

Progress and Performance of Sundram Finance Limited In India

Deepashree*** Prof. B.Shivaraj

Abstract: *Sundram finance play a vital role in resource mobilization and its efficient allocation to the productive sources of the economic system. In this process of development, sundram finance have emerged as strong financial intermediaries and are playing an important role in bringing stability to the financial system and efficiency to the resource allocation process. Sundarm finance groups are essentially financial intermediaries. They have become a critical link among various financial segments in the economy. Today, they play a crucial role in the mobilization of resources, especially from small savers. On account of the huge resources at their disposal, they have also emerged as the dominant players in the capital market. With such enormous funds at their disposal is hardly surprising that they have become critical players in the market. The company operates through a network of 581 branches.*

I. Introduction

Sundaram Finance Limited, together with its subsidiaries, provides various financial products and services in India. The company accepts fixed deposits, cumulative deposits, and non-resident Indian deposits; and offers loans for the acquisition of cars, new and used commercial vehicles, multi-utility vehicles, construction equipment, tractors, and tires, as well as working capital finance and fleet cards. It also offers home and mortgage loans, extension and improvement loans, and land and NRI loans, as well as loans to professionals; leasing services for computers and aircrafts; and asset management services, as well as distributes and markets mutual funds, insurance, financial, savings, loan, and investment products. In addition, the company provides enterprise resource management solutions to manufacturing, retail and distribution, trading and logistics, automotive, new seed (agro), and financial services industries. Further, it offers consulting, implementation, and support services for network management, data centre operations, database management, security management, facility management, and remote infrastructure management. Additionally, the company provides business process outsourcing services, including transaction processing, contact center support, and back-office support services to the banking and credit, financial services, and insurance verticals, as well as accounting and payroll horizontals. The company operates through a network of 581 branches. Sundaram Finance Limited was founded in 1954 and is headquartered in Chennai, India. Sundaram has grown today into one of the most trusted financial services groups in India. Today, the activities of the group span savings products like deposits and mutual funds, car and commercial vehicle finance, insurance, home loans, software solutions, business process outsourcing, tyre finance, fleet cards and logistics services. The strength of the Group lies in the quick completion of transactions, long association with transporters for generations and the intimate knowledge of the market and its nuances.

Concept Of Sundram Finance Limited

A Sundram finance is a trust that pools the savings of a number of investors who share a common financial goal. The money thus collected is then invested in capital market instruments such as shares, debentures and other securities. The income earned through these instruments and the capital appreciation realized are shared by its units holders in proportion to the number of units owned by them. Thus a Sundram finance is the most suitable investment for the common man as it offers an opportunity to invest in a diversified professionally managed basket of securities at a relatively low cost.

Need For The Study

The New generation Nbfcs are highly competitive, customer centric and Profit oriented. Therefore, these Nbfcs are prone to more risks. The RBI has issued risk management guidelines for nbfcs for effective management of various risks such as credit risk, market risk, operational risk and integrated risk with the view to enhance and strengthen their existing risk management practices. Sundram finance has achieved a steady growth within a short period of time. Hence the present study has been undertaken to study their financial performance in respective of deposits, credit facilities, number of employee, number of branches, net profit and total assets so as to analyze the growth and indicate their weaknesses.

II. Review Of Literature

While permitting the finance companies to raise the LTV ratio to 75 percent, the RBA has said that the finance companies would have to give a certificate on the purity of gold (Business Standard, 2014). The certified purity will be used to determine the maximum permissible loan and the reserve price for auction. NBFCs can, however, include suitable caveats to protect themselves against disputes on redemption. NBFCs had raised apprehensions on certifying the purity of gold jewellery, saying this could lead to disputes with borrowers. RBI said ownership verification should also be done, especially where the jewellery pledged is more than 20g. NBFCs should have an explicit policy in this regard in their overall loan policy. RBI turned down a plea for geographical flexibility in conducting auctions of pledged gold. It said these finance companies must do so in the same town or taluk in which the branch which had extended the loan was located. The disbursement of loans of INR 1 lakh and above must be done only through cheques. At present, the majority of loans in NBFCs' portfolios are below INR 1 lakh each.

The Reserve Bank of India (RBI) has permitted banks to appoint non-banking finance companies (NBFCs) which do not accept deposits as their business correspondents (BCs), a move which could help extend banking services to remote areas (Unnikrishnan, 2014). Commercial banks hire BCs to offer basic banking services in areas where they do not have branches. BCs act as agents of the parent bank. Early this year, an RBI committee headed by Nachiket Mor recommended that the scope of BCs be expanded and suggested the possible inclusion of new entities as BCs. As per the new rules, even microfinance institutions operating as NBFCs (NBFC-MFIs) can operate as BCs. The central bank has also issued rules for appointing non-deposit taking NBFCs (NBFC-ND) as their BCs. Banks and NBFCs operating as their agents, should ensure that there is no co-mingling of bank funds and those of the NBFC-ND appointed as BC. Also, there should be a specific contractual arrangement between the bank and the NBFC-ND to ensure that all possible conflicts of interest are adequately taken care of. Banks should also ensure that the NBFC-ND does not adopt any restrictive practice such as offering savings or remittance functions only to its own customers and forced bundling of services offered by the NBFC-ND and the bank does not take place. The apex bank also scrapped an existing distance criterion applied to BCs. Under current norms, every retail outlet/sub-agent of a BC is required to be attached to and be under the oversight of a specific bank branch within a distance of 30 km in rural, semi-urban and urban areas, and 5 km in metropolitan centres.

Gandhi, R, Deputy Governor of RBI, says that the bank is working on certain statutory changes relating to the NBFC sector (Business Standard, 2014). It is working with the government for making certain statutory amendments to tighten the regulation, especially the definition of regulation. RBI will evolve a mechanism to gather information about the activities of non-banking firms and new developments. It is addressing regulatory arbitrage concerns, while not forgetting the uniqueness of the NBFC sector. There is a demand for all kinds of NBFCs to be permitted to act as banking correspondents and the RBI is examining this. An exchange to support small and medium-scale companies to get funds earlier is also under consideration. The law as it stands at present is inadequate to deal with issues related to erring NBFCs.

Thilakam, C and Saravanan M evaluate the performance of NBFCs in Tamilnadu (Thilakam & Saravanan, 2014). They assess the performance of NBFCs over a decade by applying the CAMEL criteria to a select group of companies. They conclude that RBI regulation has ensured that only serious players with commitment are in business. Fly-by-night operators have quit the market. Consolidation and restructuring exercises have changed the profile of the sector. Today's players are larger and stronger and compete on multiple platforms.

Sarika Malhotra says that not so long ago, NBFCs were a hot favourite of private equity investors in India (Malhotra, 2013). With the Indian economy on a roll, most PE funds wanted to put their money in non-banking finance companies (NBFCs) specialising in gold loans. But, today, gold loan companies have lost their lustre because of a stricter regulatory environment and a volatile gold market, pushing funds to vehicle finance companies instead. And with the economy in a slowdown, exits from gold loan lenders have also become much harder. For example, the vehicle financing company, Au Financiers, has been a virtual PE magnet the past few years. It first hit the jackpot in 2008 when Motilal Oswal Private Equity invested INR 20 crore. Funds have been pouring in since. Oswal invested another INR 20 crore in the company in 2010 and International Finance Corporation (IFC) INR 35 Crore, followed by INR 150 crore by Warburg Pincus and INR 33 crore by IFC last year. ChrysCapital also invested INR 120 crore in 2013. At the same time, the lender has also grown from strength to strength: Au's net worth has leapt to INR 500 crore from just INR 15 crore in 2008 while its valuation has galloped to INR 1,200 crore from INR 30 crore in the same period. For Motilal Oswal too, the investment was worth its weight in gold. A partial exit in 2012 is reported to have translated into a five-fold return on investment, while a further stake sale took its returns up 10 times. Vehicle finance companies in particular have been attracting more funding. Quoting experts, the researcher says they offer more stability than gold loan firms which are subject to business risks such as price fluctuations and quality of collateral. Gold players have been hit by uniform valuation methodology for jewellery and operating model changes suggested

by the RBI which requires them to seek permission to open new branches and disburse higher value loans through cheques. Also, PE funds believe in the business model of lending against income-generating assets such as commercial vehicle finance, as compared to businesses operating in consumption-based lending. Vehicle loan companies get most of their business from semi-urban and rural areas. Most people in urban areas, looking to buy cars, go to banks for loans, but those seeking trucks, especially from smaller towns, prefer vehicle finance NBFCs.

Nishi Sharma (2012) conducted a study to understand the perception of the investors towards mutual funds and found that in order to secure the patronage of Indian investor mutual fund companies are expected to ensure full disclosure and regular updates of the relevant information along with the assurance of safety and monetary benefits.

Objectives Of The Study

- The following are the specific objectives of the present study.
- To know the history of Sundram finance limited in India.
- To analyse the resource mobilisation by Sundram finance limited in India.
- To analyse the Global economy and Indian economy Global economy
- To analyse the subsidieries and joint venturers

III. Methodology And Data Collection

The present study is based on secondary data. The data required for the study has been collected from books, magazines, newspapers and RBI guidelines, Annual reports

Period Of The Study

The study is primarily focused on the growth of mutual fund industry in India over the past seven years i.e. from 2010 to 2014

History Of Sundram Finance Limited In India

1954

The Company was incorporated on 11th August, and converted into a Public Limited in 1961. The main object of the company carries on hire purchase business and equipment leasing.

1971

19,958 shares issued as bonus shares.

1976

5,00,000 Bonus shares issued in prop. 1:2 to shareholders on 29th September.

1978

5,00,000 Bonus shares issued in prop. 1:3 to shareholders on 20th December.

1981

The Company started equipment leasing operations.

1982

10,00,000 Bonus shares issued in prop. 1:2 to shareholders on 9th February.

1986

The Company started Marketing Allwyn Nissan Vehicles. 30,00,000 Bonus shares issued in prop. 1:1.

1989

The Company proposed to extend financial services in a phased manner through a subsidiary.

1990

GIC and State Bank of Mysore agreed to participate in the equity capital of the subsidiary. Application is being made for the approval of the Central Government. India Equipment Leasing Ltd., is a subsidiary of the Company. This subsidiary was promoted jointly by the Finance Corporation, Washington, U.S.A. Sundaram Finance Securities Ltd. and Sundaram Finance Securities Ltd. became subsidiary of the company. 60,00,000 Bonus shares issued in prop. 1:2. Sundaram Finance Ltd. has promoted Sundaram Home Finance Ltd. And Fiat Sundaram Auto Finance Ltd.

1993

The Company issued 18.50% Non-Convertible debentures for Rs.8 crore, on private placement basis to GIC Mutual Fund and LIC Mutual Fund.

1994

CRISIL's top P1+ rating, denoting the highest degree of safety for issue of CPs, was awarded to the Company.

1996

The Company has been awarded with the highest rating of AAA (Triple A) by CRISIL for its debenture programme to the extent at Rs.50 cr. The Company has been awarded a Certificate of Commendation by the Government of India, Income-Tax Department under the scheme for honouring Good Tax Payers in recognition of its meritorious record in the payment of taxes and discharge of all obligations under the direct tax laws and is the only non-banking financial company in the South to receive this award since it was instituted. The company issued bonus shares in the ratio of 1:3 and thereafter rights shares in the ratio of 1:4 at a premium of Rs.25/- per share. The Company has entered into a joint venture agreement with Newton Management Limited, U. K. and Stewart Newton Holdings (Mauritius) Limited for setting up an Asset Management Company. The Company signed a letter of intent with Winterthur Swiss Insurance Company on October 29, to set up a joint working group to prepare a business plan as a precursor to forming a joint venture company to apply for a licence to start general insurance business when the market is deregulated. Sundaram Finance Training Centre was inaugurated on 9th September.

1997

Sundaram Finance, Chennai has entered into a deal with Winterthur, a leading Swiss insurance firm, to set up a general insurance company in India.

1999

Sundaram Finance had signed a memorandum of understanding with Winterthur Swiss Insurance in October 1996 to enter the general insurance business in India after the government would open up the sector for the private sector. The company issued Non-Convertible Debentures on private placement basis to the tune of Rs. 123 cr. mainly to banks and institutions at competitive rates, for tenors ranging from 36 months to 60 months. The Company formed a Joint Venture Company with Fidis, S.p.A, Italy a financing arm of FIAT in the name of Fiat Sundaram Auto Finance Limited for financing FIAT cars.

2000

Sundaram Home Finance Ltd, (SHF) the newly-launched venture of Sundaram Finance Ltd (SF), has entered into a strategic tie up with United India Insurance to provide insurance cover for housing loans at a low premium. ICICI, ABN Amro and the company have emerged as the top three among automobile finance companies, the first of its kind for India. India Equipment Leasing Ltd., Aparajita Finance Company Ltd., Balika Finance Co. Ltd. and Paramjyothi Finance Co. Ltd. have been amalgamated with the Company with effect from 01.04.1999. Sundaram Finance Ltd, the TVS group blue chip and India's leading non-banking finance company, is considering entry into the banking sector. The 'AA' rating assigned to the non-convertible debenture programme and 'FAA+' rating assigned to the fixed deposit programme of Sundaram Finance Ltd. have been reaffirmed by Crisil. Sundaram Finance will be launching Royal Sundaram Alliance Insurance Company Ltd. by January.

2001

The Company has initiated moves to merge its wholly-owned subsidiary Sundaram Finance Services Ltd with itself.

2002

SBI signed Memorandum of Understanding with the company for marketing the Insurance products. International Finance Corporation extends Rs.50cr loan. Company holds 40% equity stake in transport postal infrieght.com. Wheels India Ltd and Sundaram Fin make second and final offer to all the balance public equity shareholders of Axles India Ltd. Slashes interest rates by 50 basis points on fixed deposits. Accordingly the company will offer 8% for 1 year , 8.5% for 2 years and 9% for 3 years.

2003

SHFL acquires Fiat arm from Joint Venture. Uses Direct Selling Agents to increase its fleet card business. The Madras High Court permits the sale by Sundaram Finance Ltd, Chennai, of machinery of Coimbatore Pioneer Mills Ltd by suspending the operation of the order dated February 21, 2003 of the single judge, who made absolute the interim stay granted on January 2 and January 10. The First Bench, comprising Chief Justice, Mr B. Subhashan Reddy, and Mr Justice K. Govindarajan, while suspending the stay directed that the sale process of the machinery of the mills shall go on, but only confirmation of the sale shall be kept in abeyance. Mandates Ogilvy & Mather to carve distinct identity for its brand 'Sundaram'. Mr T T Srinivasaraghavan and Mr G K Raman appointed as MD and Wholetime Director.

2004

Sundaram Finance Ltd. has informed that the equity shares of the Company have been delisted from Madras Stock Exchange in accordance with SEBI (Delisting of Securities) Guidelines, 2003 for voluntary delisting, with effect from January 27, 2004. Sundaram Finance has joined hands with SBI Life Sundaram Business Services (SBS), the BPO division of Sundaram Finance Ltd has forayed into the overseas market by signing a three-year contract with Australia-based Total Super Pty Ltd, a self managed superannuation specialist firm

2005

IKF Finance Ltd has informed that M/s Sundaram Finance Ltd, Chennai has tied up with the Company for purchase of HP/Lease Receivables Portfolio Company's Chairman, Shri T S Santhanam expired on April 15, 2005.

2008

Sundaram Finance Ltd. has informed that at the meeting of the Board of Directors held on July 29, 2008, Sri S. Ravindran has been appointed as an Independent Director on the Board. Sundaram Finance Ltd has appointed Sri S. Prasad as an Independent Director on the Board. The Company has issued Bonus Shares in the Ratio of 1:1.

2009

Sundaram Finance Ltd has informed BSE that the Board of Directors of the Company at its meeting held on February 27, 2009, inter alia, has appointed Sri Aroon Raman as an Independent Director on the Board.

2010

Sundaram Finance acquires 49.90% stake in BNP Asset Management
Sundaram Finance has appointed Sri Harsha Viji as Director (Strategy & Planning) of the company.
Sundaram Finance has introduced a fixed and cumulative deposit scheme for senior citizens.

2011

Sundaram Finance has been appointed Sri. P. N. Venkatachalam as an Independent Director on the Board of the Company
Sundaram Finance enters into Infrastructure Management space
Sundaram Finance introduces 18-month term deposit scheme

2012

Sundaram Finance has recommended a final dividend of Rs. 8/- per share (80%), together with the interim dividend of Rs. 7.50 per share (75%) paid, making it a total dividend of Rs. 15.50 per share (155%).
Sundaram Finance has given the Bonus in the Ratio of 1:1

IV. Progress And Performance

Global Economy

The early part of the Financial Year 2013-14 witnessed some volatility in the emerging markets in response to the Federal Reserve's tapering, but the global economic scenario has since remained stable. While the recovery in advanced economies notably the US, has gathered steam, economic activity in most emerging market economies has remained below par. Chinese economic growth, a key driver of the global economy for the past few years, moderated, as tighter credit conditions and slowing exports posed significant challenges. The impact of tapering of the US quantitative easing program was felt even more sharply in the emerging market economies of South Africa, Brazil, Indonesia and Turkey. Global economic growth is projected to improve from 3% in 2013 to 3.6% in 2014, led predominantly by the advanced economies.

Indian Economy

For the first time in 25 years, the Indian economy witnessed its second successive year of below 5% growth, driven predominantly by a decline in financial savings, low business confidence and sluggish investment demand over successive quarters, resulting in a sharp deceleration in industrial growth. Rarely has India seen a slowdown of such length and depth, and the recovery is likely to be a slow and long process. The Index of Industrial Production (IIP) showed a decline of 0.1% during April 2013 – February 2014, compared with 0.9% growth in the corresponding period of the previous year. Growth of core industries, which provide key inputs to the industrial sector, remained sluggish at 2.6% during April 2013 – February 2014 compared to a growth of 6.4% in the corresponding period

a year ago. India's exports, buoyed by a weakened rupee, witnessed a revival of sorts in the early part of the year but began to lose momentum and started decelerating from November 2013 and turned negative in February 2014. The Farm sector has been the one bright spot in an otherwise gloomy picture. Agricultural GDP grew by 4.9% during April – December 2013 and with good winter rainfall and healthy reservoir storage, food grain production is estimated to be a record 263.2 million tonnes in 2013-14. Unseasonal rainfall in March is said to have caused some damage to crops in parts of Central and South India but the overall impact is unlikely to be significant. High interest rates, stubborn retail inflation and lack of policy direction, combined with uncomfortably high fiscal and current account deficits (CAD), left the Government with very few options. Faced with compulsions to rein in the fiscal deficit, government put the brakes on Plan expenditure, as a result of which investment and consumption growth declined to their lowest levels in 11 years. Following the US Federal Reserve's first hints about tapering its bond buying programme, the Rupee fell to a low of ₹68.85 to the Dollar, before RBI's intervention helped it recover to 61-62. RBI's decision to open a Dollar window for the oil companies and introduce a swap arrangement to encourage curb gold imports, helped reduce the CAD and raise foreign exchange reserves. Faced with sticky retail inflation, RBI was compelled to increase the repo rate by 75 bps during the year. However, with retail inflation, as measured by the CPI, dropping from 9.1% in December 2013 to 6.7% in February 2014, RBI held the policy rates steady in April 2014. Though both the fiscal deficit and CAD have narrowed, many believe that the reduction in the fiscal deficit is merely an accounting adjustment, which will catch up in the current financial year. The Balance of Payments situation however, appears to be comfortable.

Operating & Financial Performance

Reflecting the sharp downturn in the automotive sector, Company's disbursements at ₹719 cr. for the year were lower by 3% compared to the previous year. The Company was, however, able to maintain its market share in all its key asset segments. The gross receivables managed by the Company, grew by 3% and stood at ₹18158 cr. as at 31st March 2014. The company's continued focus on strict credit acceptance norms and superior collection skills have ensured that asset quality continues to be one of the best in the industry. Gross and Net NPAs as at 31st March, 2014 stood at 1.23% and 0.45%, respectively, based on the more stringent 120 day NPA classification norm adopted by your company, as against the regulatory norm of 180 days. The net profit from operations was ₹442.51 cr. as against 410.11 cr. in the previous year, registering a growth of 8%. The company's Net-Worth stood at ₹2404.92 cr. As on 31.3.2014. Capital Adequacy (CRAR) at 18.18% was comfortably higher than the statutory requirement of 15%. Your company has provided for Standard Assets at 0.40% and has transferred an amount of ₹1.90 cr. towards Contingent Provision against Standard Assets.

V. Resource Mobilisation

Deposits

During the year, your Company mobilised fresh deposits aggregating to ₹372.87 cr. Renewal of deposits during the aggregating to ₹372.87 cr. Renewal of deposits during the year amounted to ₹713.38 cr. representing 82% of the matured deposits of ₹866.38 cr. Deposits outstanding at the year-end were at ₹1665.57 cr. as against ₹1476.99 cr. in the previous year. The Net accretion for the financial year was ₹188.58 cr. which is the second highest in the history of the company.

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 ₹2903 cr. across various tenors.

Bank Finance

As part of the overall funding plan, Company's working capital limits with Consortium banks were retained at ₹1800 cr. During the year, your Company also issued several tranches of commercial paper aggregating to ₹7472 cr. The maximum amount outstanding at any time was ₹3000 cr. and the amount outstanding at the end of the year was ₹1092 cr.

Assets Securitised / Assigned

During the year, your Company raised resources to the extent of ₹1974 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. As at 31st March 2014, 3579 deposits amounting to `20.18 cr. had matured for payment and were due to be claimed or renewed. After close follow-up, the figures are currently down to 2261 and `11.29 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.

Human Resources

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 rich dividends in the form of a strong group of in-house facilitators of domain knowledge and a highly motivated team of employees geared to fulfilling the needs of your Company’s valued customers. Company has put in place a policy for Prevention, Prohibition and Redressal against Sexual Harassment of women at the work place, to protect women employees and enable them to report sexual harassment at the workplace. An internal complaints committee headed by a woman employee has also been constituted for this purpose.

VI. Subsidiaries

• Sundaram BNP Paribas Home Finance Limited

The company approved loans aggregating to `2648 cr. as against `2847 cr. in the previous year, while disbursements stood at `2493 cr. as against `2572 cr. in the previous year. The company earned a gross income of `888 cr. as against `692 cr. in the previous year and reported a 19% growth in profit after tax at `151 cr. as against `127 cr. in the previous year. The loan portfolio under management as at 31st March 2014 stood at `7112 cr. as against `5902 cr. in the previous year. The gross and net NPA stood at 1.53% and 0.46% respectively as of 31.03.2014. The company proposed a higher dividend of 40% for the year as against 35% during the previous year.

• Sundaram Asset Management Company Limited

Sundaram Asset Management Company Limited earned a gross income of `124.06 cr. as against `118.30 cr in the previous year and reported a profit after tax of `15.27 cr. as against `16.86 cr. in the previous year. The Average Assets under Management of the Company were `15248 cr. for the year 2013-14 as compared to `13574 cr. in the previous year. The company recommended a dividend of 30% for the year as in the previous year.

• Sundaram Trustee Company Limited

Sundaram Trustee Company Limited earned a gross income of `1.19 cr. as against `1.27 cr. in the previous year and reported a profit after tax of `0.58 cr. For the year, as against `0.40 cr. in the previous year. The company recommended a dividend of 800% for the year as in the previous year.

• Sundaram Finance Distribution Limited (SFDL)

During the year, SFDL earned revenue from operations of `12.73 cr. as against `12.39 cr. in the previous year. The profit after tax for the year was at `2.17 cr. as against `0.73 cr. in the previous year. The company proposed a higher dividend of 300% for the year as against 100% during the previous year.

• LGF Services Limited

During the year, LGF Services Limited earned revenue from operations of `7.46 cr. as against `6.46 cr. in the previous year. The profit after tax for the year was at `1.51 cr. as against `0.79 cr. in the previous year. The company proposed a higher dividend of 400% for the year as against 200% during the previous year.

• Sundaram Infotech Solutions Limited (SISL)

The company earned total revenue of `19.47 cr. As against `32.79 cr. in the previous year. The profit after tax for the year was at `0.90 cr. as against `6.54 cr. In the previous year. The company has made significant progress in sale of the next generation software solutions for Lending Companies, which has received encouraging demand from the market. 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 `18.54 cr. during the year, which was higher by 27% as against `14.57 cr. in the previous year. The company reported a loss of `11.89 cr. during the year as against `13.78 cr. in the previous year. During the year, the company has been awarded the International Standards for Assurance Engagements (ISAE) Type I certification for its high quality operating models and effective controls. The company achieved an overall quality processing level of above 99% which is a benchmark in the industry.

• **Sundaram BPO India Limited**

Sundaram BPO India Limited earned total revenue of `21.06 cr. during the year as against `11.07 cr. During the period 7th August 2012 to 31st March 2013. The company reported a profit after tax of `0.13 cr. during the year, as against `0.14 cr. during the period 7th August 2012 to 31st March 2013.

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

During the year, SBSL earned revenue of `21.36 cr. As compared to `25.29 cr. in the previous year. The drop in revenue was a consequence of a business decision to focus only on international business. The domestic business is now serviced by Sundaram BPO India Limited. The company incurred a loss of `2.90 cr. during the year as against loss of `0.61 cr. incurred during the previous year. The loss was occasioned by high marketing expenditure that did not yield commensurate results.

Joint Ventures

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

Royal Sundaram reported a profit after tax of `68.25 cr. during the year, as against `54.67 cr. in the previous year. The Gross Written Premium (GWP) was `1437 cr. as compared to `1560 cr. in the previous year. The reduction in the top line performance had been due to severe competition in the market and the company's focus on achieving profitable growth. The commercial business market continued to witness increased competition. Market pricing of major risks continued to be aggressive, thereby impacting overall growth and profitability.

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

BNP Paribas Sundaram Global Securities Operations Private Limited earned total revenue of `124.79 cr. during the year as against `108.28 cr. in the previous year. The company reported a profit after tax of `9.78 cr. during the year, as against `8.87 cr. in the previous year. The company recommended a dividend of 101% for the year ended 31st March 2014 as against 91% for the previous year.

The other Group Companies:

- Lakshmi General Finance (since merged with SFL on 1/4/2005)
- Sundaram BNP Paribas Asset Management
- Sundaram BNP Paribas Home Finance
- Royal Sundaram Alliance Insurance
- Sundaram Infotech Solutions
- Sundaram Business Services
- Sundaram Finance Distribution Limited
- LGF Services Limited
- Infreight Logistics Solutions Limited

Financial Highlights

(Rs. 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	986	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

Progress and Performance of Sundram Finance Limited In India

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
2013-14	111.10	2292.97	1665.57	11796.47	18157.83	738.91	442.51	100.00	111.10

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.

VII. Conclusion

The Sundram finance limited is expected to witness rapid growth in assets under management over next few years. The sundram finance concentrate on innovative product offerings, efficient service delivery and supportive technology. This company needs to develop products to fulfil the needs of investors. In order to attain sustained profitable growth, the company should concentrate on developing distribution networks, increasing retail participation and expanding the reach of sundram finance into areas by conducting awareness programs.