

SUNDARAM BPO INDIA LIMITED

5th Annual Report 2016-17

Board of Directors

T. T. Srinivasaraghavan

A. N. Raju

P. Viswanathan

S. Sridhar

Rajesh Venkat

Audit Committee

A. N. Raju

P. Viswanathan

S. Sridhar

Secretary

S. Shobana

Bankers

State Bank of India

HDFC Bank Ltd

Auditors

M/s. Brahmayya & Co., Chennai, Chartered Accountants

48, Masilamani Road, Balaji Nagar, Royapettah, Chennai 6000 014

Registered Office

21, Patullos Road,

Chennai 600 002

CIN : U74900TN2012PLC087102

Corporate Office

20, Patullos Road,

Chennai 600 002

Tel : +91 44 2859 9900

Email : info@sundarambpo.com

SUNDARAM BPO INDIA LIMITED

A subsidiary of



SUNDARAM FINANCE LIMITED

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Board's Report

Your Directors have pleasure in presenting the Fifth Annual Report and Audited Accounts of the Company for the year ended 31st March, 2017.

The summarised financial results of the Company are given hereunder:

Particulars	(₹ in Lakhs)	
	Year Ended March 31, 2017	Year Ended March 31, 2016
Total Income	1710.06	1621.29
Total Expenditure	1737.19	1619.06
Profit/(Loss) before Taxation	(27.13)	2.23
Provision for Taxation	15.06	(3.34)
Profit/(Loss) after Tax	(42.19)	5.57

REVIEW OF OPERATIONS

Your Company posted revenues of ₹1710.06 lakhs during the financial year 2016-17 and a loss before tax of ₹27.13 lakhs, as against revenues of ₹1621.29 lakhs and profit before tax of ₹2.23 lakhs for the previous year.

The profitability for the year under review was lower as compared to the previous year due to loss of a large client and on account of higher rentals consequent to relocation to a bigger facility in Thane, in anticipation of growth of the business. Your company was however able to generate additional business from existing and new clients and achieve better pricing than earlier.

OUTLOOK

In 2017-18, your Company has planned to expand its presence in the areas of finance & accounting outsourcing and customer service voice operations.

DIVIDEND

Your Directors do not recommend any dividend for the year under review.

DIRECTORS

During the year, there was no change in the Board of Directors of the Company.

Sri T T Srinivasaraghavan, retires by rotation and, being eligible, offers himself for re-election. Necessary resolution is submitted for your approval.

Sri Rajesh Venkat, retires by rotation and, being eligible, offers himself for re-election. Necessary resolution is submitted for your approval.

COMMITTEES OF THE BOARD

The Audit Committee of the Company met 6 times during the year.

NUMBER OF MEETINGS OF THE BOARD

During the year under review, 6 meetings of the Board of Directors were held.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134(5) of the Companies Act, 2013, your directors confirm:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. The Company has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
3. Proper and sufficient care has been exercised for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. The annual accounts have been prepared on a going concern basis; and

5. Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

AMALGAMATION OF THE COMPANY

As you are aware, the Board of Directors of your Company at their meeting held on 17th February 2017, have decided the Demerger of the shared services of the Company into Sundaram Finance Limited, the holding Company w.e.f. April 1, 2016 being the Appointed date fixed for the purpose under a Composite Scheme of Arrangement and Amalgamation under Sections 230 to 232 of the Companies Act, 2013 subject to necessary approvals.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has made Mutual Fund investments, the balance amounted to ₹284.14 lakhs as at the end of the financial year under review. The company has not given any loans or provided any guarantees.

RELATED PARTY TRANSACTIONS

During the year, the Company did not enter into any material transaction with related parties, under Section 188 of the Companies Act, 2013. All transactions entered into by the Company with the related parties were in the ordinary course of business and on an arm's length basis. Form AOC-2, as required under Section 134 (3) (h) of the Act, read with Rule 8 (2) of the Companies (Accounts) Rules 2014, is attached as part of this report vide Annexure A.

EXTRACT OF ANNUAL RETURN

As required under Section 92(3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in Form MGT 9 as on 31st March 2017, is enclosed vide Annexure B.

INFORMATION AS PER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013

Your Company has no activity relating to conservation of energy or technology absorption. Your Company did not have any foreign

exchange earnings or outgo during the year ended 31st March 2017.

DEPOSITS

Your Company has not accepted any public deposit during the year under review.

AUDITORS

M/s Brahmayya & Co, Chartered Accountants, Chennai, retire and are eligible for reappointment. A certificate from the Auditors that they satisfy the conditions prescribed under the Companies Act, 2013 and the Rules made thereunder (including satisfaction of criteria under Section 141 of the Companies Act, 2013), has been received from them.

DISCLOSURE UNDER THE 'PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE POLICY'

The Company has in place a 'Prevention of Sexual Harassment at workplace Policy' in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. No complaints were received during the year 2016-17.

ACKNOWLEDGEMENT

Your Directors gratefully acknowledge the support and co-operation extended to your company by all customers and the holding company, Sundaram Finance Limited. They also place on record their appreciation to all the employees of the Company for their sincere and dedicated service.

T. T. Srinivasaraghavan

A. N. Raju

P. Viswanathan

S. Sridhar

Rajesh Venkat

Directors

Chennai 600002

Date: 29.04.2017

Form No. AOC–2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in Sub-Section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

All transactions entered into by the Company during the year with related parties were on an arm's length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis

The transactions entered into by the Company during the year with related parties on an arm's length basis were not material in nature.

T. T. Srinivasaraghavan

A. N. Raju

P. Viswanathan

S. Sridhar

Rajesh Venkat

Directors

Chennai 600002

Date: 29.04.2017

FORM NO.MGT-9**Extract of Annual Return as on the financial year ended on 31st March 2017**

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

I. REGISTRATION AND OTHER DETAILS

(i)	CIN	U74900TN2012PLC087102
(ii)	Registration Date	07-08-2012
(iii)	Name of the Company	Sundaram BPO India Limited
(iv)	Category / Sub-Category of the Company	Limited by Shares, Indian Non-Government Company
(v)	Address of the Registered Office and contact details	No. 21, Patullos Road, Chennai 600002 Sri P Viswanathan 044 28881207 info@sundarambpo.com
(vi)	Whether Listed Company Yes / No	No
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the company
Carrying in India or elsewhere, the business of BPO (Business Process Outsourcing) and call centres, contact centres, undertake other activities relating to information technology enabled services in areas of accounting, insurance, banking, human resources, health care, legal, telecom etc and to provide all kinds of support services including without any limitations, administrative, managerial, maintenance, document processing, data entry, reconciliation, training & orientation and other support services.	63 - Data processing	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the Company	CIN / GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1	Sundaram Finance Limited, 21, Patullos Road, Chennai - 600002	L65191TN1954PLC002429	Holding	100	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

	Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoters									
(1)	Indian									
(a)	Individual/HUF	-	-	-	-	-	-	-	-	-
(b)	Central Govt	-	-	-	-	-	-	-	-	-
(c)	State Govt(s)	-	-	-	-	-	-	-	-	-
(d)	Bodies Corp.	-	89,51,259	89,51,259	100.00	-	89,51,259	89,51,259	100.00	-
(e)	Banks / FI	-	-	-	-	-	-	-	-	-
(f)	Any Other	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(1)	-	89,51,259	89,51,259	100.00	-	89,51,259	89,51,259	100.00	-
(2)	Foreign									
(a)	NRIs - Individuals	-	-	-	-	-	-	-	-	-
(b)	Other - Individuals	-	-	-	-	-	-	-	-	-
(c)	Bodies Corp.	-	-	-	-	-	-	-	-	-
(d)	Banks / FI	-	-	-	-	-	-	-	-	-
(e)	Any Other	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(2)	-	-	-	-	-	-	-	-	-
	Total shareholding of Promoter (A)= (A)(1)+(A)(2)	-	89,51,259	89,51,259	100.00	-	89,51,259	89,51,259	100.00	-
B.	Public Shareholding									
(1)	Institutions									
(a)	Mutual Funds	-	-	-	-	-	-	-	-	-
(b)	Banks / FI	-	-	-	-	-	-	-	-	-
(c)	Central Govt	-	-	-	-	-	-	-	-	-
(d)	State Govt(s)	-	-	-	-	-	-	-	-	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f)	Insurance Companies	-	-	-	-	-	-	-	-	-
(g)	FII's & FPI's	-	-	-	-	-	-	-	-	-
(h)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(i)	Others (Specify)	-	-	-	-	-	-	-	-	-
	Sub- Total (B)(1)	-	-	-	-	-	-	-	-	-
2.	Non- Institutions									
(a)	Bodies Corporate									
(i)	Indian	-	-	-	-	-	-	-	-	-
(ii)	Overseas	-	-	-	-	-	-	-	-	-
(b)	Individuals	-	-	-	-	-	-	-	-	-

	Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(i)	Individual shareholders holding nominal share capital up to ₹1 lakh	-	-	-	-	-	-	-	-	-
(ii)	Individual shareholders holding nominal share capital in excess of ₹1 lakh	-	-	-	-	-	-	-	-	-
(c)	Others (specify)	-	-	-	-	-	-	-	-	-
	Sub- Total (B) (2)	-	-	-	-	-	-	-	-	-
	Total Public Shareholding (B)= (B)(1)+(B) (2)	-	-	-	-	-	-	-	-	-
(C)	Shares held by Custodian for GDRs and ADRs	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	-	89,51,259	89,51,259	100.00	-	89,51,259	89,51,259	100.00	-

(ii) Shareholding of promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	
1	Sundaram Finance Limited*	75,41,009	84.25	-	75,41,009	84.25	-	-
2	Sundaram Finance Holdings Limited (Formerly Sundaram Finance Distribution Limited)	14,10,250	15.75	-	14,10,250	15.75	-	-
	Total	89,51,259	100.00	-	89,51,259	100.00	-	-

* includes six equity shares held by the nominees of Sundaram Finance Limited

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Name of the Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year*	89,51,259	100.00	-	-
Increase / Decrease in Promoters Shareholding during the year	-	-	-	-
At the end of the Year	-	-	89,51,259	100.00

*includes six equity shares held by the nominees of Sundaram Finance Limited

(iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Name of the Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	Not Applicable			
Increase / Decrease in Shareholding during the year				
At the end of the year (or on the date of separation, if separated during the year)				

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Sri T T Srinivasaraghavan, Director*				
	At the beginning of the year	1	-	-	-
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the Year	-	-	1	-
2	Sri A N Raju, Director*				
	At the beginning of the year	1	-	-	-
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the Year	-	-	1	-
3	Sri P Viswanathan, Director*				
	At the beginning of the year	1	-	-	-
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the Year	-	-	1	-
4	Sri Rajesh Venkat, Director*				
	At the beginning of the year	1	-	-	-
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the Year	-	-	1	-
5	Sri S Sridhar, Director				
	At the beginning of the year	-	-	-	-
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the Year	-	-	-	-
6	Ms S Shobana, Company Secretary				
	At the beginning of the year	-	-	-	-
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the Year	-	-	-	-

*Held as nominess of Sundaram Finance Limited jointly with others

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment (₹ in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	100.00	-	-	100.00
(ii) Interest due but not paid	0.89	-	-	0.89
(iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	100.89	-	-	100.89
Change in Indebtedness during the financial year				
Addition	-	-	-	-
Reduction	100.89	-	-	100.89
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
(i) Principal Amount	-	-	-	-
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	-	-	-	-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and / or Manager:

Sl. No.	Particulars of Remuneration	Name of the MD / WTD / Manager	Total Amount
1	Gross Salary	Not Applicable	
	(a) Salary as per provisions contained in Section 17 (1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17 (2) of the Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17 (3) of the Income-tax Act, 1961		
2	Stock Option		
3	Sweat Equity		
4	Commission		
	- as % of profit		
	- others, specify		
5	Others, please specify		
	Total (A)		
	Ceiling as per the Act		

B. Remuneration to other directors:

Name of the Directors	Particulars of Remuneration			Total Amount
	Fee for attending board / committee meetings	Commission	Others, please specify	
Independent Directors	Not Applicable			
Total (1)				
Other Non-Executive Directors				
Sri T T Srinivasaraghavan	Nil			
Sri A N Raju				
Sri P Viswanathan				
Sri Rajesh Venkat				
Sri S Sridhar				
Total (2)				
Total (B) = (1 + 2)	Nil			
Overall Ceiling as per the Act	Not Applicable			

C. Remuneration to Key Managerial Personnel other than MD/ Manager / WTD

Sl. No.	Particulars of Remuneration	Company Secretary*	CFO	Total Amount
1	Gross Salary	Nil	Not Applicable	Nil
	(a) Salary as per provisions contained in Section 17 (1) of the Income-tax Act, 1961			
	(b) Value of perquisites u/s 17 (2) of the Income-tax Act, 1961			
	(c) Profits in lieu of salary under section 17 (3) of the Income-tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission			
	- as % of profit			
	- others, specify			
5	Others, please specify			
	Total (A)			

*The Company Secretary Ms S Shobana has been nominated by Sundaram Finance Limited the holding Company and no remuneration is borne by this Company

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences against the Company, Directors and other Officers in Default during the year ended 31st March 2017.

INDEPENDENT AUDITOR'S REPORT

To the Members of Sundaram BPO India Limited

1. Report on the Financial Statements

We have audited the accompanying financial statements of Sundaram BPO India Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

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

3. Auditor's Responsibility

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

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

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

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

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

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required

and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- b) in the case of the Statement of Profit and Loss, of the loss 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

- (i) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section 11 of section 143 of the Act, we give in the "Annexure - A" a statement on the matters specified in paragraph 3 and 4 of the Order.
- (ii) As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as

on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the Operating Effectiveness of such controls, refer to our separate report in "Annexure - B"
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the effect of the pending legal proceedings against it in its financial statements as mentioned in Note 20.7 of the Notes to the Accounts;
 - ii. the company did not have any long term contracts including derivative contracts.
 - iii. there was no amount to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. the company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December, 2016 as mentioned in Note 20.11 to the financial statements and the details are in accordance with the books of account maintained by the company

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

Place: Chennai
Date: 29-04-2017

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

1. a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

other material statutory dues have been regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, there are no arrears of statutory dues which are outstanding as at 31st March 2017 for a period of more than six months from the date they became payable.
- b) Fixed assets have been physically verified by the Management during the year, in accordance with an annual plan of verification, which in our opinion is reasonable having regard to the size of the Company and the nature of the fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.

ii) In our opinion and according to the information and explanations given to us, there are no dues of Income tax, Sales tax, Service tax, value added tax, cess which have not been deposited on account of any dispute.
- c) The company does not have any immovable properties.
2. In our opinion and according to the information and explanations given to us, the Company has not granted any loans secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, clauses (iii) (a), (b) and (c) of paragraph 3 of the Order are not applicable to the Company for the year.
3. In our opinion and according to the information and explanations given to us, the company has not granted any loan to its directors and has not made any investment as envisaged in section 185 and 186 of the Companies Act, 2013 respectively.
4. The company has not accepted deposits from public.
5. The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act.
6. i) In our opinion and according to the information and explanations given to us, undisputed statutory dues, including Provident Fund, Employees State Insurance, Income tax, sales tax, Service tax, value added tax, cess and
7. Based on our audit procedures and the information and explanations given by the Management, we are of the opinion that the Company has not defaulted in the repayment of dues to the bank. The company does not have any borrowings from financial institutions, Government or by issue of debentures.
8. Based on our examination of the records and the information and explanations given to us, the term loans were applied for the purposes for which the loans were obtained.
9. To the best of our knowledge and belief and according to the information and explanations given to us, during the year, no fraud by the Company and no fraud on the Company by its officers or employees were noticed or reported by the company -during the course of our audit.
10. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with Section 177 and Section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards

11. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

12. In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them.

13. In our opinion and according to the information and explanations given to us, the nature of the Company's business/

activities during the year has been such that clause (ii), clause (xi), clause (xii) and clause (xvi) of paragraph 3 of the Companies (Auditor's Report) Order, 2017 are not applicable to the Company for the year.

For **BRAHMAYYA & CO.**
Chartered Accountants
Registration Number 000511S

L.RAVI SANKAR

Partner

Membership No.25929

Place: Chennai

Date: 29-04-2017

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

Report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Companies, Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Sundaram BPO India Limited (“the Company”) as of 31st March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial

controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and

procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal

financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **BRAHMAYYA & CO.**

Chartered Accountants

Registration Number 000511S

L.RAVI SANKAR

Partner

Membership No.25929

Place: Chennai

Date: 29-04-2017

Balance Sheet

as at 31st March, 2017

(₹ in Lakhs)

Particulars	Note	31 March 2017		31 March 2016	
I. EQUITY AND LIABILITIES					
1) Shareholders' Funds					
a) Share Capital	2	895.13		895.13	
b) Reserves and Surplus	3	62.02	957.15	104.21	999.34
2) Non-current Liabilities					
a) Long-term Liabilities	4	-		69.70	-
3) Current Liabilities					
a) Trade payables					
i) Total Outstanding dues to micro enterprises and small enterprises		-		-	
ii) Total Outstanding dues to creditors other than micro enterprises and small enterprises	5	19.32		37.88	
b) Other Current liabilities	6	25.71		79.91	
c) Short-term provisions	7	51.09	96.12	61.89	249.38
		1,053.27		1,248.72	
II ASSETS					
1) Non-current assets					
a) Fixed Assets	8				
i) Tangible assets		72.93		86.86	
ii) Intangible assets		23.65		57.55	
b) Deferred tax assets (net)	9	7.94		23.00	
c) Long-term loans and advances	10	359.90	464.42	580.07	747.48
2) Current Assets					
a) Current investments	11	284.14		35.59	
b) Trade receivables	12	238.21		354.01	
c) Cash and cash equivalents	13	26.68		38.73	
d) Short-term loans and advances	14	39.82	588.85	72.91	501.24
		1,053.27		1,248.72	

Significant Accounting Policies and Notes to the Accounts 1 to 20

As per our report of even date attached

For **Brahmayya & Co.**,
Chartered Accountants
FRN 000511S

L Ravi Sankar
Partner
Membership No. : 25929
Place: Chennai
Date: 29-04-2017

Shobana S
Secretary

T.T. Srinivasaraghavan

Rajesh Venkat
Directors

SUNDARAM BPO INDIA LIMITED

Statement of Profit and Loss for the year ended 31st March, 2017

(₹ in Lakhs)

Particulars	Note	2016-2017	2015-2016
Income:			
Revenue from operations	15	1642.95	1605.21
Other income	16	67.11	16.08
Total		1710.06	1621.29
Expenses:			
Employee benefit expenses	17	1119.12	1129.43
Outsourcing costs		15.68	19.36
Administrative and other expenses	18	527.71	414.87
Finance costs	19	8.65	1.11
Depreciation	8	66.03	54.30
Total		1737.19	1619.07
Profit (Loss) before Tax		(27.13)	2.22
Tax Expense:			
Current tax		-	8.66
Less : MAT credit entitlement		-	(8.66)
Deferred Tax		15.06	(3.34)
Profit after Tax		(42.19)	5.57
Earnings per equity share			
Equity shares of par value of ₹10 each			
Basic - ₹		(0.47)	0.06
Diluted - ₹		(0.47)	0.06
Number of shares used in computing earnings per share			
Basic		89,51,259	89,51,259
Diluted		89,51,259	89,51,259
Significant Accounting policies and Notes to the Accounts 1 to 20			

As per our report of even date attached

For **Brahmayya & Co.,**
Chartered Accountants
FRN 000511S

L Ravi Sankar
Partner
Membership No. : 25929
Place: Chennai
Date: 29-04-2017

Shobana S
Secretary

T.T. Srinivasaraghavan

Rajesh Venkat
Directors

Cash Flow Statement

(In ₹ Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit (Loss) before Taxation	(27.13)	2.22
Adjustments		
Depreciation	66.03	54.30
Loss on sale of assets/Fixed assets written off	7.88	-
(Profit)/Loss on sale of Investments	(3.30)	(14.36)
Provision for doubtful debts & advances (Net)	1.22	0.27
Operating Profit before working capital changes	44.70	42.44
Changes in assets and liabilities		
(Increase)/Decrease in Trade Receivables	114.59	(114.31)
(Increase)/Decrease in Loans and advances and other assets	253.26	(146.91)
Increase/(Decrease) in Liabilities and provisions	(53.27)	19.40
Cash generated from operations	359.28	(199.38)
NET CASH FROM OPERATING ACTIVITIES	359.27	(199.38)
B) CASH FLOW FROM INVESTING ACTIVITIES		
(Purchase)/Sale of mutual funds units (net)	(245.25)	204.14
Purchase of Fixed Assets	(28.13)	(94.41)
Sale of assets	2.06	-
NET CASH FROM INVESTING ACTIVITIES	(271.32)	109.73
C) CASH FLOW FROM FINANCING ACTIVITIES		
Changes in Borrowings	(100.00)	100.00
NET CASH FROM FINANCING ACTIVITIES	(100.00)	100.00
NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)	(12.05)	10.33
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	38.73	28.40
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	26.68	38.73
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Bank balances	26.61	38.61
Cash in Hand	0.07	0.12
Total Cash and Cash Equivalents at the end of the year	26.68	38.73

As per our report of even date attached

For **Brahmayya & Co.**,
Chartered Accountants
FRN 000511S

I Ravi Sankar
Partner
Membership No. : 25929
Place: Chennai
Date: 29-04-2017

Shobana S
Secretary

T.T. Srinivasaraghavan

Rajesh Venkat
Directors

SUNDARAM BPO INDIA LIMITED

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 relevant provisions of the Companies Act, 2013.

The preparation of the financial statements, in conformity with generally accepted accounting principles, requires the use of estimates and assumptions that affect the reported amount of assets and liabilities as at the Balance sheet date, reported amounts of revenue 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 twelve month operating cycle.

- 1.2 Income Recognition:

Income is recognized on accrual basis

- 1.3 Fixed Assets and Depreciation / Amortisation :

Tangible assets are carried at historical cost less accumulated depreciation and impairment, if any.

Depreciation on tangible assets is provided on the written-down value method over the useful life of assets estimated by the Company.

Depreciation for assets purchased / sold during the year is charged on a pro-rata basis.

The Company estimates the useful lives for the fixed assets as follows:

Computers Equipment

- Servers and Network 10 Years
- End User Devices 7 Years

Office Equipment 8 Years

Electrical installations 15 Years

For these class of assets, based on internal assessment, the Company believes that the useful life as given above represents the year over which the management expects to use these assets. Hence the useful life for these assets is different from the useful life as prescribed under Part C of Schedule II to the Companies Act, 2013.

Intangible assets represent Computer Software acquired / developed, of which cost is amortised over expected useful life which is governed as per the Accounting Standard for Intangible Assets issued by the Institute of Chartered Accountants of India.

- 1.4 Valuation of Investments:

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

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

- 1.5 Foreign Currency Transactions:

Transactions in foreign currencies are accounted at the prevailing rates of exchange on the date of the transaction.

Monetary items denominated in foreign currencies are restated at the prevailing rates of exchange at the Balance Sheet date. Gain or loss arising out of fluctuations in exchange rates is accounted for in Profit and Loss statement.

NOTES TO THE ACCOUNTS (Contd.)

1.6 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

The Company contributes to a Government Administered Provident Fund, Pension Fund and Employees State Insurance on account of its employees.

Defined Benefit Plan

ii) Gratuity

The company makes an annual contribution to a Gratuity Fund administered by trustees and managed by Life Insurance Corporation of India (LIC). The company accounts its liability based on an actuarial valuation, as at the Balance Sheet date, determined every year by Actuary using the projected unit credit method.

iii) Leave Encashment

The company makes an annual contribution to a Fund and managed by SBI Life Insurance Company Limited. The Company accounts its Liability based on Actuarial Valuation, as at the Balance sheet date, determined every year, using projected unit credit method.

The expense and actuarial gain / loss on account of the above benefit plans are recognized in the profit and loss statement on the basis of an actuarial valuation

1.7 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 recognized on the consideration of prudence.

1.8 Intangible Assets:

Computer software acquired is recorded as an intangible asset and its cost is amortized over the estimated useful life.

1.9 Impairment of Assets:

The carrying amounts of assets are reviewed at each balance sheet date to ascertain impairment based on internal /external factors. An impairment loss is 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 recognized when there is existence of 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 obligation.

NOTES TO THE ACCOUNTS (Contd.)
NOTE 2
SHARE CAPITAL

(₹ in lakhs)

Particulars	31.03.2017	31.03.2016
Authorised		
1,52,50,000 Equity Shares of ₹10 each (Previous period:1,52,50,000 Equity Shares of ₹10 each)	1525.00	1525.00
	<u>1525.00</u>	<u>1525.00</u>
Issued, Subscribed and fully paid up:		
89,51,259 Equity Shares of ₹10 each (Previous period :89,51,259 Equity Shares of ₹10 each)	895.13	895.13
	<u>895.13</u>	<u>895.13</u>

The company has single class of shares - equity shares of face value of ₹10 each. All equity shares rank pari passu with regard to dividends and share in the company's residual assets. Every shareholder is entitled to one vote per share.

Details of number of shares held by shareholders holding more than 5% shares are set out below:

(₹ in lakhs)

Name	Status	Class of Share	No. of Shares#	% held as at 31.03.17	No. of Shares#	% held as at 31.03.16
Sundaram Finance Limited	Holding Company	Equity shares	75,41,009	84%	75,41,009	84%
Sundaram Finance Holdings Limited	Fellow Subsidiary	Equity shares	14,10,250	16%	14,10,250	16%
Total			89,51,259		89,51,259	

Including equity shares held by nominees

The reconciliation of the number of shares outstanding as at 31st March 2017 is set out below:

(₹ in lakhs)

Particulars	31.03.2017	31.03.2016
Shares outstanding at the beginning of the period	89,51,259	89,51,259
Add: Shares issued during the period	-	-
Shares outstanding at the end of the period	<u>89,51,259</u>	<u>89,51,259</u>

NOTES TO THE ACCOUNTS (Contd.)**NOTE 3****RESERVES AND SURPLUS**

(₹ in lakhs)

Particulars	31.03.2017	31.03.2016
A. Capital reserve	51.93	51.93
B. General reserve	27.00	27.00
C. Profit and Loss statement		
Opening Balance in Profit and Loss statement	25.28	19.71
Less : Loss for the current period	(42.19)	5.57
Closing balance in Profit and Loss statement	(16.91)	25.28
Total	62.02	104.21

NOTE 4**LONG - TERM BORROWING**

(₹ in lakhs)

Particulars	31.03.2017	31.03.2016
Secured Loan		
Term loan from HDFC Bank Ltd	-	69.70
Total	-	69.70

NOTES TO THE ACCOUNTS (Contd.)
NOTE 5
TRADE PAYABLES

(₹ in lakhs)

Particulars	31.03.2017	31.03.2016
Total Outstanding dues to creditors other than micro enterprises and small enterprises		
For Expenses	19.32	37.88
For Others		
Total	19.32	37.88

NOTE 6
OTHER CURRENT LIABILITIES

(₹ in lakhs)

Particulars	31.03.2017	31.03.2016
Current Maturities of Long term debt	-	30.30
TDS and service tax payable	4.55	4.58
Interest accrued and due on term loan	-	0.89
Others	21.16	44.14
Total	25.71	79.91

NOTE 7
SHORT - TERM PROVISIONS

(₹ in lakhs)

Particulars	31.03.2017	31.03.2016
Provision for Employee Benefits	51.09	61.89
Total	51.09	61.89

NOTES TO THE ACCOUNTS (Contd.)

NOTE 8

FIXED ASSETS

(₹ in lakhs)

Description	Original Cost				Depreciaton			Net Book Value	
	As at April 1st, 2016	Additions	Deletions	As at March 31st, 2017	Additions	Deletions	As at March 31st, 2017	As at March 31st, 2016	
Tangible Assets									
Servers	40.81	-	-	40.81	2.24	-	35.94	4.87	7.11
Desktops & Printers	120.42	0.09	-	120.51	16.91	-	94.66	25.85	42.67
IT Network	30.03	-	-	30.03	5.53	-	18.80	11.23	16.76
Electrical Equipment	13.50	-	11.21	2.29	0.32	7.45	0.75	1.54	5.63
Furnitures and Fixtures	36.76	-	36.51	0.25	0.12	36.20	0.14	0.11	0.55
Office Equipment	47.07	2.68	29.04	20.70	2.92	23.18	12.65	8.06	14.16
Interior Assets CGR	-	25.36	-	25.36	4.10	-	4.10	21.26	-
Leased Assets									
Computer	27.51	-	-	27.51	-	-	27.51	-	-
SUB TOTAL (A)	316.10	28.13	76.76	267.48	32.13	66.82	194.55	72.93	86.86
Intangible assets									
Computer software	182.86	-	-	182.86	33.90	-	159.21	23.65	57.55
SUB TOTAL (B)	182.86	-	-	182.86	33.90	-	159.21	23.65	57.55
Total [A + B]	498.96	28.13	76.76	450.33	66.03	66.82	353.76	96.58	144.42
(Previous Year)	404.55	94.41	-	498.96	54.30	-	354.55	144.42	104.31

NOTE 9**DEFERRED TAX ASSET (NET)**

(₹ in lakhs)

Particulars	31.03.2017	31.03.2016
Deferred Tax Asset		
Provision for doubtful debts	2.17	21.80
Depreciation	1.00	-
Provision for employee benefits	4.76	6.50
Sub Total	7.94	28.30
Less : Deferred Tax Liability		
Depreciation	-	5.30
Total	7.94	23.00

NOTE 10**LONG TERM LOAN AND ADVANCES**

(₹ in lakhs)

Particulars	31.03.2017	31.03.2016
Capital Advance	-	0.86
Prepaid Expenses	1.31	2.19
Advances to Staff	0.56	4.64
Rental and Other Deposit	146.09	121.02
Other Loans and Advances		
MAT Credit Entitlement	8.66	8.66
Advance Income Tax and Tax Deducted at Source (net of provision)	203.29	442.69
Total	359.90	580.07

Advance Income Tax and Tax Deducted at Source is net of Provision for Tax ₹35,72,617/- (31.03.16- ₹35,72,617)

NOTE 11**CURRENT INVESTMENTS**

(₹ in lakhs)

Particulars	31.03.2017	31.03.2016
Unquoted		
Investments in mutual funds at cost		
8,35,087.892 units in Sundaram Money Fund Face value ₹10 per unit (Market Value ₹2,85,53,492)	284.14	35.59
Total	284.14	35.59

Aggregate amount of unquoted investments 284.14 35.59

NOTES TO THE ACCOUNTS (Contd.)**NOTE 12****TRADE RECEIVABLES**

(₹ in lakhs)

Particulars	31.03.2017	31.03.2016
Unsecured, considered good		
Outstanding for a period exceeding six months from due date	2.11	27.32
Others	236.10	326.69
Total Unsecured, Considered good	238.21	354.01
Unsecured, considered doubtful		
Outstanding for a period exceeding six months from due date	7.53	60.87
Others	-	4.25
Sub-total	7.53	65.12
Less: Provision for doubtful debts*	7.53	65.12
Total unsecured, considered doubtful	-	-
Total	238.21	354.01

* Of the movement in Provision for doubtful debts ₹50.39 pertains to bad debts written off.

NOTE 13**CASH AND CASH EQUIVALENTS**

(₹ in lakhs)

Particulars	31.03.2017	31.03.2016
Cash on hand	0.07	0.12
Balances with banks:		
- In Current Accounts	26.61	38.61
Total	26.68	38.73

NOTES TO THE ACCOUNTS (Contd.)
NOTE 14
SHORT TERM LOAN AND ADVANCES

(₹ in lakhs)

Particulars	31.03.2017	31.03.2016
Unsecured, Considered good		
Staff advances	1.07	6.32
Prepaid expenses	19.50	14.20
Advance for purchase of mutual fund units	-	18.00
Cenvat Input Credit	5.71	10.41
Rental and other deposits*	13.29	21.58
Other Advances	0.25	2.40
	39.82	72.91
Unsecured, Considered doubtful		
Advances and Deposits	0.92	0.92
Loans due from ex-employees	-	4.51
	0.92	5.42
Less:-Provision for Doubtful Loans and Advances	(0.92)	(5.42)
	-	-
Total	39.82	72.91

* Includes deposit paid to ESI Court ₹1.04 (31.3.2016 : ₹0.41)

NOTE 15
REVENUE FROM OPERATIONS

(₹ in lakhs)

Particulars	31.03.2017	31.03.2016
Business Process Outsourcing and Related Activities	1642.95	1605.21
Total	1642.95	1605.21

NOTE 16
OTHER INCOME

(₹ in lakhs)

Particulars	31.03.2017	31.03.2016
Interest on deposits with banks and others	0.17	0.77
Profit on sale of investments	3.30	14.36
Other income	0.10	0.68
Excess provisions/liabilities written back	14.84	-
Interest on Income tax refund	41.51	-
Provision for doubtful debts written back	7.19	0.26
Total	67.11	16.08

NOTES TO THE ACCOUNTS (Contd.)

NOTE 17

EMPLOYEE BENEFIT EXPENSES

(₹ in lakhs)

Particulars	2016-17	2015-16
Salaries, Bonus and other allowances	991.15	1,007.07
Company's contribution to Provident and other funds	98.09	88.00
Staff Welfare Expenses	29.88	34.36
Total	1,119.12	1,129.43

NOTE 18

ADMINISTRATIVE AND OTHER EXPENSES

(₹ in lakhs)

Particulars	2016-17	2015-16
Rent	242.22	167.68
Power and Fuel	95.19	70.73
Rates and Taxes	2.34	2.92
Communication expenses	53.58	43.31
Insurance	12.79	12.73
Travelling and Conveyance	22.73	28.73
Professional fees	6.56	5.42
Repairs and Maintenance - others	60.43	46.57
Printing and Stationery	5.02	5.42
Loss on sale of tangible assets	1.76	-
Fixed assets discarded	6.11	-
Provision for doubtful advances	-	0.23
Provision for doubtful debts (Net)	1.22	0.04
Deposit written off	1.12	0.86
Miscellaneous expenses	16.64	30.23
Total	527.71	414.87

NOTE 19

FINANCE COSTS

(₹ in lakhs)

Particulars	2016-17	2015-16
Interest on Term Loan	8.52	1.06
Interest-others	0.13	0.05
Total	8.65	1.11

NOTES TO THE ACCOUNTS (Contd.)

NOTE 20

GENERAL

20.1 Disclosure as per AS 15

Employee Benefits:

Defined Contribution Plan:

During the year, the Company has recognized the following amounts in the Profit and Loss Statement, which are included in Employee Benefits:

(₹ in lakhs)

Particulars	2016-17	2015 - 2016	2014 - 2015	2013-14	2012-13
Contribution to Provident Fund	49.38	47.91	56.64	52.82	25.38
Contribution to Employees' State Insurance	32.49	31.62	32.61	34.84	14.42

Gratuity:

Defined Benefit Plan

A. Reconciliation of opening and closing balances of present value of the defined benefit obligation (PVO)

Particulars	31.03.2017	31.03.2016
PVO as at the beginning of the period	35.08	30.87
Interest Cost	2.73	2.47
Current service cost	11.50	8.09
Benefits paid	(1.80)	(7.27)
Actuarial loss/(gain) on obligation (balancing figure)	(0.29)	0.92
PVO as at the end of the period	47.23	35.08

B. Reconciliation of opening and closing balances of changes in the fair value of Plan Assets

(₹ in lakhs)

Particulars	31.03.2017	31.03.2016
Fair value of plan assets as at the beginning of the period	31.21	33.49
Expected return on plan assets	2.90	2.85
Contributions	5.48	2.15
Benefits paid	(1.80)	(7.27)
Actuarial gain/(loss) on plan assets [balancing figure]	(4.99)	-
Fair value of plan assets as at the end of the period	32.80	31.21

NOTES TO THE ACCOUNTS (Contd.)

C. The amounts to be recognized in the Balance Sheet and related analysis (₹ in lakhs)

Particulars	31.03.2017	31.03.2016
Present value of the obligation	47.23	35.08
Fair value of plan assets	32.80	31.21
Difference	14.43	3.87
Amount determined under para 55 of AS15R	14.43	3.87
Present value of the future reduction in contribution under para 59(b) of AS15R	(14.43)	(3.87)
Net Asset Recognized under para 59 of AS15R	(14.43)	(3.87)

D. The amounts to be recognized in the Profit and Loss statement (₹ in lakhs)

Particulars	31.03.2017	31.03.2016
Current service cost	11.50	8.09
Interest Cost	2.73	2.47
Expected return on plan assets	(2.90)	(2.85)
Net actuarial (gain)/loss recognised in the year	4.70	0.92
Expenses recognized in the profit and loss statement	16.04	8.63

E. Table showing actual return on plan assets (₹ in lakhs)

Particulars	31.03.2017	31.03.2016
Expected return on plan assets	2.90	2.85
Actuarial gain (loss) on plan assets	(4.99)	-
Actual return on plan assets	(2.09)	2.85

F. Principal Actuarial Assumptions* [Expressed as weighted averages] (₹ in lakhs)

Particulars	31.03.2017	31.03.2016
Discount Rate	7.25%	8.00%
Salary Escalation	5.00%	5.00%
Attrition	60.00%	60.00%
Expected rate of return on Plan Assets	8.78%	8.78%

* 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 employment market. Amount for the current and previous four years are as follows :

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

Particulars	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013
Defined Benefit Obligation	47.23	35.08	30.87	40.58	-
Plan Assets	32.80	31.21	33.48	45.26	-
Surplus / (Deficit)	(14.43)	(3.87)	2.61	4.68	-
Experience adjustments on plan liabilities	4.70	0.92	0.04	(17.61)	-

Other Long Term Benefits:

The Company's liability towards other long - term benefits are provided based on actuarial valuation as at 31st March 2017. The details are given below:

(₹ in lakhs)

Particulars	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013
Leave encashment	6.25	8.21	0.02	13.44	8.82

NOTES TO THE ACCOUNTS (Contd.)

20.2.i Miscellaneous Expenses under Administrative and Other Expenses include remuneration to auditors (Excluding Service Tax) towards -

(₹ in lakhs)

Particulars	31.03.2017	31.03.2016
Statutory Audit	3.75	3.00
Tax Audit	1.00	0.75
Certification	0.80	0.50

20.2. ii Earnings per Share (Basic and diluted):

(₹ in lakhs)

Particulars	31.03.2017	31.03.2016
A. Loss/Profit for the year after taxation (Rs)	(42.19)	5.57
B. Total number of equity shares of ₹10/- each outstanding at the end of the year (in numbers)	89,51,259	89,51,259
C. Basic and diluted earnings per share (Rs) (A/B)	(0.47)	0.06

20.3 Details of transactions with Related Parties:

Parties	Relationship
Sundaram Finance Limited	Holding Company
Sundaram BNP Paribas Home Finance Limited	Fellow subsidiary
Sundaram Asset Management Company Limited	Fellow subsidiary
Sundaram Trustee Company Limited	Fellow subsidiary
Sundaram Finance Holdings Limited*	Fellow subsidiary
Sundaram Infotech Solutions Limited	Fellow subsidiary
Sundaram Insurance Broking Services Limited	Fellow subsidiary
LGF Services Limited	Fellow subsidiary
Infreight Logistics Solutions Limited	Fellow subsidiary
Sundaram BNP Paribas Fund Services Limited	Fellow subsidiary
Sundaram Asset Management Singapore Pte. Ltd.	Fellow subsidiary
Sundaram Business Services Limited	Fellow subsidiary
Royal Sundaram General Insurance Co. Limited	Fellow subsidiary
Key Management Personnel	
Ms. S. Shobana	Secretary

* Previously known as Sundaram Finance Distribution Limited

NOTES TO THE ACCOUNTS (Contd.)
Related Party Transactions for the year ended 31st March 2017:

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

Nature of Transactions	Holding Company	Subsidiary Company	Fellow Subsidiaries	Joint Venture/ Associates	2016-17	2015-16
Income						
Payroll Processing						
Sundaram BNP Paribas Home Finance Limited	-	-	-	-	-	2.13
Sundaram Infotech Solutions Limited	-	-	1.81	-	1.81	1.80
Sundaram Asset Management Company Limited	-	-	2.89	-	2.89	2.88
Sundaram BNP Paribas Fund Services Limited	-	-	5.08	-	5.08	3.89
Accounting Services						
Sundaram Asset Management company Limited	-	-	18.09	-	18.09	16.80
Data Processing						
Sundaram Finance Limited	403.94	-	-	-	403.94	351.00
Deposit Processing						
Sundaram BNP Paribas Home Finance Limited	-	-	25.53	-	25.53	25.99
Telecalling						
Sundaram Asset Management company Limited	-	-	7.31	-	7.31	12.47
Sundaram Finance Limited	121.43	-	-	-	121.43	99.47
Sundaram BNP Paribas Home Finance Limited	-	-	23.78	-	23.78	1.24
Royal Sundaram General Insurance Co. Limited	-	-	77.26	-	77.26	65.58
Other Income						
Sundaram Business Services Limited	-	-	45.45	-	45.45	-
Expenses						
Sundaram Finance Limited						
a) Rent	0.04	-	-	-	0.04	0.04
b) Internal Audit	5.00	-	-	-	5.00	5.00
Royal Sundaram General Insurance Co. Limited	-	-	-	-	-	-
Insurance Premium	-	-	2.42	-	2.42	3.35

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

Nature of Transactions	Holding Company	Subsidiary Company	Fellow Subsidiaries	Joint venture/ Associate	2016-17	2015-16
Receivables						
Sundaram Asset Management company Limited	-	-	2.42	-	2.42	8.07
Sundaram Infotech Solutions Limited	-	-	-	-	-	0.35
Sundaram BNP Paribas Fund Services Limited	-	-	1.02	-	1.02	0.41
Sundaram BNP Paribas Home Finance Limited	-	-	4.33	-	4.33	3.78
Sundaram Finance Limited	44.42	-	-	-	44.42	46.18
Sundaram Business Services Limited	-	-	4.05	-	4.05	-
Royal Sundaram General Insurance Co. Limited	-	-	7.92	-	7.92	29.52
Liabilities						
Liabilities – Outstanding Balance as on 31.03.2017						
Equity Shares						
Sundaram Finance Limited	754.10	-	-	-	754.10	754.10
Sundaram Finance Holdings Limited	-	-	141.03	-	141.03	141.03
Payables						
Sundaram Finance Limited	-	-	-	-	-	1.31

No Amount has been written off / written back during the year

20.4 The Company Secretary Ms. Shobana S has been nominated by Sundaram Finance Limited the Holding company and no remuneration is borne by this company.

20.5 ESI Claims against the erstwhile Professional Management Consultants Limited (PMCL) not accepted by the company - ₹2.06 lakhs (previous year - ₹2.06 lakhs). Against this claim, PMCL filed an appeal before the Employees' Insurance (EI) Court and a stay was obtained, on a payment of 20% of the disputed amount. Accordingly, PMCL has deposited a sum of ₹0.41 lakhs with the EI Court. The said amount has been grouped under Loans and Advances in the Balance Sheet.

In an earlier year, the above appeal was dismissed by the ESI Court and PMCL has since filed an appeal before Hon'ble High Court of Chennai and has obtained a stay against the order of the ESI Court. The case is yet to be posted for hearing .

20.6 ESI Claims against the company not acknowledged as debts - ₹1.25 lakhs (Previous Year - Nil). The company has filed an appeal against the Order dated 19.02.2016 Accordingly, SBIL has deposited a sum of ₹0.63 lakhs with EI Court. The said amount has been grouped under Loans and Advances in the Balance Sheet.

20.7 The pending litigation as on 31st March 2017 have been compiled by the company. The effect of the current position of the litigations have been evaluated and appropriately considered and disclosed in the financial statements.

NOTES TO THE ACCOUNTS (Contd.)

20.8 There is no amount due to small scale industries in terms of “The Micro, Small and Medium Enterprises Development Act, 2006”.

20.9 Previous year figures have been regrouped / reclassify wherever necessary to conform to current year’s classification .

20.10 The Board of Directors have approved a composite Scheme of Arrangement and Amalgamation for the demerger of the shared services business activities of the Company into Sundaram Finance Limited, effective from 1st April 2016 subject to approval of various statutory and regulatory authorities and shareholders / creditors as directed by the regulatory authorities.

Sundaram Finance Limited has filed applications with the National Stock Exchange of India Limited and Competition Commission of India for the approval of the transactions contemplated in composite Scheme of Arrangement and Amalgamation.

Pending approvals from statutory and regulatory authorities, the financial statements have not been adjusted to give effect to the composite Scheme of Arrangement and Amalgamation. Once the requisite approvals are obtained, the composite Scheme of Arrangement and Amalgamation would be given effect to in the financial statements of the company in accordance with the said scheme.

20.11. Disclosure of Specified Bank Notes (SBN)

(Amount in Rupees)

Particulars	SBN's	Other Denomination Notes	Total
Closing cash on hand as on 08.11.2016	18,000	3,738	21,738
Add: Receipts for permitted transactions	-	1,35,550	1,35,550
Less : Paid for permitted transaction	-	1,32,118	1,32,118
Less: Deposited in bank account	18,000	-	18,000
Closing cash on hand as on 30.12.2016	-	7,170	7,170

As per our report of even date attached

For **Brahmayya & Co.**,
Chartered Accountants
FRN 000511S

L Ravi Sankar
Partner
Membership No. : 25929
Place: Chennai
Date: 29-04-2017

Shobana S
Secretary

T.T. Srinivasaraghavan

Rajesh Venkat
Directors

