | (B) | <u>1539,17.12</u> | <u>1246,94.99</u> |
| Profit before Tax | (A-B) | 592,60.89 | 512,14.66 |
| Tax Expense: | | | |
| Current tax | | 214,45.93 | 168,95.53 |
| Deferred tax | | (31,96.10) | (12,26.33) |
| | | <u>182,49.83</u> | <u>156,69.20</u> |
| Profit after Tax | | <u>410,11.06</u> | <u>355,45.46</u> |
| Basic and Diluted Earnings Per Share of ₹ 10 each (in ₹) | | 36.91 | 31.99 |
| 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
P. Babu
Partner
Membership No.203358
Chennai,
Dated: 29th May, 2013

S. Viji
Chairman
T. T. Srinivasaraghavan
Managing Director
M. Ramaswamy
Chief Financial Officer
P. Viswanathan
Secretary & Compliance Officer

S. Prasad
S. Ravindran
S. Ram
Directors

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.

The assets and liabilities have been classified as non-current and current based on a 12 month operating cycle.

- 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. On assets securitised / assigned during the year, income is recognised over the life of the underlying assets based on the method prescribed by RBI vide their guidelines dated 21st August 2012.

On assets securitised during the previous year, income is recognised over the life of the underlying assets based on the method prescribed by RBI vide their guidelines dated 1st February 2006. In respect of assets assigned during the previous years, the Excess Interest Spread 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 up to 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 and Zero Coupon Non-Convertible Debentures 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 and Investment Property 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 ₹ 5,000 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.

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 the 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 Statement of Profit and Loss.

Exchange differences on forward exchange contracts, entered into for hedging foreign exchange fluctuation risk in respect of asset / liability are recognised in the Statement of Profit and Loss 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 Statement of Profit and Loss .

Defined Benefit Plan

i. Gratuity:

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

ii. Leave Encashment

The Company contributes to a staff leave encashment scheme managed by SBI Life Insurance Company Limited. 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 Statement of Profit and Loss 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)

Authorised Capital
25,00,00,000 Equity Shares of ₹ 10/- each

Issued, Subscribed and fully paid-up
11,11,03,860 Equity Shares of ₹ 10/- each

| 31.03.2013 | 31.03.2012 |
|------------|------------|
| 250,00.00 | 100,00.00 |
| 111,10.39 | 55,55.19 |

- a) Paid-up share capital includes 10,65,27,475 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) No shareholder of the Company holds more than 5% of the Equity Shares.
- c) The Company issued 5,55,51,930 Equity Shares and 2,77,75,965 Equity Shares by way of bonus shares during the financial years 2012-13 and 2008-09 respectively

Reconciliation of number of shares

At the beginning of the year

Add: Issue of Bonus shares during the year

At the end of the year

| 31.03.2013 | 31.03.2012 |
|--------------|-------------|
| 5,55,51,930 | 5,55,51,930 |
| 5,55,51,930 | - |
| 11,11,03,860 | 5,55,51,930 |

NOTES TO THE ACCOUNTS (Contd.)

Note 3: Reserves and Surplus

(₹ in lakhs)

| | 31.03.2013 | 31.03.2012 |
|--|-------------------|-------------------|
| a) Capital Reserve | 50,79.64 | 50,79.64 |
| b) Share Options Outstanding Account | | |
| At the beginning of the year | 78.26 | 66.41 |
| Less: Shares transferred on exercise of option | 11.29 | 11.80 |
| Less: Transfer to General Reserve | 66.97 | 54.61 |
| Add: Granted during the year | 1,05.55 | 78.26 |
| Less: Deferred Employee Compensation Cost | 17.59 | 13.04 |
| At the end of the year | 87.96 | 65.22 |
| c) Statutory Reserve | | |
| (As per Section 45-IC of the Reserve Bank of India Act, 1934) | | |
| At the beginning of the year | 433,95.50 | 362,85.50 |
| Add: Transfer from Surplus in the Statement of Profit and Loss | 82,02.21 | 71,10.00 |
| At the end of the year | 515,97.71 | 433,95.50 |
| d) General Reserve | | |
| At the beginning of the year | 1180,00.00 | 1000,00.00 |
| Add: Transfer from Share Options Outstanding Account | 66.97 | 54.61 |
| Add: Transfer from Surplus in the Statement of Profit and Loss | 174,88.22 | 179,45.39 |
| Less: Issue of Bonus shares during the year | 55,55.19 | — |
| At the end of the year | 1300,00.00 | 1180,00.00 |
| e) Surplus in the Statement of Profit and Loss | | |
| At the beginning of the year | 67,56.21 | 60,13.87 |
| Add: Profit for the year | 410,11.06 | 355,45.46 |
| | 477,67.27 | 415,59.33 |
| Less: Appropriations | | |
| Dividend | | |
| Interim | 49,99.67 | 41,66.39 |
| Final (Proposed) | 49,99.67 | 44,44.15 |
| Dividend Tax | 12,82.68 | 11,37.19 |
| Statutory Reserve | 82,02.21 | 71,10.00 |
| General Reserve | 174,88.22 | 179,45.39 |
| | 107,94.82 | 67,56.21 |
| At the end of the year | 1975,60.13 | 1732,96.57 |

NOTES TO THE ACCOUNTS (Contd.)

Note 4: Long-term Borrowings

(₹ in lakhs)

| | 31.03.2013 | 31.03.2012 |
|--|-------------------|-------------------|
| Secured | | |
| Non-Convertible Debentures | 3234,04.18 | 2888,34.63 |
| Non-Convertible Debentures (from a Joint Venture company) | 35,00.00 | 19,26.58 |
| | 3269,04.18 | 2907,61.21 |
| Term loans from banks | 500,00.00 | 1250,00.00 |
| Unsecured | | |
| Subordinated Non-Convertible Debentures | 682,10.00 | 442,10.00 |
| Subordinated Non-Convertible Debentures (from a Joint Venture company) | 5,00.00 | 5,00.00 |
| | 687,10.00 | 447,10.00 |
| Fixed Deposits | 585,40.26 | 753,03.26 |
| | 5041,54.44 | 5357,74.47 |

Maturity of Secured Non Convertible Debentures

(₹ in lakhs)

| Implicit Interest Rate % | As on 31.03.2013 | | | | As on 31.03.2012 | | | |
|--------------------------|------------------|--------------|-----------|------------|------------------|-------------|-----------|------------|
| | < 1 year | 1 - 3 years* | > 3 years | Total | < 1 year | 1 - 3 years | > 3 years | Total |
| 7 to 8 | 158,50.84 | — | — | 158,50.84 | 267,69.94 | 148,70.44 | — | 416,40.38 |
| > 8 to 9 | 443,66.43 | — | — | 443,66.43 | 638,78.73 | 426,15.59 | — | 1064,94.32 |
| > 9 to 10 * | 787,01.00 | 2279,79.69 | 50,00.00 | 3116,80.69 | 84,63.80 | 312,50.44 | 400,00.00 | 797,14.24 |
| > 10 to 11 | 933,24.81 | 939,24.48 | — | 1872,49.29 | 137,36.10 | 1370,24.74 | — | 1507,60.84 |
| > 11 to 12 | 250,00.00 | — | — | 250,00.00 | — | 250,00.00 | — | 250,00.00 |
| Total | 2572,43.08 | 3219,04.17 | 50,00.00 | 5841,47.25 | 1128,48.57 | 2507,61.21 | 400,00.00 | 4036,09.78 |

* Put Option available for ₹ 15,000.00 Lakhs during 2013-14

(₹ in lakhs)

| | | | 31.03.2013 | 31.03.2012 |
|--|------------------|---------------------------|------------|------------|
| Short Term Borrowing | Refer Note No. 7 | Current Liabilities | 363,00.00 | 110,00.00 |
| Long Term Borrowing - maturing within a year | Refer Note No. 9 | Other Current Liabilities | 2209,43.07 | 1018,48.57 |
| Long Term Borrowing - maturing beyond a year | Refer Note No. 4 | Non Current Liabilities | 3269,04.18 | 2907,61.21 |
| | | | 5841,47.25 | 4036,09.78 |

NOTES TO THE ACCOUNTS (Contd.)

Details of Secured Term Loans from Banks

(₹ in lakhs)

| | As on 31.03.2013 | | | As on 31.03.2012 | | |
|-----------|------------------|-------------|------------|------------------|-------------|------------|
| | < 1 year | 1 - 3 years | Total | < 1 year | 1 - 3 years | Total |
| Repayment | 600,00.00 | 500,00.00 | 1100,00.00 | 1770,66.80 | 1250,00.00 | 3020,66.80 |
| | 600,00.00 | 500,00.00 | 1100,00.00 | 1770,66.80 | 1250,00.00 | 3020,66.80 |

(₹ in lakhs)

| | | | 31.03.2013 | 31.03.2012 |
|--|------------------|---------------------------|------------|------------|
| Short Term Borrowing | Refer Note No. 7 | Current Liabilities | 100,00.00 | 330,56.80 |
| Long Term Borrowing - maturing within a year | Refer Note No. 9 | Other Current Liabilities | 500,00.00 | 1440,10.00 |
| Long Term Borrowing - maturing beyond a year | Refer Note No. 4 | Non Current Liabilities | 500,00.00 | 1250,00.00 |
| | | | 1100,00.00 | 3020,66.80 |

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.

Maturity of Unsecured Subordinated Non Convertible Debentures

| Implicit Interest Rate % | As on 31.03.2013 | | | | As on 31.03.2012 | | | |
|--------------------------|------------------|-------------|-----------|-----------|------------------|-------------|-----------|-----------|
| | < 1 year | 1 - 3 years | > 3 years | Total | < 1 year | 1 - 3 years | > 3 years | Total |
| 9 to 10 | – | – | 447,10.00 | 447,10.00 | 40,00.00 | – | 387,10.00 | 427,10.00 |
| >10 to 11 | 10,00.00 | – | 240,00.00 | 250,00.00 | – | 10,00.00 | 50,00.00 | 60,00.00 |
| Total | 10,00.00 | – | 687,10.00 | 697,10.00 | 40,00.00 | 10,00.00 | 437,10.00 | 487,10.00 |

(₹ in lakhs)

| | | | 31.03.2013 | 31.03.2012 |
|--|------------------|---------------------------|------------|------------|
| Long Term Borrowing - maturing within a year | Refer Note No. 9 | Other Current Liabilities | 10,00.00 | 40,00.00 |
| Long Term Borrowing - maturing beyond a year | Refer Note No. 4 | Non Current Liabilities | 687,10.00 | 447,10.00 |
| | | | 697,10.00 | 487,10.00 |

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.

NOTES TO THE ACCOUNTS (Contd.)

Note 5: Other Long-term liabilities

(₹ in lakhs)

| | 31.03.2013 | 31.03.2012 |
|--|------------------|-----------------|
| Interest accrued but not due on borrowings | 60,28.63 | 49,14.38 |
| Other liabilities | 77,45.87 | 49,01.00 |
| | 137,74.50 | 98,15.38 |

Note 6: Long-term provisions

(₹ in lakhs)

| | 31.03.2013 | 31.03.2012 |
|---|-----------------|-----------------|
| Employee Benefits | 5,11.67 | 4,25.71 |
| Non-performing assets | 11,15.39 | 1,10.06 |
| Contingent provision against Standard Assets (made @ 0.40% of the outstanding Standard Assets) | 47,56.13 | 44,10.39 |
| | 63,83.19 | 49,46.16 |

Note 7: Short-term borrowings

(₹ in lakhs)

| | 31.03.2013 | 31.03.2012 |
|--|-------------------|-------------------|
| Secured | | |
| Working capital demand loans and Cash Credit | 919,06.27 | 936,86.08 |
| Term Loans from Banks | 100,00.00 | 330,56.80 |
| Non-Convertible Debentures | 363,00.00 | 110,00.00 |
| | 1382,06.27 | 1377,42.88 |
| Unsecured | | |
| Term Loans from Banks | – | 30,00.00 |
| Credit facilities from Banks | 53,06.35 | 42,58.42 |
| Loans and advances from subsidiary companies | 1,89.00 | 9,79.00 |
| Commercial paper | 963,22.45 | 537,52.11 |
| | 1018,17.80 | 619,89.53 |
| | 2400,24.07 | 1997,32.41 |

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

Face value of commercial paper outstanding as on 31.03.2013 was ₹ 1,45,000.00 lakhs (31.03.2012 – ₹ 55,500.00 lakhs). Maximum amount of face value of commercial paper outstanding at any time during the year was ₹ 2,50,000.00 lakhs (2011-12 – ₹ 1,71,500.00 lakhs)

NOTES TO THE ACCOUNTS (Contd.)

Note 8: Trade Payables

(₹ in lakhs)

| | 31.03.2013 | 31.03.2012 |
|-------------------------|-----------------|-----------------|
| Dealer Balances | 24,38.22 | 21,52.81 |
| Creditors for Expenses | 5,35.11 | 2,32.15 |
| Outstanding Liabilities | 14,22.37 | 20,79.41 |
| | 43,95.70 | 44,64.37 |

Note 9: Other current liabilities

(₹ in lakhs)

| | 31.03.2013 | 31.03.2012 |
|--|-------------------|-------------------|
| Non-Convertible debentures | | |
| – Secured | 2209,43.07 | 1018,48.57 |
| – Unsecured | 10,00.00 | 40,00.00 |
| | 2219,43.07 | 1058,48.57 |
| Term loans from Banks - Secured | 500,00.00 | 1440,10.00 |
| Fixed Deposits | 871,07.50 | 493,70.21 |
| Commercial Paper | 434,55.13 | – |
| Interest accrued but not due on borrowings | 343,29.73 | 222,95.14 |
| Unpaid dividends | 1,36.58 | 94.14 |
| Income received in advance | 1,53.50 | 1,21.15 |
| Unpaid matured deposits and interest accrued thereon | 23,22.25 | 14,90.14 |
| Amount due on assets securitised / assigned | 240,63.34 | 95,79.48 |
| Advance from Customers | 44,89.36 | 84,63.43 |
| Sundry creditors for finance | 34,19.84 | 48,83.85 |
| | 4714,20.30 | 3461,56.11 |

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

Note 10: Short-term provisions

(₹ in lakhs)

| | 31.03.2013 | 31.03.2012 |
|----------------------------|------------------|------------------|
| Employee Benefits | 33,80.82 | 30,70.74 |
| Non-Performing Assets | 60,84.10 | 53,98.60 |
| Proposed dividend | 49,99.67 | 44,44.15 |
| Provision for dividend tax | 4,71.61 | 4,61.30 |
| | 149,36.20 | 133,74.79 |

Note 11: Fixed Assets

(₹ in Lakhs)

| DESCRIPTION | GROSS BLOCK AT COST | | | DEPRECIATION | | | Net Book Value | Balance in Lease Adjustment Account as at 31.03.2013 | NET BLOCK | | | |
|--|---------------------|-----------|------------|------------------|-----------------|-----------|----------------|--|------------|-----------------|------------------|------------------|
| | As at 31.03.2012 | Additions | Deductions | As at 31.03.2013 | Upto 31.03.2012 | Additions | | | Deductions | Upto 31.03.2013 | As at 31.03.2013 | As at 31.03.2012 |
| | | | | | | | | | | | | |
| (i) Tangible Assets | | | | | | | | | | | | |
| 1 Freehold Land and Buildings | 24,14.79 | 9,09.89 | 83.88 | 32,40.80 | 6,30.65 | 1,81.63 | 28.87 | 7,83.41 | - | 24,57.39 | 17,84.14 | |
| 2 Leasehold office / Residential Premises | 14,59.58 | 67.31 | 39.21 | 14,87.68 | 7,55.33 | 74.48 | 20.28 | 8,09.53 | - | 6,78.15 | 7,04.25 | |
| 3 Plant and Machinery and Computers | 47,95.25 | 5,46.04 | 3,59.59 | 49,81.70 | 35,75.65 | 4,76.41 | 3,41.67 | 37,10.39 | - | 12,71.31 | 12,19.60 | |
| 4 Furniture and Fixtures | 21,88.21 | 1,21.92 | 88.00 | 22,22.13 | 17,36.18 | 1,22.23 | 79.69 | 17,78.72 | - | 4,43.41 | 4,52.03 | |
| 5 Vehicles | 19,34.58 | 5,49.35 | 3,51.63 | 21,32.30 | 9,47.19 | 3,40.47 | 2,64.24 | 10,23.42 | - | 11,08.88 | 9,87.39 | |
| 6 Office Equipment | 14,28.72 | 1,08.01 | 52.54 | 14,84.19 | 8,37.84 | 97.74 | 33.08 | 9,02.50 | - | 5,81.69 | 5,90.88 | |
| | 142,21.13 | 23,02.52 | 9,74.85 | 155,48.80 | 84,82.84 | 12,92.96 | 7,67.83 | 90,07.97 | - | 65,40.83 | 57,38.29 | |
| 7 Assets on Operating Lease | | | | | | | | | | | | |
| a) Plant and Machinery and Computers | 52,93.08 | 26.90 | 70.83 | 52,49.15 | 19,79.94 | 4,99.29 | 41.80 | 24,37.43 | - | 28,11.72 | 33,13.14 | |
| b) Vehicles | 286,86.78 | 110,45.08 | 57,50.05 | 339,81.81 | 111,18.27 | 57,30.27 | 34,85.44 | 133,63.10 | - | 206,18.71 | 175,68.51 | |
| | 339,79.86 | 110,71.98 | 58,20.88 | 392,30.96 | 130,98.21 | 62,29.56 | 35,27.24 | 158,00.53 | - | 234,30.43 | 208,81.65 | |
| 8 Assets on Finance Lease | | | | | | | | | | | | |
| a) Plant and Machinery and Computers | 41,94.67 | - | 1,02.72 | 40,91.95 | 40,10.50 | 25.94 | 1,02.42 | 39,34.02 | (1,54.39) | 3.54 | 19.30 | |
| b) Vehicles | 5,79.42 | - | 12.14 | 5,67.28 | 5,75.32 | 1.06 | 12.07 | 5,64.31 | (2.97) | - | 0.01 | |
| c) Office Equipment | 76.09 | - | - | 76.09 | 72.27 | 0.53 | - | 72.80 | (2.57) | 0.72 | 0.83 | |
| | 48,50.18 | - | 1,14.86 | 47,35.32 | 46,58.09 | 27.53 | 1,14.49 | 45,71.13 | (1,59.93) | 4.26 | 20.14 | |
| Total | 530,51.17 | 133,74.50 | 69,10.59 | 595,15.08 | 262,39.14 | 75,50.05 | 44,09.56 | 293,79.63 | (1,59.93) | 299,75.52 | 266,40.08 | |
| (ii) Intangible Assets | | | | | | | | | | | | |
| Computer Software | 18,53.17 | 31,27.62 | - | 49,80.79 | 10,82.46 | 7,16.96 | - | 17,99.42 | - | 31,81.37 | 7,70.71 | |
| (iii) Intangible Assets Under Development | 20,29.29 | 14,25.24 | 34,22.90 | 31.63 | - | - | - | - | - | 31.63 | 20,29.29 | |
| Grand Total | 569,33.63 | 179,27.36 | 103,33.49 | 645,27.50 | 273,21.60 | 82,67.01 | 44,09.56 | 311,79.05 | (1,59.93) | 333,48.45 | 294,40.08 | |
| Previous Year | 470,92.19 | 143,36.72 | 44,95.28 | 569,33.63 | 234,66.51 | 66,83.08 | 28,27.99 | 273,21.60 | (1,71.95) | 294,40.08 | 234,14.86 | |

Additions/deductions to Land and Buildings in Gross Block include assets transferred to / from Investment Property.

Finance Lease Depreciation of ₹ 27.53 lakhs (Previous Year – ₹ 33.28 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 ₹ 2.03 lakhs.

Building on lease hold land include ₹ 1,193.63 lakhs (Previous Year – ₹ 1,228.16 lakhs) being the cost of ownership flats in co-operative societies / associates.

Land and Building include ₹ 1,246.10 lakhs (Previous Year – ₹ 1,053.51 lakhs) representing undivided share of land.

NOTES TO THE ACCOUNTS (Contd.)

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

(₹ in lakhs)

| | 31.03.2013 | 31.03.2012 |
|--|------------------|------------------|
| Less than 1 year | 95,62.25 | 83,00.27 |
| Later than 1 year and not later than 5 years | 144,32.80 | 133,64.45 |
| Total | 239,95.05 | 216,64.72 |

In accordance with Accounting Standard, AS-26 - Intangible Assets software purchased / developed amounting to ₹ 3,127.62 lakhs (Previous Year – ₹ 154.99 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)

| | 31.03.2013 | 31.03.2012 |
|---|-------------------------|-------------------------|
| Investment Property (net of depreciation) | 38,77.43 | 41,11.76 |
| Investment in Equity Instruments | 679,72.44 | 590,56.44 |
| Investment in Preference Shares | 5,00.00 | 5,00.00 |
| Investment in Government securities | 146,54.53 | 143,92.77 |
| Investment in Mutual Funds | 2,00.00 | 2,00.00 |
| Investment in Pass through certificates | 8,05.68 | – |
| | <u>880,10.08</u> | <u>782,60.97</u> |
| Less : Aggregate provision for diminution in value of investments | 53,74.29 | 27,11.68 |
| | <u>826,35.79</u> | <u>755,49.29</u> |

(₹ in lakhs)

| Particulars | Cost | Market Value |
|--|------------------|--------------|
| Aggregate amount of Quoted Investments | 174,33.44 | 368,32.07 |
| Aggregate amount of Unquoted Investments | 613,24.92 | |
| Investment Property | 38,77.43 | |
| Total | 826,35.79 | |

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 ₹ 14,862.30 lakhs (Cost – ₹ 14,920.28 lakhs) and bank deposits of ₹ 7,490 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 31.03.2013 | | As at 31.03.2012 | |
|---|----------------|------------------|-------------------|------------------|-------------------|
| | | 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. | 10 | 4,64,18,796 | 111,49.10 | 4,01,56,296 | 61,39.10 |
| Sundaram BNP Paribas Fund Services Ltd. (a), (b) | 10 | 3,18,75,000 | 31,87.54 | 2,67,75,000 | 26,77.54 |
| Sundaram Infotech Solutions Ltd. (b) | 10 | 1,64,00,000 | 16,40.00 | 1,64,00,000 | 16,40.00 |
| Professional Management Consultants Ltd. (b) | 10 | 62,20,560 | 16,37.23 | 62,20,560 | 16,37.23 |
| Sundaram Business Services Ltd. | 10 | 1,50,00,000 | 15,00.00 | 1,50,00,000 | 15,00.00 |
| Sundaram BPO India Ltd. | 10 | 30,00,000 | 3,00.00 | – | – |
| 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 | 2,700 | 27,00.00 | 1,600 | 16,00.00 |
| Sundaram Hydraulics Ltd. | 10 | 1,12,50,000 | 11,25.00 | 1,12,50,000 | 11,25.00 |
| Axles India Ltd. | 10 | 98,91,754 | 10,15.70 | 98,91,754 | 10,15.70 |
| Turbo Energy Ltd. | 10 | 25,60,000 | 1,88.41 | 25,60,000 | 1,88.41 |
| Transenergy Ltd | 100 | 1,20,000 | 1,87.50 | 1,20,000 | 1,87.50 |
| 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 | 15,71,85,000 | 189,57.43 | 14,47,10,000 | 169,61.43 |
| 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 Limited (d) | 5 | 22,73,085 | 14,28.26 | 45,46,170 | 17,19.14 |
| Wheels India Limited | 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 (c) | 10 | 14,70,784 | 2,79.26 | 7,35,392 | 2,79.26 |
| Techtran Polylenes Limited (b) | 10 | 2,50,000 | 67.50 | 2,50,000 | 67.50 |
| – Unquoted | | | | | |
| TVS Commutation Solutions Ltd. | 10 | 79,100 | 8,77.21 | 79,100 | 8,77.21 |
| 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 |
| Sundaram Investments Limited (e) | 5 | 22,73,085 | 2,90.88 | | |
| Credit Information Bureau (India) Ltd. | 10 | 6,25,000 | 1,25.01 | 6,25,000 | 1,25.01 |

NOTES TO THE ACCOUNTS (Contd.)

| Particulars | Face Value (₹) | As at 31.03.2013 | | As at 31.03.2012 | |
|--|----------------|------------------|-------------------|------------------|-------------------|
| | | Holding (Number) | Cost (₹ in lakhs) | Holding (Number) | Cost (₹ in lakhs) |
| Vishnu Forge Industries Ltd. | 10 | 2,97,110 | 45.93 | 2,97,110 | 45.93 |
| 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 (b) | 10 | 75,000 | 15.00 | 75,000 | 15.00 |
| | | | 679,72.44 | | 590,56.44 |
| 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 |
| | | | 5,00.00 | | 5,00.00 |
| Investment in Government Securities: Quoted | | | | | |
| Central Government Loans (Face Value in Lakhs) (b) | 49,64 | | 49,10.09 | | 112,13.46 |
| State Government Loans (Face Value in Lakhs) (b) | 91,48 | | 97,44.44 | | 31,79.31 |
| | | | 146,54.53 | | 143,92.77 |
| Investment in Mutual Funds: | | | | | |
| Sundaram Energy Opportunities – Growth (b) | 10 | 20,00,000 | 2,00.00 | 20,00,000 | 2,00.00 |
| | | | 2,00.00 | | 2,00.00 |
| Investment in Pass Through Certificates: Unquoted | | | | | |
| Shri Trust A 2013 | 10,00,000 | 165 | 7,88.37 | | — |
| Aeon Trust 2013 Series A2 | 8,79,892 | 2 | 8.77 | | — |
| Shri Trust B 2013 | 10,00,000 | 2 | 8.54 | | — |
| | | | 8,05.68 | | — |

During the year the Company has subscribed to the rights equity shares of Sundaram BNP Paribas Home Finance Ltd., Sundaram BNP Paribas Fund Services Ltd., Royal Sundaram Alliance Insurance Company Ltd. and Flometallic India Ltd.

The commencement of business of Sundaram BNP Paribas Fund Services Limited (SBPFS), a subsidiary company jointly promoted with BNP Paribas Securities Services, France, was delayed due to the global financial crisis of 2008 and the consequent fall in the domestic capital market, resulting in an extended gestation period and accumulated losses. In keeping with the spirit of the Regulations, the Company considers it prudent to provide a sum of ₹ 2,663 lakhs during the year, towards diminution in the value of its investment, based on the net book value of SBPFS.

On 18 December 2012, the Board of Directors of Professional Management Consultants Limited approved a Scheme of Amalgamation ('Scheme') of the company with Sundaram BPO India Limited. The Hon'ble High Court of Madras approved the Scheme vide its Order dated 26 April 2013 with the appointed date as 1 October 2012. Pending allotment of Equity shares in the amalgamated company - Sundaram BPO India Limited., the equity shares held by the Company in Professional Management Consultants Limited have been stated at cost.

- (a) denotes shares are under lock in period
- (b) denotes investment where provision for diminution in value has been made
- (c) denotes increase in holding on receipt of bonus shares
- (d) denotes decrease in holding on demerger of the Company
- (e) denotes holding on account of demerger of Sundaram Clayton Limited
- @ face value in omani riyal

NOTES TO THE ACCOUNTS (Contd.)

Note 13: Deferred Tax Assets (Net)

(₹ in lakhs)

| | 31.03.2013 | 31.03.2012 |
|---|------------------------|------------------------|
| Deferred Tax Assets | | |
| Contingent Provisions against Standard Assets | 16,16.61 | 14,30.95 |
| Provisions against Non-performing Assets | 29,90.25 | 20,37.54 |
| Income deferment on Non-performing Assets | 4,39.79 | 2,77.10 |
| Provisions against Investments | 1,12.66 | 79.56 |
| Depreciation | 22,84.94 | 14,21.80 |
| Others | 17,38.46 | 8,89.50 |
| | <u>91,82.71</u> | <u>61,36.45</u> |
| Less: Deferred Tax Liabilities | | |
| Hire Purchase Income | 1,09.55 | 2,60.43 |
| Others | 22.88 | 21.84 |
| | <u>1,32.43</u> | <u>2,82.27</u> |
| | <u>90,50.28</u> | <u>58,54.18</u> |

Note 14: Long-term loans and advances

(₹ in lakhs)

| | 31.03.2013 | 31.03.2012 |
|--|--------------------------|--------------------------|
| Secured, Considered good | | |
| Hypothecation Loans | 6042,58.69 | 5478,84.51 |
| Net Investment in Stock-on-hire | 12,44.02 | 26,51.85 |
| Net investment in lease | 20,39.45 | 28,61.09 |
| Other loans | 21,25.44 | 23,33.43 |
| | <u>6096,67.60</u> | <u>5557,30.88</u> |
| Amount retained on Assets securitised / assigned | 69,69.75 | |
| Unsecured, Considered good | | |
| Capital Advances | 10,48.35 | 10,42.53 |
| Deposits | 7,96.56 | 7,66.99 |
| Other loans | 21,56.55 | 20,19.30 |
| | <u>40,01.46</u> | <u>38,28.82</u> |
| Other loans and advances | | |
| Advance Income tax and Tax Deducted at Source (net of provision) | 86,09.48 | 73,74.34 |
| Other advances | 16.55 | 23.75 |
| | <u>86,26.03</u> | <u>73,98.09</u> |
| | <u>6292,64.84</u> | <u>5669,57.79</u> |

The Long-term loans and advances includes Non-performing Assets of ₹ 3,064.15 lakhs (31.03.2012 – ₹ 277 lakhs)

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

Provision for Income Tax ₹ 59,385.27 lakhs (31.03.2012 – ₹ 47,786.25 lakhs)

Income tax paid under dispute ₹ 5,696.79 lakhs (31.03.2012 – ₹ 4,772.76 lakhs)

Advance Fringe Benefit Tax ₹ 0.16 lakhs (31.03.2012 – ₹ 0.16 lakhs)

Provision for Fringe Benefit Tax ₹ 21.10 lakhs (31.03.2012 – ₹ 21.10 lakhs)

NOTES TO THE ACCOUNTS (Contd.)

Note 15: Other Non-Current Assets

| | (₹ in lakhs) | |
|-----------------------------|------------------------|-----------------------|
| | 31.03.2013 | 31.03.2012 |
| SFL Employees Welfare Trust | 3,38.38 | 3,49.84 |
| Other assets | 6,62.05 | 5,44.07 |
| | <u>10,00.43</u> | <u>8,93.91</u> |

Other assets includes Service Tax / Sales Tax paid under dispute of ₹ 638.25 lakhs (31.03.2012 – ₹ 520.27 lakhs)

Note 16: Current Investments

| | (₹ in lakhs) | |
|---|-------------------------|-----------------------|
| | 31.03.2013 | 31.03.2012 |
| Investment in Government Securities | 2,65.75 | – |
| Investment in Debentures | – | 1,30.05 |
| Investment in Mutual Funds | 207,20.65 | 7,20.65 |
| Investment in Pass through certificates | 8,23.78 | – |
| | <u>218,10.18</u> | <u>8,50.70</u> |
| Less: Aggregate provision for diminution in value of investment in Government Securities | 16.44 | – |
| | <u>217,93.74</u> | <u>8,50.70</u> |

(₹ in lakhs)

| Particulars | Cost | Market Value |
|--|------------------|--------------|
| Aggregate amount of Quoted Investments | 2,49.31 | 2,49.31 |
| Aggregate amount of Unquoted Investments | 215,44.43 | |
| Total | 217,93.74 | |

NOTES TO THE ACCOUNTS (Contd.)

| Particulars | Face Value (₹) | As at 31.03.2013 | | As at 31.03.2012 | |
|---|----------------|------------------|-------------------|------------------|-------------------|
| | | Holding (Number) | Cost (₹ in lakhs) | Holding (Number) | Cost (₹ in lakhs) |
| Investment in Government Securities: Quoted | | | | | |
| Central Government Loans (Face Value in Lakhs) (b) | 250 | | 2,65.75 | | — |
| | | | 2,65.75 | | — |
| 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 | 34,00,000 | 3,76.28 |
| Sundaram Select Focus – Appreciation | 10 | 6,00,000 | 3,44.37 | 6,00,000 | 3,44.37 |
| Sundaram Money Fund Growth | 10 | 8,09,92,974 | 200,00.00 | | |
| | | | 207,20.65 | | 7,20.65 |
| Investment in Pass Through Certificates: Unquoted | | | | | |
| Shri Trust A 2013 | 10,00,000 | 165 | 8,01.87 | | — |
| Shri Trust B 2013 | 10,00,000 | 2 | 11.46 | | — |
| Aeon Trust 2013 Series A1 | 11,20,114 | 2 | 10.45 | | — |
| | | | 8,23.78 | | — |

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

Note 17: Cash and Bank balances

(₹ in lakhs)

| | 31.03.2013 | 31.03.2012 |
|--|------------------|------------------|
| Cash and cash equivalents: | | |
| Cash on hand | 19,83.74 | 15,98.42 |
| Balances with Banks in Current Accounts | 30,51.50 | 23,98.67 |
| Cheques, drafts on hand | 57,74.70 | 44,94.98 |
| | 108,09.94 | 84,92.07 |
| Bank Deposits | | |
| More than 3 months and upto 12 months maturity | 566,98.43 | 166,79.50 |
| More than 12 months maturity | 197,00.00 | 175,10.45 |
| | 763,98.43 | 341,89.95 |
| Others | | |
| Stamps and Stamp papers on hand | 91.17 | 1,32.75 |
| Unpaid dividend account | 1,36.58 | 94.14 |
| | 2,27.75 | 2,26.89 |
| | 874,36.12 | 429,08.91 |

Bank Deposits include ₹ 25,905.20 lakhs (31.03.2012 – ₹ 25,631.68 lakhs) provided as collateral for assets securitised / assigned.

NOTES TO THE ACCOUNTS (Contd.)

Note 18: Short-term loans and advances

(₹ in lakhs)

| | 31.03.2013 | 31.03.2012 |
|--|--------------------------|--------------------------|
| Secured, Considered good | | |
| Hypothecation Loans | 5404,40.32 | 5151,26.03 |
| Net Investment in Stock-on-hire | 26,40.52 | 71,65.52 |
| Net Investment in lease | 14,04.38 | 15,90.40 |
| Trade receivables | 33,00.90 | 32,56.46 |
| Other loans | 10,81.73 | 8,04.95 |
| | <u>5488,67.85</u> | <u>5279,43.36</u> |
| Amount retained on Assets securitised/assigned | 94,41.73 | — |
| Unsecured, Considered good | | |
| Advance for business assets | 223,20.94 | 275,09.10 |
| Loans and advances to related parties | | |
| Subsidiary companies | 50.88 | 5,99.96 |
| Joint Venture Company | 5,16.65 | 5,00.87 |
| Associate Company | 3.12 | — |
| Trade bills purchased | 5,56.83 | 2,74.87 |
| Other advances | 13,87.84 | 13,81.26 |
| | <u>248,36.26</u> | <u>302,66.06</u> |
| | <u>5831,45.84</u> | <u>5582,09.42</u> |

Short-term loans and advances include Non-Performing assets of ₹ 9,458.56 lakhs (31.03.2012 – ₹ 6,269.23 lakhs) Other advances under unsecured loans include nil (31.03.2012 – ₹ 0.06 lakhs) due from an officer of the Company.

In accordance with Accounting Standard (AS-19) – Leases, the reconciliation between the total gross investment in the lease and the present value of minimum lease payments (MLP) receivables as on 31.03.2013 is as follows:

(₹ in lakhs)

| | 31.03.2013 | 31.03.2012 |
|--------------------------------|-----------------|------------------|
| Gross Investment in lease | 82,70.86 | 162,76.20 |
| Less: Unearned Finance Charges | 9,42.53 | 20,07.35 |
| | <u>73,28.33</u> | <u>142,68.85</u> |

NOTES TO THE ACCOUNTS (Contd.)

Maturity Pattern of the Gross investment in lease / Present Value of MLP receivables: (₹ in lakhs)

| | 31.03.2013 | | 31.03.2012 | |
|--|---------------------------|-----------------|---------------------------|------------------|
| | Gross Investment in Lease | MLP Receivables | Gross Investment in Lease | MLP Receivables |
| Less than 1 year | 49,34.13 | 40,44.86 | 100,26.91 | 87,55.91 |
| Later than 1 year and not later than 5 years | 33,36.73 | 32,83.47 | 62,49.29 | 55,12.94 |
| Total | 82,70.86 | 73,28.33 | 162,76.20 | 142,68.85 |

Note 19: Other current assets

| | 31.03.2013 | 31.03.2012 |
|--|------------------|------------------|
| Interest accrued on investments | 3,03.91 | 1,80.38 |
| Income Receivable | 136,06.27 | 111,80.94 |
| SFL Shares Trust | 5,94.30 | 5,94.30 |
| SFL Employees Welfare Trust | 11.46 | 11.29 |
| Repossessed assets (at realisable value) | 17,27.42 | 4,84.26 |
| | 162,43.36 | 124,51.17 |

STATEMENT OF PROFIT AND LOSS

Note 20: Revenue from Operations

| | 2012-13 | 2011-12 |
|---|-------------------|-------------------|
| Income from Financing Operations | | |
| Hypothecation Loans / Hire Purchase | 1730,54.70 | 1438,10.07 |
| Assets securitised / assigned | 108,75.55 | 53,54.31 |
| Lease | 107,37.40 | 87,80.57 |
| Others | 5,86.21 | 5,46.96 |
| Recovery of bad debts | 16,05.47 | 18,32.45 |
| | 1968,59.33 | 1603,24.36 |
| Income from Investments | | |
| Interest on Bank Deposits | 38,73.22 | 36,24.52 |
| Interest on Government Securities | 6,62.82 | 9,81.73 |
| Interest - Others | 21.55 | — |
| Profit on sale of Long-term Investments | 49.45 | 1,20.16 |
| Profit on sale of Current Investments | 9,50.95 | 20,84.48 |
| | 55,57.99 | 68,10.89 |
| Income from other Financial Services | 30,25.52 | 22,03.29 |
| Income from other Services | 8,58.87 | 5,32.72 |
| | 2063,01.71 | 1698,71.26 |

Income from Hypothecation Loans / Hire Purchase is net of business origination cost of ₹ 3,905.82 lakhs (Previous Year – ₹ 3,844.63 lakhs).

Income from Lease is net of depreciation / lease equalization account of ₹ 15.76 lakhs (Previous Year – ₹ (1.16) lakhs)

Income from other Services include exchange difference amounting to ₹ 0.42 lakhs-net gain (Previous Year – ₹ 0.22 lakhs- net loss) arising on account of foreign currency transactions.

NOTES TO THE ACCOUNTS (Contd.)

Note 21: Other Income

| | (₹ in lakhs) | |
|----------------------------|------------------------|------------------------|
| | 2012-13 | 2011-12 |
| Interest Receipts | 3,45.87 | 5,91.20 |
| Dividend Income | | |
| Subsidiary companies | 16,00.57 | 11,50.68 |
| Others | 34,91.08 | 25,96.34 |
| | <u>50,91.65</u> | <u>37,47.02</u> |
| Rent Receipts | 8,62.34 | 8,05.33 |
| Profit on sale of assets | 1,33.72 | 4,99.37 |
| Other non-operating income | 4,42.72 | 3,95.47 |
| | <u>68,76.30</u> | <u>60,38.39</u> |

Note 22: Finance Costs

| | (₹ in lakhs) | |
|--|--------------------------|-------------------------|
| | 2012-13 | 2011-12 |
| Interest expense | | |
| Non convertible debentures | 565,52.82 | 366,33.62 |
| Term loans | 207,19.52 | 279,19.22 |
| Fixed deposits | 134,37.68 | 116,96.00 |
| Commercial paper | 158,86.69 | 105,72.00 |
| Other interest | 9,71.89 | 9,74.00 |
| | <u>1075,68.60</u> | <u>877,94.84</u> |
| Other borrowing costs | 6,46.71 | 6,35.69 |
| Less: Net gain on foreign currency transaction | — | 70.75 |
| | <u>6,46.71</u> | <u>5,64.94</u> |
| | <u>1082,15.31</u> | <u>883,59.78</u> |

Note 23: Employee Benefits

| | (₹ in lakhs) | |
|---|-------------------------|-------------------------|
| | 2012-13 | 2011-12 |
| Salaries, bonus and commission | 147,14.53 | 130,78.39 |
| Contribution to Provident and other funds | 9,38.17 | 9,75.81 |
| Employees Share Options expense | 1,01.00 | 76.29 |
| Staff welfare expenses | 4,39.07 | 4,05.55 |
| | <u>161,92.77</u> | <u>145,36.04</u> |

NOTES TO THE ACCOUNTS (Contd.)

Defined Benefit Plans

(₹ in lakhs)

| Description of Benefit Plans | Funded Gratuity | |
|--|-----------------|--------------------------|
| | 31.03.2013 | 31.03.2012 |
| A) Reconciliation of opening and closing balances of the present value of the defined benefit obligation | | |
| Opening Balance: Present value of obligation | 14,64.53 | 10,90.07 |
| Current service cost | 66.35 | 1,02.64 |
| Interest cost | 47.69 | 79.40 |
| Transfer of funds from Subsidiary companies / transfer within funds | 6.34 | 11.42 |
| Benefits paid | (1,16.68) | (1,19.89) |
| Actuarial (gain) / loss on obligations | 2,84.24 | 3,00.89 |
| Closing Balance: Present value of obligation | 17,52.47 | 14,64.53 |
| B) Reconciliation of opening and closing balances of the fair value of plan assets | | |
| Opening Balance: Fair value of plan assets | 13,84.13 | 11,65.70 |
| Expected return on plan assets | 1,13.83 | 90.91 |
| Contributions made | 3,44.61 | 2,28.96 |
| Transfer of funds from Subsidiary companies | 6.34 | 11.42 |
| Benefits paid | (1,16.68) | (1,19.88) |
| Actuarial gain / (loss) on plan assets | – | 7.02 |
| Closing Balance: Fair value of plan assets | 17,32.23 | 13,84.13 |
| 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 | 17,52.47 | 14,64.53 |
| Closing Balance: Fair value of plan assets | 17,32.23 | 13,84.13 |
| Unrecognised past service cost | – | – |
| Net Asset / (Liability) recognised in Balance Sheet (included under short term loans and advances in Note 18) | (20.24) | (80.40) |
| D) Expenses recognised in the Statement of Profit and Loss | | |
| Current service cost | 66.35 | 1,02.64 |
| Interest cost | 47.69 | 79.40 |
| Expected return on plan assets | 1,13.83 | 90.91 |
| Net actuarial (gain) / loss recognized | 2,84.24 | 2,93.87 |
| Total Expenses (included under Employee benefits in Note 23) | 2,84.45 | 3,85.00 |
| E) Actual return on plan assets | | |
| Expected return on plan assets | 1,13.83 | 90.91 |
| Actuarial gain / (loss) on plan assets | – | 7.02 |
| Actual return on plan assets | 1,13.83 | 97.93 |
| F) Actuarial assumptions* | | |
| Discount rate | 8% | 8% |
| Expected rate of return on plan assets | 8% | 8% |
| Rate of increase in compensation levels | 7% | 7% |
| Attrition rate | 1-3% | 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 | 2012-13 | 2011-12 | 2010-11 | 2009-10 |
|--|----------|----------|----------|----------|
| Defined Benefit Obligation | 17,52.47 | 14,64.53 | 10,90.07 | 9,83.51 |
| Plan Assets | 17,32.23 | 13,84.11 | 11,65.70 | 10,50.83 |
| Surplus / (deficit) | (20.24) | (80.42) | 75.63 | 67.32 |
| Experience adjustments on plan liabilities | 2,84.24 | 3,00.89 | (47.70) | 11.17 |
| Experience adjustments on plan assets | — | 7.02 | 4.64 | 5.91 |

Defined Benefit Plans

(₹ in lakhs)

| Funded Compensation Absences | 31.03.2013 | 31.03.2012 |
|--|-------------------|-------------------|
| A) Reconciliation of opening and closing balances of the present value of the defined benefit obligation | | |
| Opening Balance: Present value of obligation | 4,82.27 | 3,71.58 |
| Current service cost | 58.46 | 54.08 |
| Interest cost | 36.37 | 26.91 |
| Benefits paid | (55.28) | (70.35) |
| Actuarial (gain) / loss on obligations | 18.44 | 1,00.05 |
| Closing Balance: Present value of obligation | 5,40.26 | 4,82.27 |
| B) Reconciliation of opening and closing balances of the fair value of plan assets | | |
| Opening Balance: Fair value of plan assets | 5,40.26 | 4,36.15 |
| Expected return on plan assets | 48.54 | 37.78 |
| Contributions made | 78.74 | 1,40.57 |
| Benefits paid | (55.28) | (70.35) |
| Actuarial gain / (loss) on plan assets | (3.39) | (3.89) |
| Closing Balance: Fair value of plan assets | 6,08.87 | 5,40.26 |
| 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 | 5,40.26 | 4,82.27 |
| Closing Balance: Fair value of plan assets | 6,08.87 | 5,40.26 |
| Unrecognised past service cost | — | — |
| Net Asset / (Liability) recognised in Balance Sheet (included under short term loans and advances in Note 18) | 68.61 | 57.99 |

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

| Funded Compensation Absences | 31.03.2013 | 31.03.2012 |
|---|-------------------|-------------------|
| D) Expenses recognised in the Statement of Profit and Loss | | |
| Current service cost | 58.46 | 54.08 |
| Interest cost | 36.37 | 26.91 |
| Expected return on plan assets | 48.54 | 37.78 |
| Net actuarial (gain) / loss recognized | 21.83 | 1,03.93 |
| Total Expenses (included under Employee benefits in Note 23) | 68.12 | 1,47.14 |
| E) Actual return on plan assets | | |
| Expected return on plan assets | 48.54 | 37.78 |
| Actuarial gain / (loss) on plan assets | (3.39) | (3.89) |
| Actual return on plan assets | 45.15 | 33.89 |
| F) Actuarial assumptions | | |
| Discount rate | 8.00% | 8.00% |
| Expected rate of return on plan assets | 8.00% | 8.00% |
| Rate of increase in compensation levels | 6.00% | 6.00% |

The actuarial value of sick leave entitlement as on 31.03.2013 is ₹ 81.84 lakhs (31.03.2012 – ₹ 57.83 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)

| | 2012-13 | 2011-12 | 2010-11 | 2009-10 |
|---------------------------------|----------|---------|---------|----------|
| Employee assured bonus scheme | 11,45.15 | 8,30.23 | 6,11.84 | 12,03.30 |
| Staff Medical Scheme | 1,95.36 | 1,60.12 | 1,02.50 | 78.60 |
| Retired Employee Medical Scheme | 1,16.67 | 1,15.97 | 1,29.35 | 1,32.53 |

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 4 | Grant 3 |
|--|--------------------------------|--------------------------------|
| Board Meeting Date | 28.05.2012 | 30.05.2011 |
| Options Granted | 16,750 | 16,500 |
| Exercise Price | ₹ 10/- per share | |
| Grant Date | 28.05.2012 | 30.05.2011 |
| Vesting Date | 31.05.2013 | 31.05.2012 |
| Vesting Period | 12 months | 12 months |
| Exercise Period | 01.06.2013 to 31.08.2013 | 01.06.2012 to 31.08.2012 |
| Market Price on a date immediately prior to Grant Date | 640.15 | 484.30 |
| Intrinsic Value | 630.15 | 474.30 |
| Expenses recognised in 2012-13 (₹ in lakhs) | 87.96 | 13.04 |

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) | |
|--|------------------|------------------|
| | 2012-13 | 2011-12 |
| Profit after Tax (as reported) | 410,11.06 | 355,45.46 |
| Add: SFESOS compensation expense included in net profit | 1,01.00 | 76.29 |
| Less: SFESOS compensation expense determined under fair value based method | 1,01.14 | 76.41 |
| Profit after Tax (adjusted) | 410,10.92 | 355,45.34 |
| Basic Earnings per Share of ₹ 10 each (as reported) (₹) | 36.91 | 31.99 |
| Basic Earnings per Share of ₹ 10 each (adjusted) (₹) | 36.91 | 31.99 |

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

| Date of Grant | 28.05.2012 | 30.05.2011 |
|---|------------|------------|
| Risk Free Interest Rate (%) | 8.54 | 8.36 |
| Exercise Price (₹) | 10 | 10 |
| Life of the option | 368 days | 368 days |
| Expected Volatility | 28.14% | 27.12% |
| Price of the underlying share in market at the time of the Option grant (₹) | 640.15 | 484.30 |
| Fair Value of the Option (₹) | 630.98 | 475.11 |
| No dividend rights during the vesting period | | |

NOTES TO THE ACCOUNTS (Contd.)

Note 24: Administrative and Other Expenses

(₹ in lakhs)

| | 2012-13 | 2011-12 |
|---------------------------|------------------|------------------|
| Rent | 9,68.04 | 8,63.24 |
| Rates and taxes | 10,33.06 | 17,21.92 |
| Communication expenses | 8,79.75 | 7,70.62 |
| Electricity expenses | 5,51.75 | 4,02.20 |
| Travelling and conveyance | 12,61.46 | 11,67.12 |
| Outsourcing cost | 29,00.61 | 21,03.95 |
| Insurance | 95.10 | 1,06.43 |
| Donations | 4,73.30 | 3,73.45 |
| Repairs | | |
| – Buildings | 56.99 | 56.20 |
| – Others | 16,01.76 | 9,60.26 |
| | 16,58.75 | 10,16.46 |
| Miscellaneous expenses | 42,47.47 | 30,72.62 |
| | 140,69.29 | 115,98.01 |

Miscellaneous expenses include payment to Auditors towards:

(₹ in lakhs)

| | 2012-13 | 2011-12 |
|---------------------------|---------|---------|
| Statutory Audit | 40.00 | 35.00 |
| Tax Audit | 10.00 | 10.00 |
| Certification | 20.50 | 19.70 |
| Reimbursement of Expenses | 3.05 | 2.99 |

Note 25: Provisions and Write Off

(₹ in lakhs)

| | 2012-13 | 2011-12 |
|--|-----------------|-----------------|
| Provision against non-performing assets (net) | 22,85.83 | 12,61.16 |
| Provision against Repossessed assets | 1,91.98 | (88.36) |
| Provision / (Reversal) on loan to subsidiary companies | (5,95.00) | (12,95.00) |
| Provision against Investments (net) | | |
| – Subsidiary | 26,62.90 | 12,40.00 |
| – Others | 16.15 | 54.11 |
| Bad Debts | | |
| – Subsidiary | 5,28.00 | – |
| – Others | 15,47.00 | 14,32.73 |
| Loss on assets sold / written off | 3,06.85 | 2,85.82 |
| | 69,43.71 | 28,90.46 |

NOTES TO THE ACCOUNTS (Contd.)

26 General

26.1 Segment Reporting

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

26.2 The details of securitised assets outstanding as on 31st March 2013 as per books of the Special Purpose Vehicles (SPV) sponsored by the Company are given below

| | (₹ in lakhs) |
|---|--------------|
| No. of SPV sponsored by the Company | 6 |
| Total amount of securitised assets as per books of the SPV's sponsored by the Company | 1107,42.27 |
| Total amount of exposure retained by the Company to comply with Minimum Retention Requirement | |
| On balance sheet exposures - First loss | 73,10.00 |
| - Investment in Pass Through Certificates | 16,29.46 |
| Credit enhancement outstanding in respect of previous year transactions | 46,12.50 |

During the year, the Company assigned a part of its Hypothecation Loan receivables at premium' representing the gross receivables, the details of which are given below

| | (₹ in lakhs) |
|--|--------------|
| Book value of assets assigned | 1081,28.84 |
| Sale consideration received on assignment | 1108,15.71 |
| Minimum Retention Requirement outstanding as on 31/03/2013 | 113,90.86 |

26.3 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.

Associates:

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

NOTES TO THE ACCOUNTS (Contd.)

Sundaram Business Services Ltd.

Professional Management Consultants Ltd.

Sundaram BNP Paribas Fund Services Ltd.

Sundaram Parekh Warehousing Services Ltd.

Sundaram Insurance Broking Services Ltd.

Caltec Servicez Private Ltd.

Sundaram Asset Management Singapore Pte Ltd. (with effect from 6th Jun 2012)

Sundaram BPO India Ltd. (with effect from 7th Aug 2012)

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 Viji | Daughter |
| | Master. Arun Viji | Son |
| | Mr. Sriram Viji | Brother |

Enterprises over which Key Management Personnel (KMP) and his relatives can exercise significant influence:

Mr. Harsha Viji

M/s. Athreya Harsha Holdings Private Ltd.

Mrs. Chitra Viji & Mr. Sriram Viji

M/s. Uthirattadhi Sriram Holdings Private Ltd.

NOTES TO THE ACCOUNTS (Contd.)

RELATED PARTY TRANSACTIONS FOR THE YEAR ENDED 31ST MARCH 2013

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

| Particulars | Subsidiary Companies | Associates / Joint Venture | Key Management Personnel and Relatives | Enterprises over which KMP and his relatives is exercising significant influence | 2012-13 | 2011-12 |
|--|----------------------|----------------------------|--|--|-----------|------------|
| INCOME | | | | | | |
| Income from Financing Operations | 21.33 | 2,04.28 | | | 2,25.61 | 3,85.94 |
| Income from Services | 23,55.34 | 7,71.63 | | | 31,26.97 | 21,32.49 |
| Dividend | 16,00.57 | 20,42.93 | | | 36,43.50 | 27,44.65 |
| Rent Receipts | 5,16.07 | 2,45.38 | | | 7,61.45 | 6,86.16 |
| Other non-operating income | 1,17.24 | 42.78 | | | 1,60.02 | 1,26.91 |
| EXPENDITURE | | | | | | |
| Interest | 1,03.98 | 3,33.78 | 114.06 | | 5,51.82 | 4,34.39 |
| Remuneration | | | 407.29 | | 4,07.29 | 3,99.68 |
| Professional Fees / charges | 3,37.88 | | | | 3,37.88 | 3,34.95 |
| Software Expenses | 5,86.43 | | | | 5,86.43 | 1,11.59 |
| Rent Paid | 4.76 | | | | 4.76 | 5.18 |
| Insurance Premium | | 82.90 | | | 82.90 | 50.01 |
| Bad debts written-off | 5,28.00 | | | | 5,28.00 | – |
| Provisions / (Reversal of Provision) against Intercorporate loan | (5,95.00) | | | | (5,95.00) | (55.00) |
| Provisions / (Reversal of Provision) against Investments | 26,62.90 | | | | 26,62.90 | 12,40.00 |
| Dividend | | | 6,14.56 | 1,96.09 | 8,10.65 | 5,93.92 |
| ASSETS | | | | | | |
| Purchase of Tangible Assets | 90.38 | | | | 90.38 | 79.98 |
| Purchases of Software & Licenses | 8,20.29 | | | | 8,20.29 | 61.23 |
| Advance towards Software & Licenses | 41.84 | | | | 41.84 | 9,89.81 |
| Sale of Fixed Assets / Software licenses | 2.55 | 7.39 | | | 9.94 | 8.77 |
| Purchase of Investments | 58,20.00 | 30,96.00 | | | 89,16.00 | 60,91.10 |
| Sale of Investments | | | | | – | 6,00.00 |
| Bonus Shares | | | | | – | 64.00 |
| Intercorporate loan converted into equity | | | | | – | (12,40.00) |
| Loans and Advances Disbursed | | 15,00.00 | | | 15,00.00 | 28,00.00 |
| Repayment of Loans and Advances | 67.00 | 16,70.01 | | | 17,37.01 | 29,92.46 |
| Insurance Premium paid in advance | | 51.85 | | | 51.85 | 19.41 |
| LIABILITIES | | | | | | |
| Issue of Non Convertible Debentures | | 20,00.00 | | | 20,00.00 | 25,00.00 |
| Redemption of Non Convertible Debentures | | 20,00.00 | | | 20,00.00 | – |
| Intercorporate deposit | 53,90.50 | | | | 53,90.50 | 41,65.00 |
| Intercorporate deposit redeemed | 61,80.50 | | | | 61,80.50 | 37,06.00 |

NOTES TO THE ACCOUNTS (Contd.)

Disclosure of Material Transactions with Related Parties

(₹ in Lakhs)

| Particulars | Related Parties | 2012-13 | 2011-12 |
|--|--|-----------|----------|
| INCOME | | | |
| Income from Financing Operations | BNP Paribas Sundaram GSO Private Ltd. | 82.71 | 1,18.25 |
| | Turbo Energy Ltd. | 59.85 | 70.86 |
| | Royal Sundaram Alliance Insurance Co. Ltd. | 54.57 | 37.16 |
| | Sundaram Asset Management Company Ltd. | 16.64 | 25.78 |
| | Infreight Logistics Solutions Ltd. | – | 50.33 |
| | Sundaram Infotech Solutions Ltd. | – | 24.12 |
| | Axles India Ltd. | – | 42.13 |
| Income from Services | Sundaram BNP Paribas Home Finance Ltd. | 12,28.15 | 10,15.40 |
| | Royal Sundaram Alliance Insurance Co. Ltd. | 7,05.72 | 8,45.20 |
| | Sundaram BNP Paribas Fund Services Ltd. | 3,87.02 | 1,97.35 |
| | Turbo Energy Ltd. | 65.91 | 50.00 |
| Dividend | The Dunes Oman LLC (FZC) | 12,93.30 | 2,89.25 |
| | Sundaram BNP Paribas Home Finance Ltd. | 10,03.91 | 6,02.34 |
| | Turbo Energy Ltd. | 3,84.00 | 7,42.40 |
| | BNP Paribas Sundaram GSO Private Ltd. | 3,24.68 | 2,44.42 |
| | Sundaram Asset Management Company Ltd. | 3,06.66 | 3,83.33 |
| | Axles India Ltd. | – | 2,94.51 |
| Rent Receipts | Royal Sundaram Alliance Insurance Co. Ltd. | 2,13.50 | 1,91.90 |
| | Sundaram Business Services Ltd. | 1,95.78 | 2,56.19 |
| | Sundaram Asset Management Company Ltd. | 1,10.82 | 1,03.16 |
| | Sundaram BNP Paribas Home Finance Ltd. | 1,01.30 | 78.05 |
| Other non-operating income | Sundaram BNP Paribas Home Finance Ltd. | 68.71 | 36.10 |
| | Royal Sundaram Alliance Insurance Company Ltd. | 33.41 | 30.51 |
| | Sundaram BNP Paribas Fund Services Ltd. | 19.58 | 23.17 |
| | Sundaram Asset Management Company Ltd. | 17.92 | 19.65 |
| EXPENDITURE | | | |
| Interest | Royal Sundaram Alliance Insurance Co. Ltd. | 3,33.78 | 3,10.90 |
| | Sundaram Finance Distribution Ltd. | 67.08 | 49.61 |
| Remuneration | Mr. T. T. Srinivasaraghavan | 2,65.20 | 2,62.92 |
| | Mr. Harsha Viji | 1,42.08 | 1,36.76 |
| Professional Fees / charges | Sundaram Business Services Ltd. | 1,73.86 | 3,17.09 |
| | Sundaram BPO India Ltd. | 1,59.24 | |
| Software Expenses | Sundaram Infotech Solutions Ltd. | 5,86.43 | 1,11.59 |
| Rent Paid | Sundaram BNP Paribas Home Finance Ltd. | 4.76 | 5.18 |
| Insurance Premium | Royal Sundaram Alliance Insurance Co. Ltd. | 82.90 | 50.01 |
| Bad debts written-off | Infreight Logistics Solutions Ltd. | 5,28.00 | – |
| Provisions / (Reversal of Provision) against Intercompany loan | Infreight Logistics Solutions Ltd. | (5,95.00) | (55.00) |

NOTES TO THE ACCOUNTS (Contd.)

Disclosure of Material Transactions with Related Parties

(₹ in Lakhs)

| Particulars | Related Parties | 2012-13 | 2011-12 |
|--|--|----------|------------|
| ASSETS | | | |
| Purchase of Tangible Assets | Sundaram Infotech Solutions Ltd. | 90.38 | 79.98 |
| Purchase of Software & Licenses | Sundaram Infotech Solutions Ltd. | 8,20.29 | 61.23 |
| Advance towards Software & Licenses | Sundaram Infotech Solutions Ltd. | 41.84 | 9,89.81 |
| Sale of Fixed Assets/ Software Licenses | Royal Sundaram Alliance Insurance Co. Ltd. | 7.39 | 7.53 |
| | Sundaram BNP Paribas Fund Services Ltd. | 2.22 | 1.24 |
| Purchase of Investments | Sundaram BNP Paribas Home Finance Ltd. | 50,10.00 | – |
| | Royal Sundaram Alliance Insurance Co. Ltd. | 19,96.00 | 31,93.60 |
| | Flometallic India Ltd. | 11,00.00 | – |
| | Sundaram BNP Paribas Fund Services Ltd. | 5,10.00 | 5,10.00 |
| | Sundaram BPO India Ltd. | 3,00.00 | – |
| | Sundaram Infotech Solutions Ltd. | – | 12,40.00 |
| | Sundaram Asset Management Company Ltd. | – | 6,00.00 |
| | Professional Management Consultants Ltd. | – | 5,10.00 |
| Sale of Investments | Axles India Ltd. | – | 6,00.00 |
| Bonus Shares | Turbo Energy Ltd. | – | 64.00 |
| Intercompany Loan Converted Into Equity | Sundaram Infotech Solutions Ltd. | – | (12,40.00) |
| Loans and Advances Disbursed | BNP Paribas Sundaram GSO Private Ltd. | 15,00.00 | 28,00.00 |
| Repayment of Loans and Advances | BNP Paribas Sundaram GSO Private Ltd. | 16,70.01 | 24,37.46 |
| | Infreight Logistics Solutions Ltd. | 67.00 | 55.00 |
| | Axles India Ltd. | – | 5,00.00 |
| Insurance Premium paid in advance | Royal Sundaram Alliance Insurance Co. Ltd. | 51.85 | 19.41 |
| LIABILITIES | | | |
| Issue of Non Convertible Debentures | Royal Sundaram Alliance Insurance Co. Ltd. | 20,00.00 | 25,00.00 |
| Redemption of Non Convertible Debentures | Royal Sundaram Alliance Insurance Co. Ltd. | 20,00.00 | – |
| Intercompany deposit | Sundaram Finance Distribution Ltd. | 19,42.00 | 20,37.00 |
| | Sundaram Business Services Ltd. | 19,48.50 | 18,00.00 |
| | LGF Services Ltd. | 5,31.00 | 2,78.00 |
| | Sundaram BPO India Ltd. | 9,19.00 | – |
| | Sundaram Insurance Broking Services Ltd. | – | 50.00 |
| Intercompany deposit redeemed | Sundaram Business Services Ltd. | 20,98.50 | 20,50.00 |
| | Sundaram Finance Distribution Ltd. | 24,73.00 | 15,31.00 |
| | LGF Services Ltd. | 5,90.00 | 1,25.00 |
| | Sundaram BPO India Ltd. | 9,19.00 | – |

NOTES TO THE ACCOUNTS (Contd.)

Balances with Related Parties as at 31st March 2013

(₹ in Lakhs)

| BALANCES OUTSTANDING | Subsidiary Companies | Associates / Joint Venture | Key Management Personnel | Relatives of Key Management Personnel | Enterprises over which KMP and his relatives is exercising significant influence | 31.03.2013 | 31.03.2012 |
|---------------------------------------|----------------------|----------------------------|--------------------------|---------------------------------------|--|------------|------------|
| ASSETS | | | | | | | |
| Investments | 350,76.51 | 278,50.82 | | | | 629,27.33 | 540,11.33 |
| Loans and Advances | 31.52 | 6,92.53 | | | | 7,24.05 | 18,30.01 |
| Other Assets | 4,14.24 | 2,69.51 | | | | 6,83.75 | 2,79.58 |
| LIABILITIES | | | | | | | |
| Equity Holdings | | | 1,56.58 | 5,77.10 | 2,30.69 | 9,64.37 | 4,72.53 |
| Non Convertible Debentures | | 44,68.60 | | | | 44,68.60 | 44,26.58 |
| Deposits | | | 43.00 | 6,05.06 | | 6,48.06 | 5,57.18 |
| Intercorporate deposits | 1,89.00 | | | | | 1,89.00 | 9,79.00 |
| Interest on deposits | | | 3.91 | 48.94 | | 52.85 | 41.38 |
| Interest accrued | 0.09 | 2,05.19 | | | | 2,05.28 | 2,25.91 |
| Provision against intercorporate loan | | | | | | – | 5,95.00 |
| Other Liabilities | 86.77 | 74.93 | | | | 1,61.70 | 1,21.83 |

NOTES TO THE ACCOUNTS (Contd.)

Disclosure of Material Balances with Related Parties as at 31st March 2013

(₹ in Lakhs)

| BALANCES OUTSTANDING | Subsidiary Companies | Associates / Joint Venture | Key Management Personnel | Relatives of Key Management Personnel | Enterprises over which KMP and his relatives is exercising significant influence | 31.03.2013 | 31.03.2012 |
|--|----------------------|----------------------------|--------------------------|---------------------------------------|--|------------------|------------------|
| ASSETS | | | | | | | |
| Investments | | | | | | | |
| a) Investments in Equity Shares | | | | | | | |
| Royal Sundaram Alliance Insurance Co. Ltd. | | 189,57.43 | | | | 189,57.43 | 169,61.43 |
| Sundaram Asset Management Company Ltd. | 153,13.84 | | | | | 153,13.84 | 153,13.84 |
| Sundaram BNP Paribas Home Finance Ltd. | 111,49.10 | | | | | 111,49.10 | 61,39.10 |
| Sundaram BNP Paribas Fund Services Ltd. | 31,87.54 | | | | | 31,87.54 | 26,77.54 |
| The Dunes Oman LLC (FZC) | | 26,94.86 | | | | 26,94.86 | 26,94.86 |
| Sundaram Infotech Solutions Ltd. | 16,40.00 | | | | | 16,40.00 | 16,40.00 |
| Professional Management Consultants Ltd. | 16,37.23 | | | | | 16,37.23 | 16,37.23 |
| Flometallic India Ltd. | | 27,00.00 | | | | 27,00.00 | 16,00.00 |
| Axles India Ltd. | | 10,15.70 | | | | 10,15.70 | 10,15.70 |
| Sundaram Hydraulics Ltd. | | 11,25.00 | | | | 11,25.00 | 11,25.00 |
| Sundaram Business Services Ltd. | 15,00.00 | | | | | 15,00.00 | 15,00.00 |
| BNP Paribas Sundaram GSO Private Ltd. | | 3,64.92 | | | | 3,64.92 | 3,64.92 |
| Sundaram BPO India Ltd. | 3,00.00 | | | | | 3,00.00 | – |
| Sundaram Trustee Company Ltd. | 2,28.62 | | | | | 2,28.62 | 2,28.62 |
| Turbo Energy Ltd. | | 1,88.41 | | | | 1,88.41 | 1,88.41 |
| Transenergy Ltd. | | 1,87.50 | | | | 1,87.50 | 1,87.50 |
| Sundaram Dynacast Private Ltd. | | 1,17.00 | | | | 1,17.00 | 1,17.00 |
| Sundaram Finance Distribution Ltd. | 65.18 | | | | | 65.18 | 65.18 |
| Sundaram Insurance Broking Services Ltd. | 50.00 | | | | | 50.00 | 50.00 |
| LGF Services Ltd. | 5.00 | | | | | 5.00 | 5.00 |
| Total | 350,76.51 | 273,50.82 | | | | 624,27.33 | 535,11.33 |
| b) Investments in Preference Shares | | | | | | | |
| Sundaram Hydraulics Ltd. | | 5,00.00 | | | | 5,00.00 | 5,00.00 |

NOTES TO THE ACCOUNTS (Contd.)

Disclosure of Material Balances with Related Parties as at 31st March 2013

(₹ in Lakhs)

| BALANCES OUTSTANDING | Subsidiary Companies | Associates / Joint Venture | Key Management Personnel | Relatives of Key Management Personnel | Enterprises over which KMP and his relatives is exercising significant influence | 31.03.2013 | 31.03.2012 |
|--|----------------------|----------------------------|--------------------------|---------------------------------------|--|------------|------------|
| Loans and Advances | | | | | | | |
| a) Hypthecation Loans | | | | | | | |
| BNP Paribas Sundaram GSO Private Ltd. | | 1,92.53 | | | | 1,92.53 | 3,62.54 |
| b) Intercorporate Loans | | | | | | | |
| Infreight Logistics Solutions Ltd. | | | | | | – | 5,95.00 |
| BNP Paribas Sundaram GSO Private Ltd. | | 5,00.00 | | | | 5,00.00 | 5,00.00 |
| c) Lease Receivables | | | | | | | |
| Sundaram Infotech Solutions Ltd. | 31.52 | | | | | 31.52 | 48.11 |
| Other Assets | | | | | | | |
| Sundaram Hydraulics Ltd. | | 2,07.72 | | | | 2,07.72 | – |
| Sundaram BNP Paribas Fund Services Ltd. | 2,17.24 | | | | | 2,17.24 | 27.87 |
| Sundaram BNP Paribas Home Finance Ltd. | 84.29 | | | | | 84.29 | 99.21 |
| Total | 3,01.53 | 2,07.72 | | | | 5,09.25 | 1,27.08 |
| LIABILITIES | | | | | | | |
| Equity Holdings | | | 1,56.58 | 5,77.10 | 2,30.69 | 9,64.37 | 4,72.53 |
| Non Convertible Debentures | | | | | | | |
| Royal Sundaram Alliance Insurance Co. Ltd. | | 44,68.60 | | | | 44,68.60 | 44,26.58 |
| Deposits | | | 43.00 | 6,05.06 | | 6,48.06 | 5,57.18 |
| Intercorporate Deposits | | | | | | | |
| Sundaram Finance Distribution Ltd. | 95.00 | | | | | 95.00 | 6,26.00 |
| LGF Services Ltd. | 94.00 | | | | | 94.00 | 1,53.00 |
| Sundaram Business Services Ltd. | | | | | | – | 1,50.00 |
| Total | 1,89.00 | | | | | 1,89.00 | 9,29.00 |
| Interest on deposits | | | 3.91 | 48.94 | | 52.85 | 41.38 |
| Interest accrued | | | | | | | |
| Royal Sundaram Alliance Insurance Co. Ltd. | | 2,05.19 | | | | 2,05.19 | 2,25.91 |
| Provision against Intercorporate loan | | | | | | | |
| Infreight Logistics Solutions Ltd. | | | | | | – | 5,95.00 |
| Other Liabilities | | | | | | | |
| Royal Sundaram Alliance Insurance Co. Ltd. | | 74.93 | | | | 74.93 | 74.93 |
| Sundaram BPO India Ltd. | 59.82 | | | | | 59.82 | – |
| Sundaram Asset Management Company Ltd. | 26.95 | | | | | 26.95 | 26.95 |
| Total | 86.77 | 74.93 | | | | 1,61.70 | 1,01.88 |

NOTES TO THE ACCOUNTS (Contd.)

26.4 In December 2012, the Reserve Bank of India, issued draft guidelines on the regulatory framework for NBFCs, which, inter alia, propose that the asset classification and provisioning norms for NBFCs should, in a phased manner, be made similar to those for banks. In view of the imminent tightening of regulations, the Company has made a provision of ₹ 1,581 lakhs on assets whose instalments are overdue for 120 days and above. Further, given the difficult economic environment, the Company has, as a measure of prudence, made an additional provision of ₹ 2,091 lakhs during the year.

26.5 Movement of Provisions during the year (₹ in lakhs)

| Particulars | Opening Balance as on 01.04.2012 | Additional Provision created | Reversal of Provision | Closing Balance as on 31.03.2013 |
|--|--|------------------------------------|--------------------------|--|
| Provision for Non Performing Assets | 55,08.66 | 53,72.30 | 36,81.47 | 71,99.49 |
| Contingent provision against Standard Assets | 44,10.39 | 3,45.74 | – | 47,56.13 |
| Provision for diminution in value of investments | | | | |
| Non Current | 27,11.68 | 28,17.44 | 1,54.83 | 53,74.29 |
| Current | – | 16.44 | – | 16.44 |
| | 27,11.68 | 28,33.88 | 1,54.83 | 53,90.73 |
| Total | 126,30.73 | 85,51.92 | 38,36.30 | 173,46.35 |

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)

| Particulars | Royal Sundaram Alliance Insurance Company Limited | | BNP Paribas Sundaram Global Securities Operations Pvt. Ltd | |
|----------------------|---|------------|--|------------|
| | 31.03.2013 | 31.03.2012 | 31.03.2013 | 31.03.2012 |
| Share Holding % | 49.90 | 49.90 | 49.00 | 49.00 |
| Assets | 1178,13.79 | 1029,37.30 | 23,34.21 | 20,15.99 |
| Liabilities | 949,82.46 | 851,64.52 | 14,96.10 | 13,38.29 |
| Income | 704,57.42 | 619,31.53 | 52,98.43 | 37,70.67 |
| Expenditure | 673,00.55 | 619,54.36 | 46,48.40 | 31,82.42 |
| Capital Commitment | 1,74.09 | 2,14.84 | 15.91 | 10.47 |
| Contingent Liability | 70,47.97 | 47,07.83 | 10.91 | 8.21 |

NOTES TO THE ACCOUNTS (Contd.)

26.7 Earnings per share (Basic and diluted)

| | | 2012-13 | 2011-12 |
|---|--|--------------|-------------|
| A | Profit for the year after taxation (₹ in lakhs) | 410,11.06 | 355,45.46 |
| B | Number of equity shares of ₹ 10 each | 11,11,03,860 | 5,55,51,930 |
| C | Basic and diluted earnings per share of ₹ 10 each (in ₹) | 36.91 | 31.99 |
| D | Amount of Dividend (₹ in lakhs) | | |
| | Interim (paid) | 49,99.67 | 41,66.39 |
| | Final (proposed) | 49,99.67 | 44,44.15 |
| E | Amount of Dividend per share of ₹ 10 each (in ₹) | | |
| | Interim (paid) | 4.50 | 7.50 |
| | Final (proposed) | 4.50 | 8.00 |

Earnings Per Share for the year 2011-12 have been adjusted for issue of bonus shares as per Accounting Standard 20 - Earnings per share.

26.8 The Company preferred an appeal against the demand raised by the Commissioner of Customs, Tuticorin, in respect of a lease transaction. The Customs Excise and Service Tax Appellate Tribunal (CESTAT) in its Order, remanded the appeal to the adjudicating Commissioner for re-quantifying the duty. The Commissioner of Customs, Tuticorin vide its order dated 19.12.2012, re-quantified the duty at ₹ 43.79 lakhs. The Company filed an appeal against the order and remitted the duty under protest.

The Hon'ble High Court of Madras granted an interim stay against the collection of penalty of ₹ 10 lakhs imposed by CESTAT.

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 has 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 – ₹ 1,949.34 lakhs (net of advances of ₹ 101.54 lakhs) (31.03.2012 – ₹ 774.63 lakhs, net of advances of ₹ 2,204.47 lakhs)

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

NOTES TO THE ACCOUNTS (Contd.)

26.11 Contingent liabilities in respect of

(₹ in lakhs)

| | 31.03.2013 | 31.03.2012 |
|--|------------|------------|
| a) Liability – | | |
| To Banks – on Cheques discounted | 16,46.19 | 15,08.96 |
| on Letter of Credit | 3,94.67 | 28,28.95 |
| b) Claims against the Company not acknowledged as Debts: | | |
| Hire Purchase / Lease transactions | 31.07 | 31.07 |
| Service Tax | 61,04.70 | 45,01.73 |
| Others | 14,13.47 | 12,54.69 |

(₹ in lakhs)

| | 31.03.2013 | 31.03.2012 |
|---|------------|------------|
| 26.12 Derivative contracts outstanding: | | |
| Hedging exchange rate risk | – | 47,10.00 |
| Hedging interest rate risk | – | – |
| 26.13 Cost Insurance Freight (CIF) value of imports: | | |
| Capital goods (on payment basis) | – | 12,98.14 |
| 26.14 Expenditure in foreign currency (on payment basis): | | |
| Interest | 4,48.56 | 9,73.55 |
| On other matters | 4.97 | 25.43 |
| 26.15 Earnings in foreign currency | | |
| Dividend from an Associate Company | 12,93.30 | 2,89.25 |
| Income from other services (IT support services) | 38.04 | 86.28 |

26.16 Previous year's figures have been regrouped /reclassified wherever necessary to conform to the current year's presentation.

Signatures to Notes 1 to 26

As per our report of even date attached
For **Brahmayya & Co.**,
Chartered Accountants
Registration No.000511S
P. Babu
Partner
Membership No.203358
Chennai,
Dated: 29th May, 2013

S. Viji
Chairman
T. T. Srinivasaraghavan
Managing Director
M. Ramaswamy
Chief Financial Officer
P. Viswanathan
Secretary & Compliance Officer

S. Prasad

S. Ravindran

S. Ram
Directors

N. Venkataramani

P. N. Venkatachalam

Srinivas Acharya
Directors

Cash Flow Statement

(₹ in Lakhs)

| | 2012-13 | | 2011-12 | |
|--|-------------|--------------------|-------------|---------------------|
| A) CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Net Profit | 410,11.06 | | 355,45.46 | |
| Add: Lease Equalisation Account | (11.76) | | (34.44) | |
| Provision for Taxation | 182,49.83 | | 156,69.20 | |
| | 592,49.13 | | 511,80.22 | |
| Add: Financial Cost | 1082,15.31 | 1674,64.44 | 883,59.78 | 1395,40.00 |
| Depreciation | | 81,77.82 | | 67,41.58 |
| Provision against Investments (net) | | 26,79.05 | | 12,94.11 |
| Provision against Non - Performing assets (net) | | 18,82.81 | | (1,22.20) |
| Contingent Provisions against Standard Assets | | 3,45.74 | | 6,02.40 |
| Employee Stock Option Compensation Expenses | | 1,01.00 | | 76.29 |
| (Profit) loss on sale of assets | | (43.59) | | 60.03 |
| (Profit) loss on sale of Investments | | (5,42.71) | | (26,76.16) |
| Interest / Dividend Income | | (50,91.65) | | (37,47.02) |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | | 1749,72.91 | | 1417,69.03 |
| (Increase) Decrease in Leased assets - net of sales | (88,68.38) | | (95,45.09) | |
| (Increase) Decrease in Long Term Loans and Advances | (626,03.27) | | (835,36.04) | |
| (Increase) Decrease in Other Non-Current Assets | (1,17.98) | | 6.06 | |
| (Increase) Decrease in Bank deposits | (414,31.41) | | (145,79.29) | |
| (Increase) Decrease in Short Term Loans and Advances | (249,36.39) | | (718,83.10) | |
| (Increase) Decrease in Other Current Assets | (39,84.00) | | (16,82.86) | |
| (Increase) Decrease in SLR Investments - net of sales | (17,55.09) | | (15,99.02) | |
| Increase (Decrease) in Other Long-Term Provisions | 85.97 | | 46.75 | |
| Increase (Decrease) in Other Short-Term Provisions | 3,10.08 | | 6,50.09 | |
| Increase (Decrease) in Other Long-Term Liabilities | 28,44.87 | | (5,59.70) | |
| Increase (Decrease) in Trade Payables | (68.68) | | (6,06.85) | |
| Increase (Decrease) in Other Current Liabilities | 91,20.57 | (1314,03.71) | 89,98.88 | (1742,90.17) |
| Cash generated from Operations | | 435,69.20 | | (325,21.14) |
| Financial Cost | (948,75.03) | | (874,90.52) | |
| Direct Taxes Paid | (191,50.00) | (1140,25.03) | (160,50.00) | (1035,40.52) |
| NET CASH FROM OPERATING ACTIVITIES (A) | | (704,55.83) | | (1360,61.66) |

Cash Flow Statement (Contd.)

(₹ in Lakhs)

| | 2012-13 | 2011-12 |
|--|--------------------|--------------------|
| B) CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (48,97.54) | (14,99.19) |
| Sale of Fixed Assets | 2,83.87 | 1,12.44 |
| Purchase / Sale of Investments in Subsidiaries / Joint Venture / Associates | (89,16.00) | (43,03.59) |
| Purchase / Sale of current investments | (188,78.62) | 305,21.40 |
| Purchase of non-current Investments | (18,24.25) | (2,94.06) |
| Dividend Received | 50,91.65 | 37,47.02 |
| NET CASH FROM INVESTING ACTIVITIES (B) | (291,40.89) | 282,84.02 |
| C) CASH FLOW FROM FINANCING ACTIVITIES | | |
| Increase (Decrease) in Long Term Borrowings | 614,28.49 | 345,27.55 |
| Increase (Decrease) in Short Term Borrowings | 511,60.73 | 20,19.60 |
| Dividend paid (including Corporate Dividend Tax) | (107,16.20) | (91,75.09) |
| NET CASH FROM FINANCING ACTIVITIES (C) | 1018,73.02 | 273,72.06 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C) | 22,76.30 | (804,05.58) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 86,24.82 | 890,30.40 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 109,01.12 | 86,24.82 |
| COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | | |
| Current Account with Banks | 30,51.50 | 23,98.67 |
| Cash, Stamps and Stamp Papers on Hand | 78,49.62 | 62,26.15 |
| | 109,01.12 | 86,24.82 |

Note: 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
P. Babu
Partner
Membership No.203358
Chennai,
Dated: 29th May, 2013

S. Viji
Chairman
T. T. Srinivasaraghavan
Managing Director
M. Ramaswamy
Chief Financial Officer
P. Viswanathan
Secretary & Compliance Officer

S. Prasad
S. Ravindran
S. Ram
Directors

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 | Debtures : Secured | 5841,47.25 | – |
| | : Unsecured | 697,10.00 | – |
| | (other than falling within the meaning of public deposits) | | |
| b | Deferred Credits | – | – |
| c | Term Loans | 1000,00.00 | – |
| d | Inter-corporate loans and borrowings | | – |
| e | Commercial paper | 1397,77.58 | – |
| f | Public Deposits | 1468,40.24 | 20,51.63 # |
| g | Other loans | | |
| | - Bank Borrowing | 1072,12.62 | – |
| | - Deposits from Corporates | 10,48.16 | – |
| (2) | Break-up of 1 (f) above (Outstanding public deposits) @ | | |
| a | In the form of Unsecured debtures | – | – |
| b | In the form of partly secured debtures i.e. debtures where there is a shortfall in the value of security | – | – |
| c | Other public deposits | 1468,40.24 | 20,51.63# |

@ 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 | |
| b | Unsecured (including Advance for Business Assets) | 260,62.10 |
| (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 | 4.26 |
| b | Operating Lease | 228,71.48 |
| (ii) | Net Stock on hire including hire charges under sundry debtors | |
| a | Assets on hire | 70,60.89 |
| b | Repossessed Assets | |
| (iii) | Hypothecation loans counting towards EL / HP activities | |
| a | Loans where assets have been repossessed | 17,27.42 |
| b | Loans other than (a) above | 11669,09.67 |

(₹ in Lakhs)

| | Particulars | Amount Outstanding | Market Value * |
|-------|----------------------------------|--------------------|-------------------|
| (5) | Break-up of Investments: | | |
| | Current Investments: | | |
| 1. | Quoted - Government Securities | 2,65.75 | 2,49.31 |
| 2. | Unquoted - Units of mutual funds | 207,20.65 | 210,48.78 |
| | - Others | 8,23.78 | 8,23.78 |
| | Long Term Investments: | | |
| 1. | Quoted: | | |
| (i) | Equity Shares | 29,60.38 | 223,45.14 |
| (ii) | Government Securities | 146,54.54 | 144,86.93 |
| 2. | Unquoted: | | |
| (i) | Shares - Equity | 650,12.06 | 1018,48.04 |
| | - Preference | 5,00.00 | 5,00.00 |
| (ii) | Government Securities | — | — |
| (iii) | Units of mutual funds | 2,00.00 | 1,32.32 |
| (iv) | Bonds | — | — |
| (v) | Others | 8,05.68 | 8,05.68 |
| | Total | 1059,42.83 | 1622,39.98 |

* 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 | 31.85 | — | 31.85 |
| b | Companies in the same group | | | |
| c | Other related parties | 1,92.53 | 5,00.00 | 6,92.53 |
| 2. | Other than related parties | 11911,54.77 | 255,57.18 | 12167,11.95 |
| | Total | 11913,79.15 | 260,57.18 | 12174,36.33 |

| (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 | 388,37.72 | 299,66.37 |
| b | Companies in the same group | | |
| c | Other related parties | 531,49.40 | 278,50.82 |
| 2. | Other than related parties | 702,52.86 | 427,34.91 |
| | Total | 1622,39.98 | 1005,52.10 |

| (8) | Other Information | (₹ in Lakhs) |
|-------|---|--------------|
| | Particulars | Amount |
| (i) | Gross Non-Performing Assets | |
| a | Related Parties | — |
| b | Other than related parties | 125,22.70 |
| (ii) | Net Non-Performing Assets | |
| a | Related Parties | — |
| b | Other than related parties | 53,23.21 |
| (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. | 31.03.2013 | 4,64,18,796 Equity Shares of ₹ 10/- each (50.10%) | 63,39.93 | 100,16.95 | Nil | 24,09.38 |
| Sundaram Asset Management Company Ltd. | 31.03.2013 | 1,53,33,229 Equity Shares of ₹ 10/- each (100%) | 16,86.48 | 47,24.05 | Nil | 17,65.47 |
| Sundaram Trustee Company Ltd. | 31.03.2013 | 50,000 Equity Shares of ₹ 10/- each (100%) | 40.36 | 38.61 | Nil | 1,17.57 |
| Sundaram Finance Distribution Ltd. | 31.03.2013 | 5,00,000 Equity Shares of ₹ 10/- each (100%) | 73.33 | 13,28.21 | Nil | 44,05.00 |
| IGF Services Ltd. | 31.03.2013 | 2,50,000 Equity Shares of ₹ 10/- each (100%) | 79.07 | 2,90.60 | Nil | 7,17.50 |
| Sundaram Infotech Solutions Ltd. | 31.03.2013 | 1,64,00,000 Equity Shares of ₹ 10/- each (100%) | 6,54.30 | (12,78.88) | Nil | Nil |
| Sundaram Business Services Ltd. | 31.03.2013 | 1,50,00,000 Equity Shares of ₹ 10/- each (100%) | (60.53) | (3,16.00) | Nil | Nil |
| Infreight Logistics Solutions Ltd. | 31.03.2013 | 56,11,200 Equity Shares of ₹ 10/- each (100%) | (4.94) | (10,49.95) | Nil | Nil |
| Sundaram BNP Paribas Fund Services Ltd. | 31.03.2013 | 3,18,75,000 Equity Shares of ₹ 10/- each (51%) | (7,03.01) | (19,59.89) | Nil | Nil |
| Sundaram Insurance Broking Services Ltd. | 31.03.2013 | 5,00,000 Equity Shares of ₹ 10/- each (100%) | 3.03 | 2.27 | Nil | Nil |
| Sundaram Parekh Warehousing Services Ltd. | 31.03.2013 | 51,000 Equity Shares of ₹ 10/- each (51%) | (0.11) | 1.55 | Nil | Nil |
| Sundaram Asset Management Singapore Pte Ltd. | 31.03.2013 | 17,75,001 Equity Shares of ₹ 10/- each (100%) | (5,12.63) | Nil | Nil | Nil |
| Sundaram BPO India Ltd. * | 31.03.2013 | 30,00,000 Equity Shares of ₹ 10/- each (100%) | 14.05 | Nil | Nil | Nil |

On December 2012, the Board of Directors approved a Scheme of Amalgamation ('Scheme') of Caltec Servicez Private Limited and Professional Management Consultants Limited with Sundaram BPO India Limited under Sections 391 and 394 of the Companies Act, 1956. In December 2012, the Company filed a petition for approvals of the Scheme with the Hon'ble High Court of Madras ('the Court').

The Court approved the Scheme vide its Order dated 26 April 2013 with the appointed date as 1 October 2012.

* The outstanding equity shares to be issued aggregating to ₹ 5,95,12,590 representing 59,51,259 equity shares of ₹ 10 each of the Company under the Scheme of Amalgamation of Caltec Servicez Private Limited and Professional Management Consultants Limited with the Company represent Equity share capital suspense account.

S. Viji
Chairman

T. T. Srinivasaraghavan
Managing Director

Chennai
Dated: 29th May, 2013

M. Rameswamy
Chief Financial Officer

P. Viswanathan
Secretary & Compliance Officer

S. Prasad

S. Ravindran

S. Ram
Directors

N. Venkataramani

P. N. Venkatachalam

Srinivas Acharya
Directors

Consolidated

Financial

Statements

Consolidated Balance Sheet

as at 31st March, 2013

(₹ in Lakhs)

| Particulars | Note | March 31, 2013 | March 31, 2012 |
|---|---------|---------------------------|---------------------------|
| <u>EQUITY AND LIABILITIES</u> | | | |
| Shareholders' funds | | | |
| Share capital | 2 | 111,10.39 | 55,55.19 |
| Reserves and surplus | 3 | 2503,18.34 | 2109,03.82 |
| Money received against share warrants | | — | — |
| | | 2614,28.73 | 2164,59.01 |
| Share application money pending allotment | | — | — |
| Minority Interest | | 278,04.20 | 180,52.03 |
| Non-current liabilities | | | |
| Long-term borrowings | 4 | 8079,68.73 | 8014,31.25 |
| Other Long-term liabilities | 5 | 461,85.78 | 366,54.20 |
| Long-term provisions | 6 | 120,40.86 | 81,39.49 |
| | | 8661,95.37 | 8462,24.94 |
| Current liabilities | | | |
| Short-term borrowings | 7 | 2846,55.08 | 2277,12.31 |
| Trade Payables | 8 | 359,16.23 | 312,02.73 |
| Other current liabilities | 9 | 7119,77.43 | 4673,79.06 |
| Short-term provisions | 10 | 166,59.54 | 139,89.01 |
| | | 10492,08.28 | 7402,83.11 |
| TOTAL EQUITY AND LIABILITIES | | <u>22046,36.58</u> | <u>18210,19.09</u> |
| <u>ASSETS</u> | | | |
| Non-current assets | | | |
| Fixed assets | 11 | | |
| Tangible assets | | 351,92.16 | 320,84.80 |
| Intangible assets | | 188,87.72 | 172,97.61 |
| Intangible assets under development | | 23.08 | 17,20.74 |
| | | 541,02.96 | 511,03.15 |
| Non-current investments | 12 | 1231,43.32 | 994,56.48 |
| Deferred tax assets (net) | 13 | 115,77.80 | 63,80.27 |
| Long-term loans and advances | 14 | 11580,44.55 | 9282,69.80 |
| Other non-current assets | 15 | 27,73.97 | 23,57.67 |
| | | 13496,42.60 | 10875,67.37 |
| Current assets | | | |
| Current investments | 16 | 731,25.34 | 352,69.98 |
| Cash and Bank balances | 17 | 1337,87.13 | 939,47.64 |
| Short-term loans and advances | 18 | 6232,52.05 | 5852,82.30 |
| Other current assets | 19 | 248,29.46 | 189,51.80 |
| | | 8549,93.98 | 7334,51.72 |
| TOTAL ASSETS | | <u>22046,36.58</u> | <u>18210,19.09</u> |
| 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
P. Babu
Partner
Membership No.203358
Chennai,
Dated: 29th May, 2013

S. Viji
Chairman
T. T. Srinivasaraghavan
Managing Director
M. Ramaswamy
Chief Financial Officer
P. Viswanathan
Secretary & Compliance Officer

S. Prasad
S. Ravindran
S. Ram
Directors

N. Venkataramani
P. N. Venkatachalam
Srinivas Acharya
Directors

Consolidated Statement of Profit and Loss

for the Year Ended 31st March, 2013

(₹ in Lakhs)

| Particulars | Note | 2012-13 | 2011-12 |
|---|----------------|-------------------|-------------------|
| REVENUE: | | | |
| Revenue from operations | 20 | 3684,01.77 | 3003,16.14 |
| Other income | 21 | 26,19.63 | 34,64.10 |
| Total Revenue | (A) | 3710,21.40 | 3037,80.24 |
| EXPENSES: | | | |
| Finance Costs | 22 | 1515,50.84 | 1182,61.91 |
| Insurance claims incurred (net) | | 461,28.73 | 431,92.94 |
| Employee benefits | 23 | 333,05.68 | 292,46.98 |
| Administrative and Other expenses | 24 | 415,04.50 | 364,42.80 |
| Provisions and Write Off | 25 | 69,90.56 | 36,87.87 |
| Depreciation | | 100,56.88 | 84,12.69 |
| Contingent Provision against Standard Assets | | 8,21.44 | 14,47.98 |
| Total expenses | (B) | 2903,58.63 | 2406,93.17 |
| Profit before Tax | (A-B) | 806,62.77 | 630,87.07 |
| Tax expense: | | | |
| Current tax | | 299,14.82 | 219,29.91 |
| Deferred tax | | (51,97.52) | (16,99.27) |
| | | 247,17.30 | 202,30.64 |
| Net Profit (before adjustment for minority interest) | | 559,45.47 | 428,56.43 |
| Less: Minority Interest | | 56,26.03 | 39,67.34 |
| | | 503,19.44 | 388,89.09 |
| Add: Share of Profit in Associates | | 60,77.47 | 69,02.32 |
| Profit after Tax | | 563,96.91 | 457,91.41 |
| Basic and Diluted Earnings Per Share of ₹ 10 each (in ₹) | | 50.76 | 41.21 |
| 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
P. Babu
Partner
Membership No.203358
Chennai,
Dated: 29th May, 2013

S. Viji
Chairman
T. T. Srinivasaraghavan
Managing Director
M. Ramaswamy
Chief Financial Officer
P. Viswanathan
Secretary & Compliance Officer

S. Prasad
S. Ravindran
S. Ram
Directors

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 subsidiary, Sundaram Asset Management Singapore Pte. Ltd. have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial reporting Standards (FRS). For the purpose of consolidation, the financial statements have been considered for the period 19th May 2011 to 31st March 2013.

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.

The assets and liabilities have been classified as non-current and current based on a 12 month operating cycle.

1.2 Income Recognition:

- a) Income from Hypothecation loans, Hire Purchase and Housing Finance loan transactions is accounted on the basis of the Internal Rate of Return method.

On assets securitised / assigned during the year, income is recognised over the life of the underlying assets based on the method prescribed by RBI vide their guidelines dated 21st August 2012.

On assets securitised during the previous year, income is recognised over the life of the underlying assets based on the method prescribed by RBI vide their guidelines dated 1st February 2006. In respect of assets assigned during the previous years, the Excess Interest Spread 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 and Zero Coupon Non Convertible Debentures issued at a discount to the face value are accounted at their carrying cost, comprising issue price and accrued finance cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**1.4 Fixed Assets and Depreciation / Amortisation:**

Fixed assets and Investment Property are stated at historical cost less accumulated depreciation. Depreciation on assets is provided on the Written Down Value Method at rates prescribed in Schedule XIV to the Companies Act, 1956. Assets costing ₹ 5000 or less acquired during the year are fully depreciated.

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

Cost of assets taken on lease on or after 01st April, 2001 is amortised over the lease tenure as per the Accounting Standard - 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 Statement of Profit and Loss.

Exchange differences on forward exchange contracts, entered into for hedging foreign exchange fluctuation risk in respect of asset / liability are recognised in the Statement of Profit and Loss 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.

For the purpose of consolidation, income and expenses are translated at average rates and the assets and liabilities are stated at closing rate. The net impact of such change is accumulated under Foreign Currency Translation Reserve.

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 Statement of Profit and Loss.

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 Statement of Profit and Loss 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 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.

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 | 100.00 |
| Sundaram Asset Management Singapore Pte Ltd. (from 06/06/2012) | Singapore | 100.00 |
| Sundaram BPO India Limited (from 07/08/2012) | India | 100.00 |

- 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 | 41.54 |
| 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.

Sundaram Asset Management Singapore Pte Ltd.

- (i) Depreciation is based on the cost of an asset less its residual value and is recognised as an expense in Profit or Loss on a straight line basis over the estimated useful life of the asset. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.
- (ii) The Company recognises Non-derivative financial assets i.e. Loan and receivables / Non-derivative financial liabilities at fair value plus any directly attributable transaction costs. Subsequent to this initial recognition, loans and receivables are measured at amortised cost using the effective interest method. (Impairment losses are reduced for Loan and receivables)

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 31.12.2012 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)

| | 31.03.2013 | 31.03.2012 |
|---|------------------|------------------|
| Authorised Capital | | |
| 25,00,00,000 Equity Shares of ₹ 10/- each | 250,00.00 | 100,00.00 |
| Issued, Subscribed and fully paid up | | |
| 11,11,03,860 Equity Shares of ₹ 10/- each | 111,10.39 | 55,55.19 |

- a) Paid-up share capital includes 10,65,27,475 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.

| | 31.03.2013 | 31.03.2012 |
|--|--------------|-------------|
| Reconciliation of number of shares | | |
| At the beginning of the year | 5,55,51,930 | 5,55,51,930 |
| Add: Issue of Bonus shares during the year | 5,55,51,930 | — |
| At the end of the year | 11,11,03,860 | 5,55,51,930 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 3: Reserves and Surplus

(₹ in lakhs)

| | 31.03.2013 | 31.03.2012 |
|--|------------|------------|
| a) Capital Reserve (on Consolidation) | | |
| At the beginning of the year | 3,32.50 | 2,83.16 |
| Add: Change in Value of holding in Associate / Subsidiary | 42.89 | 49.34 |
| At the end of the year | 3,75.39 | 3,32.50 |
| b) Capital Reserve | 50,79.64 | 50,79.64 |
| c) Securities Premium Account | 19,52.77 | 19,52.77 |
| d) Share Options Outstanding Account | | |
| At the beginning of the year | 78.26 | 66.41 |
| Less: Shares transferred on exercise of option | 11.29 | 11.80 |
| Less: Transfer to General Reserve | 66.97 | 54.61 |
| Add: Granted during the year | 1,05.55 | 78.26 |
| Less: Deferred Employee Compensation Cost | 17.59 | 13.04 |
| At the end of the year | 87.96 | 65.22 |
| e) Statutory Reserve | | |
| At the beginning of the year | 433,95.50 | 362,85.50 |
| Add: Transfer from Surplus in the Statement of Profit and Loss | 82,02.21 | 71,10.00 |
| At the end of the year | 515,97.71 | 433,95.50 |
| f) Special Reserve | | |
| At the beginning of the year | 27,71.87 | 17,69.87 |
| Add: Transfer from Surplus in the Statement of Profit and Loss | 11,02.20 | 10,02.00 |
| At the end of the year | 38,74.07 | 27,71.87 |
| g) General Reserve | | |
| At the beginning of the year | 1264,84.12 | 1057,00.02 |
| Add: Transfer from Share Options Outstanding account | 66.97 | 54.61 |
| Add: Transfer from Surplus in the Statement of Profit and Loss | 196,23.44 | 207,29.49 |
| Less: Issue of Bonus shares during the year | 55,55.19 | — |
| At the end of the year | 1406,19.34 | 1264,84.12 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

| | 31.03.2013 | 31.03.2012 |
|---|-------------------|-------------------|
| h) Additional Reserve | 1,66.33 | — |
| i) Foreign Currency Translation Reserve | | |
| At the beginning of the year | 3,29.89 | (2,27.50) |
| Add: Increase during the year | 3,55.83 | 5,57.39 |
| At the end of the year | 6,85.72 | 3,29.89 |
| j) Surplus in the Statement of Profit and Loss | | |
| At the beginning of the year | 304,92.31 | 242,09.43 |
| Add: Change in the value of holdings in Subsidiaries / Associates | (1,99.11) | (6,06.99) |
| Add: Profit for the year | 563,96.91 | 457,91.41 |
| | 866,90.11 | 693,93.85 |
| Less: Appropriations | | |
| Dividend | | |
| Interim | 49,99.67 | 41,66.39 |
| Final (Proposed) | 49,99.67 | 44,44.15 |
| Dividend Tax | 17,17.18 | 14,49.51 |
| Statutory Reserve | 82,02.21 | 71,10.00 |
| Special Reserve | 11,02.20 | 10,02.00 |
| Additional Reserve | 1,66.33 | — |
| General Reserve | 196,23.44 | 207,29.49 |
| | 458,79.41 | 304,92.31 |
| At the end of the year | 2503,18.34 | 2109,03.82 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 4: Long-Term Borrowings

| | (₹ in lakhs) | |
|--|--------------------------|--------------------------|
| | 31.03.2013 | 31.03.2012 |
| Secured | | |
| Non-Convertible Debentures | 4085,17.90 | 4062,45.21 |
| Term loans from banks | 2045,03.88 | 2243,54.70 |
| Unsecured | | |
| Subordinated Non Convertible Debentures | 929,61.50 | 564,62.50 |
| Debentures Application money- Subordinated | <u>115,50.00</u> | <u>41,40.00</u> |
| | 1045,11.50 | 606,02.50 |
| Fixed Deposits | 904,35.45 | 1101,20.75 |
| Other borrowings | – | 1,08.09 |
| | <u>8079,68.73</u> | <u>8014,31.25</u> |

Note 5: Other Long-term liabilities

| | (₹ in lakhs) | |
|--|-------------------------|-------------------------|
| | 31.03.2013 | 31.03.2012 |
| Interest accrued but not due on borrowings | 93,50.05 | 72,58.97 |
| Other liabilities | <u>368,35.73</u> | <u>293,95.23</u> |
| | <u>461,85.78</u> | <u>366,54.20</u> |

Note 6: Long-term provisions

| | (₹ in lakhs) | |
|--|-------------------------|------------------------|
| | 31.03.2013 | 31.03.2012 |
| Employee Benefits | 7,30.87 | 5,74.81 |
| Non-performing assets | 39,42.66 | 10,18.80 |
| Contingent provision against Standard Assets | <u>73,67.33</u> | <u>65,45.88</u> |
| | <u>120,40.86</u> | <u>81,39.49</u> |

Note 7: Short-term borrowings

| | (₹ in lakhs) | |
|--|--------------------------|--------------------------|
| | 31.03.2013 | 31.03.2012 |
| Secured | | |
| Working capital demand loans and Cash Credit | 919,06.27 | 942,93.42 |
| Term Loans from Banks | 100,00.00 | 330,56.80 |
| Non Convertible Debentures | <u>363,00.00</u> | <u>110,00.00</u> |
| | 1382,06.27 | 1383,50.22 |
| Unsecured | | |
| Term Loans from Banks | – | 30,00.00 |
| Credit facilities from Banks | 148,16.18 | 131,06.02 |
| Commercial paper | 1312,86.68 | 729,86.57 |
| Other loans and advances | <u>3,45.95</u> | <u>2,69.50</u> |
| | 1464,48.81 | 893,62.09 |
| | <u>2846,55.08</u> | <u>2277,12.31</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 8: Trade Payables

(₹ in lakhs)

| | 31.03.2013 | 31.03.2012 |
|-------------------------|------------------|------------------|
| Dealer Balances | 24,38.22 | 21,52.81 |
| Creditors for Expenses | 301,06.34 | 258,35.75 |
| Outstanding Liabilities | 33,71.67 | 32,14.17 |
| | 359,16.23 | 312,02.73 |

Note 9: Other current liabilities

(₹ in lakhs)

| | 31.03.2013 | 31.03.2012 |
|--|-------------------|-------------------|
| Non Convertible Debentures | | |
| – Secured | 3188,24.02 | 1373,56.82 |
| – Unsecured | 10,00.00 | 40,00.00 |
| | 3198,24.02 | 1413,56.82 |
| Term loans from Banks - Secured | 977,95.48 | 1612,08.05 |
| Fixed Deposits | 1101,74.06 | 673,21.40 |
| Commercial Paper | 591,19.30 | 32,02.07 |
| Interest accrued but not due on borrowings | 500,88.18 | 310,86.45 |
| Unpaid dividends | 1,36.58 | 94.14 |
| Income received in advance | 12,83.70 | 41,75.40 |
| Unpaid matured deposits and interest accrued thereon | 27,80.10 | 19,19.67 |
| Amount due on assets securitised / assigned | 257,04.99 | 109,31.49 |
| Advance from Customers | 44,89.36 | 84,63.43 |
| Sundry creditors for finance | 45,99.32 | 55,93.79 |
| Sundry Creditors for Unexpired Insurance Risk | 358,74.26 | 319,08.45 |
| Other liabilities | 1,08.08 | 1,17.90 |
| | 7119,77.43 | 4673,79.06 |

Note 10: Short-term provisions

(₹ in lakhs)

| | 31.03.2013 | 31.03.2012 |
|----------------------------|------------------|------------------|
| Employee Benefits | 42,41.92 | 37,64.17 |
| Non-Performing Assets | 62,36.83 | 48,44.86 |
| Proposed dividend | 49,99.67 | 44,44.15 |
| Provision for dividend tax | 11,81.12 | 9,35.83 |
| | 166,59.54 | 139,89.01 |

(₹ in lakhs)

Note : 11 Fixed Assets

| DESCRIPTION | GROSS BLOCK AT COST | | | DEPRECIATION | | | Net Book Value | Balance in Lease Adjustment Account as at 31.03.2013 | NET BLOCK | | |
|---|---------------------|------------------|------------------|------------------|------------------|------------------|-----------------|--|------------------|------------------|------------------|
| | As at 31.03.2012 | Additions | Deductions | As at 31.03.2013 | Upto 31.03.2012 | Additions* | | | Deductions | Upto 31.03.2013 | As at 31.03.2013 |
| i) Tangible Assets | | | | | | | | | | | |
| 1 Freehold Land and Buildings | 55,03.38 | 5,98.84 | - | 61,02.22 | 12,05.16 | 1,07.36 | - | 13,12.52 | 47,89.70 | 42,98.22 | |
| 2 Leasehold office / Residential Premises | 15,26.90 | 34.53 | 34.53 | 14,92.37 | 7,93.90 | 36.00 | 17.46 | 8,12.44 | 6,79.93 | 7,33.00 | |
| 3 Plant and Machinery and Computers | 94,80.67 | 11,94.94 | 5,45.37 | 101,30.24 | 68,85.90 | 11,34.53 | 4,81.80 | 75,38.63 | 25,91.61 | 25,94.77 | |
| 4 Furniture and Fixtures | 44,09.54 | 3,16.15 | 1,75.12 | 45,50.57 | 31,10.33 | 3,77.91 | 1,53.10 | 33,55.14 | 12,15.43 | 12,99.21 | |
| 5 Vehicles | 25,06.48 | 6,95.51 | 4,04.38 | 27,97.61 | 11,66.33 | 4,14.23 | 3,03.58 | 12,76.98 | 15,20.63 | 13,40.15 | |
| 6 Office Equipment | 24,61.58 | 2,57.90 | 68.61 | 26,50.87 | 13,85.82 | 1,93.48 | 46.70 | 15,32.60 | 11,18.27 | 10,75.76 | |
| | 258,88.55 | 30,63.34 | 12,28.01 | 277,23.88 | 145,47.44 | 22,63.51 | 10,02.64 | 158,08.31 | 119,15.57 | 113,41.11 | |
| 7 Operating Lease | | | | | | | | | | | |
| a) Plant and Machinery and Computers | 52,93.10 | 26.90 | 70.83 | 52,49.17 | 19,79.95 | 4,99.29 | 41.80 | 24,37.44 | 28,11.73 | 33,13.15 | |
| b) Vehicles | 284,43.31 | 110,45.08 | 57,50.05 | 337,38.34 | 110,32.92 | 57,30.27 | 34,85.43 | 132,77.76 | 204,60.58 | 174,10.39 | |
| | 337,36.41 | 110,71.98 | 58,20.88 | 399,87.51 | 130,12.87 | 62,29.56 | 35,27.23 | 157,15.20 | 232,72.31 | 207,23.54 | |
| 8 Assets on Finance Lease | | | | | | | | | | | |
| a) Plant and Machinery and Computers | 41,94.67 | - | 1,02.72 | 40,91.95 | 40,10.50 | 25.94 | 1,02.42 | 39,34.02 | 1,57.93 | 19.30 | |
| b) Vehicles | 5,79.42 | - | 12.14 | 5,67.28 | 5,75.31 | 1.06 | 12.07 | 5,64.30 | 2.98 | 0.02 | |
| c) Office Equipment | 76.09 | - | - | 76.09 | 72.27 | 0.53 | - | 72.80 | 3.29 | 0.83 | |
| | 48,50.18 | - | 1,14.86 | 47,35.32 | 46,58.08 | 27.53 | 1,14.49 | 45,71.12 | 1,64.20 | 20.15 | |
| | 644,75.14 | 141,35.32 | 71,63.75 | 714,46.71 | 322,18.39 | 85,20.60 | 46,44.36 | 360,94.63 | 353,52.08 | 320,84.80 | |
| ii) Intangible Assets | | | | | | | | | | | |
| Goodwill (on Consolidation) | 149,89.35 | - | - | 149,89.35 | - | - | - | - | 149,89.35 | 149,89.35 | |
| Computer Software | 55,13.83 | 31,30.41 | - | 86,44.24 | 32,05.57 | 15,40.30 | - | 47,45.87 | 38,98.37 | 23,08.26 | |
| iii) Intangible Assets Under Development | 17,20.74 | 14,16.69 | 31,14.35 | 23.08 | - | - | - | - | 23.08 | 17,20.74 | |
| Grand Total | 866,99.06 | 186,82.42 | 102,78.10 | 951,03.38 | 354,23.96 | 100,60.90 | 46,44.36 | 408,40.50 | 542,62.88 | 511,03.15 | |
| Previous Year | 758,15.37 | 156,83.31 | 47,99.62 | 866,99.06 | 298,88.85 | 84,78.11 | 29,43.00 | 354,23.96 | 511,03.15 | 457,15.68 | |

* Finance Lease Depreciation of ₹ 27.53 lakhs (Previous Year - ₹ 33.28 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 ₹ 2.03 lakhs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 12: Non-current Investments

(₹ in lakhs)

| | 31.03.2013 | 31.03.2012 |
|--|--------------------------|-------------------------|
| Investment Property (net of depreciation) | 15,45.32 | 15,70.86 |
| Investment in Equity Instruments | 377,89.23 | 320,96.80 |
| Investment in Preference Shares | 5,00.00 | 5,00.00 |
| Investment in Government securities | 441,47.68 | 365,75.04 |
| Investment in Debentures or Bonds | 377,77.77 | 285,35.58 |
| Investment in Mutual Funds | 8,25.00 | 2,15.98 |
| Investment in Subordinate Tranche Securities | 23.99 | 93.19 |
| Investment in Pass through certificates | 9,01.04 | 1,33.47 |
| | <u>1235,10.03</u> | <u>997,20.92</u> |
| Less: Aggregate provision for diminution in value of investments | 3,66.71 | 2,64.44 |
| | <u>1231,43.32</u> | <u>994,56.48</u> |

Carrying amount of associates includes Capital Reserve on acquisition of shares ₹ 119.09 lakhs (31.03.12- ₹ 87.69 lakhs)

(₹ in lakhs)

| Particulars | Cost | Mkt Value |
|--|--------------------------|-------------|
| Aggregate amount of Quoted Investments | 883,58.68 | 1,07,797.21 |
| Aggregate amount of Unquoted Investments | 332,39.32 | |
| Investment Property | 15,45.32 | |
| Total | <u>1231,43.32</u> | |

Note 13: Deferred Tax Assets (Net)

(₹ in lakhs)

| | 31.03.2013 | 31.03.2012 |
|---|-------------------------|------------------------|
| Deferred Tax Assets | | |
| Contingent provisions against Standard assets | 25,04.16 | 17,39.17 |
| Provisions against Non-performing assets | 40,03.15 | 27,27.43 |
| Income deferment on Non-performing assets | 4,39.79 | 2,77.10 |
| Provisions against Investments | 1,14.52 | 79.61 |
| Depreciation | 23,58.36 | 15,07.64 |
| Others | 28,22.99 | 12,20.01 |
| | <u>122,42.97</u> | <u>75,50.96</u> |
| Less: Deferred Tax Liabilities | | |
| Hire Purchase Income | 1,09.55 | 2,60.43 |
| Others | 5,55.62 | 9,10.26 |
| | <u>6,65.17</u> | <u>11,70.69</u> |
| | <u>115,77.80</u> | <u>63,80.27</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 14: Long-term loans and advances

(₹ in lakhs)

Secured, Considered good

Hypothecation Loans

Mortgage Loans

Net Investment in Stock-on-hire

Net investment in lease

Other loans

Amount retained on Assets securitised / assigned

Unsecured, Considered good

Capital Advances

Deposits

Other loans

Other loans and advances

Advance Income tax and Tax Deducted at Source (net of provision)

Other advances

| | 31.03.2013 | 31.03.2012 |
|--|---------------------------|--------------------------|
| | 6042,58.69 | 5477,90.20 |
| | 5214,13.50 | 3540,56.59 |
| | 12,44.02 | 26,51.85 |
| | 20,17.53 | 28,24.51 |
| | 2,42.54 | 2,16.55 |
| | <u>11291,76.28</u> | <u>9075,39.70</u> |
| | 69,69.75 | — |
| | 12,39.84 | 11,80.88 |
| | 18,31.09 | 18,43.35 |
| | 38,85.81 | 50,99.18 |
| | <u>69,56.74</u> | <u>81,23.41</u> |
| | 148,58.76 | 124,70.08 |
| | 83.02 | 1,36.61 |
| | <u>11580,44.55</u> | <u>9282,69.80</u> |

Note 15: Other Non-Current Assets

(₹ in lakhs)

SFL Employees Welfare Trust

Other assets

| | 31.03.2013 | 31.03.2012 |
|--|------------------------|------------------------|
| | 3,38.38 | 3,49.84 |
| | 24,35.59 | 20,07.83 |
| | <u>27,73.97</u> | <u>23,57.67</u> |

Note 16: Current Investments

(₹ in lakhs)

Investment in Equity Instruments

Investment in Government Securities

Investment in Debentures or Bonds

Investment in Mutual Funds

Investment in Pass through certificates

Investment in Subordinate Tranche Securities

Other Current Investments

Less: Aggregate provision for diminution in value of investment in Government Securities

| | 31.03.2013 | 31.03.2012 |
|--|-------------------------|-------------------------|
| | 0.50 | — |
| | 61,79.00 | 93,46.95 |
| | 221,83.11 | 211,00.27 |
| | 417,14.42 | 13,40.91 |
| | 8,23.78 | — |
| | 69.20 | 74.75 |
| | 22,02.31 | 34,07.10 |
| | <u>731,72.32</u> | <u>352,69.98</u> |
| | 46.98 | — |
| | <u>731,25.34</u> | <u>352,69.98</u> |

(₹ in lakhs)

| Particulars | Cost | Mkt Value |
|--|------------------|-----------|
| Aggregate amount of Quoted Investments | 283,20.60 | 282,90.89 |
| Aggregate amount of Unquoted Investments | 448,04.74 | |
| Total | <u>731,25.34</u> | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 17: Cash and Bank balances

(₹ in lakhs)

| | 31.03.2013 | 31.03.2012 |
|--|--------------------------|-------------------------|
| Cash and cash equivalents: | | |
| Cash on hand | 25,18.84 | 27,06.48 |
| Balances with Banks in Current Accounts | 61,48.01 | 55,04.13 |
| Bank Deposits (upto 3 months maturity) | 261,76.15 | 262,33.04 |
| Cheques, drafts on hand | <u>57,74.70</u> | <u>44,94.98</u> |
| | 380,98.86 | 362,32.15 |
| Bank Deposits | | |
| More than 3 months and upto 12 months maturity | 709,13.99 | 356,89.51 |
| More than 12 months maturity | <u>220,27.68</u> | <u>190,92.53</u> |
| | 929,41.67 | 547,82.04 |
| Others | | |
| Stamps and Stamp papers on hand | 91.18 | 1,32.83 |
| Unpaid dividend account | <u>1,36.58</u> | <u>94.14</u> |
| | 2,27.76 | 2,26.97 |
| | <u>1337,87.13</u> | <u>939,47.64</u> |

Note 18: Short-term loans and advances

(₹ in lakhs)

| | 31.03.2013 | 31.03.2012 |
|--|--------------------------|--------------------------|
| Secured, Considered good | | |
| Hypothecation Loans | 5403,45.98 | 5150,42.74 |
| Mortgage Loans | 362,86.12 | 234,68.02 |
| Net Investment in Stock-on-hire | 26,40.52 | 71,65.52 |
| Net Investment in lease | 13,90.02 | 15,69.82 |
| Trade receivables | 33,00.90 | 32,56.46 |
| Other loans | <u>5,01.87</u> | <u>3,11.23</u> |
| | 5844,65.41 | 5508,13.79 |
| Amount retained on Assets securitised / assigned | 94,41.73 | — |
| Unsecured, Considered good | | |
| Advance for business assets | 223,20.94 | 275,09.10 |
| Trade bills purchased | 5,56.83 | 2,74.87 |
| Other advances | <u>64,67.14</u> | <u>66,84.54</u> |
| | 293,44.91 | 344,68.51 |
| | <u>6232,52.05</u> | <u>5852,82.30</u> |

Note 19: Other current assets

(₹ in lakhs)

| | 31.03.2013 | 31.03.2012 |
|--|-------------------------|-------------------------|
| Interest accrued on investments | 11,30.18 | 12,18.53 |
| Income Receivable | 213,66.10 | 166,43.42 |
| SFL Shares Trust | 5,94.30 | 5,94.30 |
| SFL Employees Welfare Trust | 11.46 | 11.29 |
| Repossessed assets (at realisable value) | <u>17,27.42</u> | <u>4,84.26</u> |
| | <u>248,29.46</u> | <u>189,51.80</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

STATEMENT OF PROFIT AND LOSS

Note 20: Revenue from Operations

| | (₹ in lakhs) | |
|---|-------------------|-------------------|
| | 2012-13 | 2011-12 |
| Income from Financing Operations | | |
| Hypothecation Loans / Hire Purchase | 1730,37.75 | 1437,83.60 |
| Mortgage Loans | 630,38.62 | 439,43.29 |
| Assets securitised / assigned | 121,77.12 | 59,75.41 |
| Lease | 106,88.84 | 87,29.00 |
| Others | 1,19.02 | 1,49.63 |
| Recovery of bad debts | 16,07.54 | 18,46.92 |
| | 2606,68.89 | 2044,27.85 |
| Insurance Premium earned (Net) | 618,49.39 | 551,12.09 |
| Income from Investments | | |
| Interest on Bank Deposits | 54,82.31 | 49,36.09 |
| Interest on Government Securities | 38,36.90 | 35,23.98 |
| Interest on Debentures | 47,91.27 | 39,00.38 |
| Profit on sale of Long-term Investments | 67.51 | 2,80.43 |
| Profit on sale of Current Investments | 25,72.60 | 33,71.27 |
| Interest - Others | 21.55 | — |
| | 167,72.14 | 160,12.15 |
| Investment Management and Advisory fee | 117,63.18 | 102,82.80 |
| Income from other Financial Services | 28,82.10 | 21,27.39 |
| Income from other Services | 108,99.23 | 98,88.77 |
| Loan processing & other fees | 33,10.98 | 23,75.33 |
| Sale of products | 2,55.86 | 89.76 |
| | 3684,01.77 | 3003,16.14 |

Note 21: Other Income

| | (₹ in lakhs) | |
|----------------------------|-----------------|-----------------|
| | 2012-13 | 2011-12 |
| Interest Receipts | 4,05.70 | 7,38.91 |
| Dividend Income | 14,57.26 | 13,06.12 |
| Rent Receipts | 4,03.30 | 5,46.72 |
| Profit on sale of assets | 1,23.29 | 4,99.65 |
| Other non-operating income | 2,30.08 | 3,72.70 |
| | 26,19.63 | 34,64.10 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 22 : Finance Costs

(₹ in lakhs)

| | 2012-13 | 2011-12 |
|---|--------------------------|--------------------------|
| Interest expense | | |
| Non convertible debentures | 744,88.21 | 488,76.24 |
| Term loans | 281,78.26 | 306,92.80 |
| Fixed deposits | 184,21.90 | 167,27.79 |
| Commercial paper | 199,94.35 | 137,52.61 |
| Other interest | 93,93.31 | 72,72.37 |
| | <u>1504,76.03</u> | <u>1173,21.81</u> |
| Other borrowing costs | 10,73.16 | 10,22.62 |
| Net gain / (loss) on foreign currency transaction | (1.65) | 82.52 |
| | <u>10,74.81</u> | <u>9,40.10</u> |
| | <u>1515,50.84</u> | <u>1182,61.91</u> |

Note 23: Employee benefits

(₹ in lakhs)

| | 2012-13 | 2011-12 |
|---|-------------------------|-------------------------|
| Salaries, bonus and commission | 297,21.00 | 259,47.82 |
| Contribution to Provident and other funds | 17,97.60 | 18,03.87 |
| Employees Share Options expense | 1,01.00 | 76.29 |
| Staff welfare expenses | 16,86.08 | 14,19.00 |
| | <u>333,05.68</u> | <u>292,46.98</u> |

Note 24: Administrative and other expenses

(₹ in lakhs)

| | 2012-13 | 2011-12 |
|---------------------------|-------------------------|-------------------------|
| Rent | 31,36.84 | 27,06.97 |
| Rates and taxes | 12,90.54 | 18,84.10 |
| Communication expenses | 17,20.57 | 15,93.05 |
| Electricity expenses | 11,94.24 | 9,19.50 |
| Travelling and conveyance | 24,55.35 | 22,26.08 |
| Outsourcing cost | 138,17.21 | 124,63.85 |
| Insurance | 3,11.95 | 2,80.14 |
| Donations | 6,09.67 | 4,54.57 |
| Repairs | | |
| – Buildings | 1,61.06 | 2,15.76 |
| – Others | 28,76.95 | 23,85.39 |
| | <u>30,38.01</u> | <u>26,01.15</u> |
| Miscellaneous expenses | 139,30.12 | 113,13.39 |
| | <u>415,04.50</u> | <u>364,42.80</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**Note 25 : Provisions and Write Off**

| | (₹ in lakhs) | |
|---|------------------------|------------------------|
| | 2012-13 | 2011-12 |
| Provision against Non-Performing Assets (net) | 43,15.83 | 16,71.16 |
| Provision against Repossessed assets | 1,91.98 | (88.36) |
| Provision against Investments (net) | (0.74) | 52.20 |
| Bad Debts | 21,73.34 | 17,64.29 |
| Loss on assets sold / written off | 3,10.15 | 2,88.58 |
| | <u>69,90.56</u> | <u>36,87.87</u> |

Note 26: General

26.1 In December 2012, the Reserve Bank of India, issued draft guidelines on the regulatory framework for NBFCs, which, inter alia, propose that the asset classification and provisioning norms for NBFCs, should, in a phased manner, be made similar to those for banks. In view of the imminent tightening of regulations, the Company has made a provision of ₹ 1,581 lakhs on assets whose instalments are overdue for 120 days and above. Further, given the difficult economic environment, the Company has, as a measure of prudence, made an additional provision of ₹ 2,091 lakhs during the year.

26.2 On 18 December 2012, the Board of Directors of Caltec Servicez Private Limited and Professional Management Consultants Limited approved a Scheme of Amalgamation ('Scheme') of the two Companies with Sundaram BPO India Limited under Sections 391 and 394 of the Companies Act, 1956. The Hon'ble High Court of Madras approved the Scheme vide its Order dated 26 April 2013 with the appointed date as 1st October 2012.

In accordance with the Scheme approved by the Court, the accounting for this amalgamation has been done in accordance with the "Pooling of Interest Method" referred to in Accounting Standard 14- "Accounting for Amalgamation" of the Companies (Accounting Standards) Rules, 2006.

26.3 In accordance with the directions of IRDA, Royal Sundaram Alliance Insurance Company Limited, together with other non-life insurance companies, participates in the Indian Motor Third Party Declined Risk Insurance Pool [DR Pool], a multilateral reinsurance arrangement in respect of specified commercial vehicles and where the policy issuing member insurer cede the insurance premium to the DR pool (based on underwriting policy approved by IRDA). The DR Pool is administered by General Insurance Corporation of India ('GIC').

In terms of the DR Pool agreement, the company shall underwrite, net of reinsurance, a minimum percentage of "Act only" premium of specified commercial vehicles which is in proportion to the sum of fifty percent of the company's percentage share in total gross premium and fifty percent of the total motor premium of the industry for the financial year. 70% of the premium written by the member insurer is to be ceded to the DR Pool. The fulfillment or shortfall of the mandatory obligations shall be determined based on actual premium written (net of reinsurance) by the Company and premium retained with respect to the business ceded to the DR Pool. The DR Pool shall be extinguished at the end of every financial year on a clean cut basis, based on the statement of accounts drawn by the Pool Administrator.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

26.4 Royal Sundaram Alliance Insurance Company Limited has changed the method of recognition of Premium on Long Term policies in the current Financial Year. The Premium income for the whole policy period is recognized in the year of inception of the policy instead of recognizing only one year premium in the inception year. Consequent to this change, Premium Income Direct, Unearned Premium Reserve and Operating Profit are higher by ₹ 5,739.45 lakhs, ₹ 5,158.11 lakhs and ₹ 86.04 lakhs respectively and Premium received in Advance are lower by ₹ 5,739.45 lakhs respectively.

26.5 **Indian Motor Third Party Pool**

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.

- a) IRDA had vide its Orders IRDA/NL/ORD/MPL/277/12/2011 dated 23rd December 2011 and IRDA/NL/ORD/MPL/003/01/2012 dated January 3, 2012 directed dismantling of the IMTPIP with effect from March 31, 2012. The dismantling of the pooling arrangement of IMTPIP implied that the insurers liability on motor third party insurance on commercial vehicles got restated from industry market share basis to actual policy issued basis.
- b) Based on Actual statements from the Pool received for the period from April 2007 to March 2012, Royal Sundaram Alliance Insurance Company Ltd. has recognized an amount of ₹ 9,015.55 lakhs (including interest thereon amounting to ₹ 237.44 lakhs) as Due to Members of the Pool with a corresponding reduction in the outstanding claims. Of which, the Company has effected the settlement for the underwritten years 2007-08 and 2008-09 amounting to ₹ 6,687.10 lakhs (including interest of ₹ 74.99 lakhs)
- c) IRDA, vide Order No IRDA/F&A/ORD/MTPP/070/03-2012 dated March 22, 2012, amongst other things, had provided an option to insurers for a deferred absorption of the differential liability subject to certain conditions listed in the said Order. The Company, having exercised the option, has recognized
 - (i) ₹ 3,814.35 lakhs in its Miscellaneous Revenue Account for the year ended March 31, 2013 representing the current year's share of actuarially estimated liability as of 31st March, 2012 relating to the underwriting year 2011-12 and has deferred the balance loss of ₹ 3,814.35 lakhs to the financial year 2013-14 and
 - (ii) ₹ 12,595.78 lakhs in its Miscellaneous Revenue Account for the year ended March 31, 2013 representing the entire actuarially estimated liability on the premium earned during the current year relating to the underwriting year 2011-12. This amount includes ₹ 3,875.17 lakhs absorbed in the current year without deferring to the financial year 2013-14 therefore impacting the profit for the current year.

(₹ in Lakhs)

26.6 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 | 2724,11.02 | 2162,37.05 | 701,06.88 | 614,97.75 | 258,83.88 | 225,81.34 | - | - | - | - |
| Inter segment sales | 89.09 | 1,83.12 | 3,35.27 | 3,57.34 | 102,64.46 | 77,50.52 | 106,88.83 | 82,90.98 | - | - |
| Total Revenue | 2725,00.11 | 2164,20.17 | 704,42.15 | 618,55.09 | 361,48.34 | 303,31.86 | 106,88.83 | 82,90.98 | 3684,01.77 | 3003,16.14 |
| RESULT | | | | | | | | | | |
| Segment Result | 717,75.74 | 573,01.16 | 31,41.60 | (99.32) | 37,94.14 | 25,71.61 | 4,87.37 | 5,13.88 | 791,98.85 | 602,87.33 |
| Unallocated income (net of expense) | - | - | - | - | - | - | - | - | 14,63.92 | 27,99.74 |
| Profit before tax | - | - | - | - | - | - | - | - | 806,62.77 | 630,87.07 |
| Less: Income tax | - | - | - | - | - | - | - | - | 247,17.30 | 202,30.64 |
| Add: Share of Profit in Associates | - | - | - | - | - | - | - | - | 60,77.47 | 69,02.32 |
| Less: Minority Interest | - | - | - | - | - | - | - | - | 56,26.03 | 39,67.34 |
| Profit after Tax | - | - | - | - | - | - | - | - | 563,96.91 | 457,91.41 |
| OTHER INFORMATION | | | | | | | | | | |
| Segment Assets | 20542,96.84 | 16949,14.21 | 1159,05.55 | 1021,32.35 | 189,87.49 | 173,26.31 | 171,14.13 | 171,05.10 | 21720,75.75 | 17972,67.77 |
| Unallocated Assets | - | - | - | - | - | - | - | - | 325,60.83 | 237,51.31 |
| Total Assets | 18135,15.13 | 14976,19.96 | 949,82.46 | 851,64.53 | 59,56.91 | 53,33.73 | 52,31.65 | 69,90.15 | 19092,22.85 | 15811,28.07 |
| Segment Liabilities | - | - | - | - | - | - | - | - | 61,80.80 | 53,79.98 |
| Unallocated Liabilities | - | - | - | - | - | - | - | - | 19154,03.65 | 15865,08.05 |
| Total Liabilities | 178,80.32 | 129,16.84 | 4,73.97 | 3,59.44 | 8,71.07 | 12,63.71 | - | - | 192,25.36 | 145,39.99 |
| Capital Expenditure | 82,65.58 | 67,57.33 | 3,41.87 | 3,34.32 | 14,49.43 | 13,21.04 | - | - | 100,56.88 | 84,12.69 |
| Depreciation | 72,13.08 | 48,64.69 | 5,59.60 | - | 39.32 | 2,71.16 | - | - | 78,12.00 | 51,35.85 |
| Non-cash expenses other than depreciation | - | - | - | - | - | - | - | - | - | - |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

26.7 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 Viji | Daughter |
| | Master. Arun Viji | Son |
| | Mr. Sriram Viji | Brother |

Enterprises over which Key Management Personnel (KMP) and his relatives can exercise significant influence:

Mr. Harsha Viji M/s. Athreya Harsha Holdings Private Ltd.
Mrs. Chitra Viji & Mr. Sriram Viji M/s. Uthirattadhi Sriram Holdings Private Ltd.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**Related Party Transactions for the Year Ended 31st March 2013**

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

| Particulars | Associates | Key Management Personnel and Relatives | Enterprises over which KMP and his relatives is exercising significant influence | 2012-13 | 2011-12 |
|----------------------------------|------------|--|--|----------|----------|
| INCOME | | | | | |
| Income from Financing Operations | 67.00 | | | 67.00 | 123.90 |
| Income from Services | 65.91 | | | 65.91 | 50.00 |
| Dividend | 17,18.25 | | | 17,18.25 | 13,49.56 |
| Rent Receipts | 31.88 | | | 31.88 | 14.05 |
| EXPENDITURE | | | | | |
| Interest | | 1,14.06 | | 1,14.06 | 51.28 |
| Remuneration | | 4,07.29 | | 4,07.29 | 3,99.68 |
| Dividend | | 6,14.56 | 1,96.09 | 8,10.65 | 6,63.65 |
| ASSETS | | | | | |
| Purchase of Investments | 11,00.00 | | | 11,00.00 | 5,47.50 |
| Sale of Investments | | | | | 6,00.00 |
| Bonus Shares | | | | | 64.00 |
| Repayment of Loans and Advances | | | | | 5,00.00 |

Disclosure of Material Transactions with Related Parties

(₹ in Lakhs)

| Particulars | Related Parties | 2012-13 | 2011-12 |
|----------------------------------|--------------------------|----------|---------|
| INCOME | | | |
| Income from Financing Operations | Turbo Energy Ltd. | 59.85 | 70.86 |
| | Axles India Ltd. | 5.58 | 51.63 |
| Income from Services | Turbo Energy Ltd. | 65.91 | 50.00 |
| Dividend | The Dunes Oman LLC (FZC) | 12,93.30 | 2,89.25 |
| | Turbo Energy Ltd. | 3,84.00 | 7,42.40 |
| | Axles India Ltd. | | 2,94.51 |
| Rent Receipts | Turbo Energy Ltd. | 31.88 | 14.05 |
| ASSETS | | | |
| Purchase of Investments | Flometallic India Ltd. | 11,00.00 | |
| | Sundaram Hydraulics Ltd. | | 3,90.00 |
| | Transenergy Ltd. | | 1,57.50 |
| Sale of Investments | Axles India Ltd. | | 6,00.00 |
| Bonus Shares | Turbo Energy Ltd. | | 64.00 |
| Repayment of Intercorporate Loan | Axles India Ltd. | | 5,00.00 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Balances with Related Parties as at 31st March 2013

(₹ in Lakhs)

| BALANCES OUTSTANDING | Associates | Key Management Personnel | Relatives of Key Management Personnel | Enterprises over which KMP and his relatives is exercising significant influence | 31.03.2013 | 31.03.2012 |
|----------------------|------------|--------------------------|---------------------------------------|--|------------|------------|
| ASSETS | | | | | | |
| Investments | 85,28.47 | | | | 85,28.47 | 74,28.47 |
| Other Assets | 2,07.72 | | | | 2,07.72 | 1.17 |
| LIABILITIES | | | | | | |
| Equity Holdings | | 1,56.58 | 5,77.10 | 2,30.69 | 9,64.37 | 4,72.53 |
| Interest Accrued | | 3.91 | 48.94 | | 52.85 | 41.38 |
| Deposits | | 43.00 | 6,05.06 | | 6,48.06 | 5,57.18 |

Disclosure of Material Balances with Related Parties as at 31st March 2013

(₹ in Lakhs)

| BALANCES OUTSTANDING | Associates | Key Management Personnel | Relatives of Key Management Personnel | Enterprises over which KMP and his relatives is exercising significant influence | 31.03.2013 | 31.03.2012 |
|-------------------------------------|------------|--------------------------|---------------------------------------|--|------------|------------|
| ASSETS | | | | | | |
| Investments | | | | | | |
| a) Investments in Equity Shares | | | | | | |
| The Dunes Oman LLC (FZC) | 26,94.86 | | | | 26,94.86 | 26,94.86 |
| Flometallic India Ltd. | 27,00.00 | | | | 27,00.00 | 16,00.00 |
| Axles India Ltd. | 10,15.70 | | | | 10,15.70 | 10,15.70 |
| Sundaram Hydraulics Ltd. | 11,25.00 | | | | 11,25.00 | 11,25.00 |
| Turbo Energy Ltd. | 1,88.41 | | | | 1,88.41 | 1,88.41 |
| Transenergy Ltd. | 1,87.50 | | | | 1,87.50 | 1,87.50 |
| Sundaram Dynacast Private Ltd. | 1,17.00 | | | | 1,17.00 | 1,17.00 |
| Total | 80,28.47 | | | | 80,28.47 | 69,28.47 |
| b) Investments in Preference Shares | | | | | | |
| Sundaram Hydraulics Ltd. | 5,00.00 | | | | 5,00.00 | 5,00.00 |
| Other assets | | | | | | |
| Sundaram Hydraulics Ltd. | 2,07.72 | | | | 2,07.72 | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

26.8 Earnings per share (Basic and diluted)

| | | 2012-13 | 2011-12 |
|---|--|--------------|-------------|
| A | Profit for the year after taxation (₹ in lakhs) | 563,96.91 | 457,91.41 |
| B | Number of equity shares of ₹ 10 each | 11,11,03,860 | 5,55,51,930 |
| C | Basic and diluted earnings per share of ₹ 10 each (in ₹) | 50.76 | 41.21 |
| D | Amount of Dividend (₹ in lakhs) | | |
| | Interim (paid) | 49,99.67 | 41,66.39 |
| | Final (proposed) | 49,99.67 | 44,44.15 |
| E | Amount of Dividend per share of ₹ 10 each (in ₹) | | |
| | Interim (paid) | 4.50 | 3.75 |
| | Final (proposed) | 4.50 | 4.00 |

Earnings Per Share for the year 2011-12 have been adjusted for issue of bonus shares as per Accounting Standard 20 - Earnings per share.

26.9 Contingent liabilities in respect of

(₹ in lakhs)

| | | 2012-13 | 2011-12 |
|---|--|-----------|-----------|
| A | Liability – | | |
| | To Banks – on cheques discounted | 16,46.19 | 15,08.96 |
| | on Letters of Credit | 3,94.67 | 28,28.95 |
| B | Claims against the Company not acknowledged as debts | 153,44.57 | 112,22.11 |

26.10 Previous year's figures have been regrouped / reclassified wherever necessary to conform to the current year's presentation.

Signatures to Notes 1 to 26

As per our report of even date attached
For **Brahmayya & Co.,**
Chartered Accountants
Registration No.000511S
P. Babu
Partner
Membership No.203358
Chennai,
Dated: 29th May, 2013

S. Viji
Chairman
T. T. Srinivasaraghavan
Managing Director
M. Ramaswamy
Chief Financial Officer
P. Viswanathan
Secretary & Compliance Officer

S. Prasad
S. Ravindran
S. Ram
Directors

N. Venkataramani
P. N. Venkatachalam
Srinivas Acharya
Directors

Consolidated Cash Flow Statement

(₹ in Lakhs)

| | 2012-13 | | 2011-12 | |
|--|------------------|----------------------------|------------------|----------------------------|
| A CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Net Profit | 563,96.91 | | 457,91.41 | |
| Add: Lease Equalisation Account | (11.76) | | (34.44) | |
| Provision for Taxation | 247,17.30 | | 202,30.64 | |
| | <u>811,02.45</u> | | <u>659,87.61</u> | |
| Add: Financial Cost | 1515,50.84 | 2326,53.29 | 1182,61.91 | 1842,49.52 |
| Deferred rent | | 68.28 | | 93.52 |
| Dividend received from Subsidiaries / Associates / JVs | | 36,43.50 | | 24,50.14 |
| Depreciation | | 100,84.40 | | 84,45.96 |
| Profit attributable to Minority Interests | | 56,26.03 | | 39,67.34 |
| Provision against Investments (net) | | (0.74) | | 52.20 |
| Provision against Non - Performing assets (net) | | 45,07.81 | | 15,82.80 |
| Contingent Provisions against Standard Assets | | 8,21.44 | | 14,47.98 |
| Employee Stock Option Compensation Expenses | | 1,01.00 | | 76.29 |
| (Profit) loss on sale of assets | | (36.46) | | 52.77 |
| (Profit) loss on sale of Investments | | (10,68.73) | | (39,19.29) |
| Interest / Dividend Income | | (151,45.86) | | (134,54.82) |
| Preliminary expenses | | (0.21) | | - |
| Exchange difference on translation of foreign currency | | (45.10) | | - |
| Exchange gain unrealised (net) | | (1.96) | | (0.35) |
| Effect of Foreign Exchange rates on Cash and Cash Equivalents, net | | 0.48 | | (8.99) |
| Less: Share of Profits from Associates | | <u>(60,77.47)</u> | | <u>(69,02.32)</u> |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | | <u>2351,29.70</u> | | <u>1781,32.75</u> |
| (Increase) Decrease in leased assets - net of sales | (88,68.38) | | (95,45.09) | |
| (Increase) Decrease in Long Term Loans and Advances | (2330,16.83) | | (1896,96.56) | |
| (Increase) Decrease in Other Non-Current Assets | (2,53.37) | | (2,54.47) | |
| (Increase) Decrease in Bank Deposits (net) | (415,40.78) | | (145,79.32) | |
| (Increase) Decrease in Short Term Loans and Advances | (353,00.77) | | (796,07.88) | |
| (Increase) Decrease in Inventory | - | | (0.50) | |
| (Increase) Decrease in Other Current Assets | (58,31.88) | | (21.97) | |
| (Increase) Decrease in SLR Investments - net of sales | (17,55.09) | | (15,99.02) | |
| Increase (Decrease) in Other Long-Term Provisions | 39.35 | | 74.05 | |
| Increase (Decrease) in Other Short-Term Provisions | 44,53.74 | | 79,60.00 | |
| Increase (Decrease) in Other Long-Term Liabilities | 83,63.29 | | 60,19.25 | |
| Increase (Decrease) in Trade Payables - Current | 8,37.81 | | (11,72.93) | |
| Increase (Decrease) in Other Current Liabilities | 1206,77.15 | (1921,95.76) | 165,52.76 | (2658,71.68) |
| Cash generated from Operations | | <u>429,33.94</u> | | <u>(877,38.93)</u> |
| Financial Cost | (1302,37.15) | | (1286,77.14) | |
| Direct Taxes Paid | (245,19.62) | (1547,56.77) | (209,93.44) | (1496,70.58) |
| NET CASH FROM OPERATING ACTIVITIES (A) | | <u>(1118,22.83)</u> | | <u>(2374,09.52)</u> |

Consolidated Cash Flow Statement (Contd.)

(₹ in Lakhs)

| | 2012-13 | 2011-12 |
|---|--------------------|--------------------|
| B) CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (61,03.34) | (31,85.78) |
| Sale of Fixed Assets | 3,41.77 | 1,39.69 |
| Purchase / Sale of Investments in Subsidiaries / Joint Venture | (3,01.32) | - |
| Purchase / Sale of non-current Investments | (201,96.42) | (1,73.68) |
| Purchase / Sale of current investments | (381,33.93) | 152,91.95 |
| Interest Received | 93,18.70 | 83,35.36 |
| Dividend Received | 32,21.03 | 38,50.37 |
| Deposits maturing after three months | 75,47.51 | (103,11.41) |
| NET CASH FROM INVESTING ACTIVITIES (B) | (443,06.00) | 139,46.50 |
| C) CASH FROM FINANCING ACTIVITIES | | |
| Increase (Decrease) in long term borrowings | 988,87.83 | 1388,24.30 |
| Increase (Decrease) in Short Term Borrowings | 655,89.87 | 279,57.13 |
| Dividend paid (including Corporate Dividend Tax) | (121,90.63) | (114,93.76) |
| Increase in Share capital /premium | 54,80.00 | 17,29.99 |
| NET CASH FROM FINANCING ACTIVITIES (C) | 1577,67.07 | 1570,17.66 |
| D) Effect of foreign exchange rate on Cash and Cash Equivalents, net (D) | (0.82) | 8.99 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)+(D) | 16,37.42 | (664,36.37) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 390,71.46 | 1052,88.72 |
| Adjustment for Change in holdings in subsidiary | - | 2,19.12 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>407,08.88</u> | <u>390,71.46</u> |
| COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | | |
| Current Account with Banks | 61,48.01 | 55,04.13 |
| Cash, Stamps and Stamp Papers on Hand | 83,84.72 | 73,34.29 |
| Short Term Deposit | 261,76.15 | 262,33.04 |

Note: 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
P. Babu
Partner
Membership No.203358
Chennai,
Dated: 29th May, 2013

S. Viji
Chairman
T. T. Srinivasaraghavan
Managing Director
M. Ramaswamy
Chief Financial Officer
P. Viswanathan
Secretary & Compliance Officer

S. Prasad
S. Ravindran
S. Ram
Directors

N. Venkataramani
P. N. Venkatachalam
Srinivas Acharya
Directors

Independent Auditors' Report to the Board of Directors of Sundaram Finance Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Sundaram Finance Limited (“the Company”) and its subsidiaries and associate companies which comprise the Consolidated Balance Sheet as at 31st March 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information annexed hereto which we have signed under reference to this report.

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 notified by the Companies (Accounting Standards) Rules, 2006.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

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

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

Opinion

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 joint venture companies and associate 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, joint venture and associate companies as at 31st March, 2013,
- b) the Consolidated Statement of Profit and Loss gives a true and fair view of the consolidated results of operations of Sundaram Finance Limited, its subsidiaries, joint venture and associate companies for the year ended 31st March, 2013 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, 2013.

Other Matters

The financial statements of three subsidiary companies and two joint venture companies reflecting total assets of ₹ 2,41,157.48 lakhs as at 31st March, 2013, total revenue of ₹ 1,52,241.29 lakhs and net cash outflows amounting to ₹ 1,651.20 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 ₹ 66,105.25 lakhs as at 31st March, 2013 and total revenue of ₹ 81,284.91 lakhs for the year ended on that date are based on their unaudited financial statements as on 31st March, 2013. In respect of one associate company the total assets of ₹ 60,245.00 lakhs as at 31st March, 2013 and total revenue of ₹ 90,491.00 lakhs for the year ended on that date are based on the unaudited financial details.

The financial statements of one associate company reflecting total assets of ₹ 1,684.05 lakhs as at 31st December 2012 and total revenues of ₹ 3,426.14 lakhs for the year ended as on that date are based on the audited financial statements as on 31st December 2012.

Our opinion is not qualified in respect of this matter.

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

P. BABU
Partner

Place: Chennai
Date: 29th May 2013

Membership No.203358

FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31.03.2013

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

(₹ in Lakhs)

| Description | 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 | Infreight Logistics Solutions Limited | Sundaram BNP Paribas Fund Services Limited | Sundaram Insurance Broking Services Limited | Sundaram Parekh Warehousing Services Limited | Sundaram BPO India Limited | Sundaram Asset Management Singapore Pte Limited |
|---------------------------------|---|---|----------------------------------|---------------------------------------|----------------------|-------------------------------------|------------------------------------|---------------------------------------|--|---|--|----------------------------|---|
| Share Capital | 92,65.23 | 15,33.32 | 5.00 | 50.00 | 25.00 | 16,40.00 | 15,00.00 | 5,61.12 | 62,50.00 | 50.00 | 10.00 | 3,00.00 | 7,98.68 |
| Reserves | 421,89.30 | 62,85.93 | 32.17 | 13,43.05 | 3,11.17 | (6,24.58)* | (3,76.52)* | (10,54.89)* | (52,21.38)* | 5.30 | 2.82 | 14.51 | (5,57.73)* |
| Total Assets | 6191,46.48 | 103,88.41 | 1,22.17 | 15,73.37 | 4,38.96 | 14,59.95 | 14,31.25 | 37.25 | 22,36.94 | 57.23 | 13.03 | 11,45.97 | 3,07.47 |
| Total Liabilities | 5676,91.95 | 25,69.16 | 85.00 | 1,80.32 | 1,02.79 | 4,44.53 | 3,07.77 | 5,31.01 | 12,08.32 | 1.94 | 0.22 | 2,36.33 | 66.52 |
| Investment | 245,84.14 | 33,39.97 | 1,01.11 | 5,99.10 | - | - | 1,15.00 | 5.10 | 3,25.97 | 53.84 | - | 0.50 | - |
| Turnover | 692,37.90 | 118,30.26 | 1,26.97 | 13,24.05 | 6,61.41 | 32,79.42 | 25,28.87 | 88.77 | 14,56.78 | 4.68 | 0.23 | 11,07.00 | - |
| Profit / (Loss) Before Taxation | 176,67.78 | 24,84.90 | 56.32 | 1,07.61 | 1,16.02 | 6,55.05 | (69.76) | (4.94) | (14,43.86) | 4.15 | (0.21) | 5.74 | (5,12.63) |
| Provision for Taxation | 50,13.22 | 7,98.41 | 15.96 | 34.28 | 36.96 | 0.75 | (9.23) | - | (65.40) | 1.12 | - | (8.31) | - |
| Profit / (Loss) After Taxation | 126,54.56 | 16,86.48 | 40.36 | 73.33 | 79.07 | 6,54.30 | (60.53) | (4.94) | (13,78.46) | 3.03 | (0.21) | 14.05 | (5,12.63) |
| Dividend | 32,42.83 | 4,60.00 | 40.00 | 50.00 | 50.00 | - | - | - | - | - | - | - | - |

* Represents Debit balance in P&L account

On December 2012, the Board of Directors approved a Scheme of Amalgamation ('Scheme') of Caltec Servicez Private Limited and Professional Management Consultants Limited with Sundaram BPO India Limited under Sections 391 and 394 of the Companies Act, 1956. In December 2012, the Company filed a petition for approvals of the Scheme with the Hon'ble High Court of Madras ('the Court'). The Court approved the Scheme vide its Order dated 26 April 2013 with the appointed date as 1 October 2012.

Reserves of Sundaram Asset Management Singapore Pte Limited includes Foreign Currency Translation Reserve of ₹ 45.10 lakhs.

The outstanding equity shares to be issued aggregating to ₹ 5,95,12,590 representing 59,51,259 equity shares of ₹ 10 each of Sundaram BPO India Limited under the Scheme of Amalgamation of Caltec Servicez Private Limited and Professional Management Consultants Limited with the Company represent Equity share capital suspense account.

Sundaram Finance Branch Network – 562 Branches

