

***SUNDARAM BUSINESS SERVICES LIMITED***

*1<sup>st</sup> Annual Report 2005-06*



## **Board of Directors**

T. T. Srinivasaraghavan

Srinivas Acharya

P. S. Raghavan

A. N. Raju

## **Bankers**

State Bank of Travancore

## **Auditors**

M/s. Brahmayya & Co., Chennai

Chartered Accountants

## **Registered Office**

21, Patullos Road

Chennai 600 002

**SUNDARAM BUSINESS SERVICES LIMITED**

A wholly-owned subsidiary of



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## Directors' Report

Your Directors have pleasure in presenting the First Annual Report and Audited Accounts of the Company for the period ending 31st March 2006.

The summarised financial results of the Company, are given hereunder:

(Rs.)

Particulars	Period ended March 31, 2006
Total Income	–
Total Expenditure	33,940/-
Loss before Taxation	33,940/-
Provision for Taxation	–
Loss for the period	33,940/-

### INCORPORATION

Your Company was incorporated on 12th August 2005 with a paid-up capital of Rs.5.00 lakhs divided into 50,000 equity shares of Rs.10/- each and on allotment of share, your Company became a subsidiary of Sundaram Finance Limited.

### REVIEW OF OPERATIONS

Your Company was formed to undertake activities relating to business process outsourcing and allied operations. The Company has initiated steps to position itself in the BPO segment in both local and overseas markets by way of strategic partnerships and joint ventures.

### DIRECTORS

The First Directors of the Company, namely, Sri T. T. Srinivasaraghavan, Sri Srinivas Acharya, Sri P. S. Raghavan and Sri A. N. Raju, retire at the ensuing Annual General Meeting and are eligible for appointment. Notices under Section 257 of the Companies Act, 1956, proposing the appointment of the said Directors have been received from a member.

### DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies Act, 1956, your directors confirm:

i) that in the preparation of the annual accounts, the applicable

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

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

Your Company has no activity relating to conservation of energy or technology absorption. Your Company did not have any foreign exchange earnings or outgo during the year.

### PERSONNEL

Your Company has no employees on its payroll. The provisions of Section 217(2A) of the Companies Act, 1956 are not applicable.

### DEPOSITS

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

### AUDITORS

M/s Brahmayya & Co, Chartered Accountants, Chennai, Statutory Auditors of your Company, hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. The Company has received a certificate from them to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1)(b) of the Companies Act, 1956.

### ACKNOWLEDGEMENT

Your Directors thank the holding company, Sundaram Finance Limited for its support.

**T. T. Srinivasaraghavan**  
**Srinivas Acharya**  
**P. S. Raghavan**  
**A. N. Raju**  
Directors

Chennai 600 002  
19th May 2006

## Auditors' Report

### to the Members of M/s. Sundaram Business Services Limited

1. We have audited the attached Balance Sheet of M/s. Sundaram Business Services Limited, (the company) as at 31st March 2006, the Profit and Loss Account and the Cash Flow Statement of the company for the period pertaining from the date of incorporation i.e. 12th August 2005 to 31st March 2006, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, (the Act) we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (ii) in our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
  - (iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - (iv) in our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable.
  - (v) on the basis of written representations received from the directors, as on 31st March 2006 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2006 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
  - (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2006;
    - (b) in the case of the Profit and Loss Account, of the Loss for the period ended on that date; and
    - (c) in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

Chennai  
19th May 2006

For **BRAHMAYYA & CO.**,  
Chartered Accountants

**L. RAVI SANKAR**  
Partner

Membership No.25929

## Annexure To The Auditors' Report Referred To In Paragraph 3 Of Our Report Of Even Date

1. a) According to the information and explanations given to us, the company has not taken secured or unsecured loan from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.  
b) According to the information and explanations given to us, the company has not granted secured or unsecured loan to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
2. The company has not accepted deposits.
3. The paid up capital and reserves of the company did not exceed rupees fifty lakhs at the commencement of the accounting period. Therefore, the company is excluded from the applicability of having an internal audit system.
4. The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956.
5. The company has accumulated losses at the end of the financial year and has incurred cash loss during the current period.
6. The company does not have any borrowing from financial institutions, banks or by issue of debentures.
7. According to the information and explanations given to us, the company has not:
  - a) granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
  - b) given any guarantees for loan taken by others from banks or financial institutions.
  - c) availed any term loan during the period.
  - d) issued any debentures.
  - e) raised monies by public issue during the period.
8. The company is not a chit fund / nidhi / mutual benefit fund or society.
9. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the period.
10. In our opinion and according to the information and explanations given to us, the nature of the company's business/ activities during the period have been such that clauses i, ii, iii, iv, v, ix, xiii, xiv and xviii of paragraph 4 of the Companies (Auditors Report) Order, 2003 are not applicable to the company for the period.

For **BRAHMAYYA & CO.**,  
Chartered Accountants

Chennai  
19th May 2006

**L. RAVI SANKAR**  
Partner

Membership No.25929

## Balance Sheet

as at 31st March, 2006

	Schedule	31st March 2006	
		Rs.	
<b>I SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
a) Capital	1	5,00,000	
b) Reserves and Surplus		-	
<b>2. Loan Funds</b>			
a) Secured Loans		-	
b) Unsecured Loans		-	
<b>Total</b>		<b>5,00,000</b>	
<b>II APPLICATIONS OF FUNDS</b>			
<b>1. Fixed Assets</b>			
<b>2. Investments</b>			
<b>3. Current Assets, Loans and Advances</b>			
a) Current Assets	2	4,67,182	
b) Loans and Advances		-	
	(A)	4,67,182	
Less: Current Liabilities and Provisions			
a) Current Liabilities		-	
b) Provisions		1,122	
	(B)	1,122	
Net Current Assets	(A-B)	4,66,060	
<b>4. Miscellaneous Expenditure</b>			
(to the extent not written off or adjusted)	3	-	
<b>5. Debit Balance in Profit and Loss account</b>			
		<b>33,940</b>	
<b>Total</b>		<b>5,00,000</b>	
Notes to the accounts	5		

As per our report of even date attached  
 For **Brahmayya & Co.**,  
 Chartered Accountants  
**L. Ravi Sankar**  
 Partner

**T. T. Srinivasaraghavan**  
**Srinivas Acharya**  
**P. S. Raghavan**  
**A. N. Raju**  
 Directors

Chennai,  
 19th May, 2006

## Profit and Loss Account

for the period 12<sup>th</sup> August 2005 (Date of Incorporation) to 31<sup>st</sup> March 2006

	Schedule	Period Ended 31/03/2006
		Rs.
<b><u>INCOME</u></b>		
<b>Total</b>	<b>(A)</b>	<div style="border-top: 1px solid black; border-bottom: 3px double black; width: 100%; margin: 0;">                     -                 </div>
<b><u>EXPENDITURE</u></b>		
Administrative and other expenses	4	2,222
Preliminary expenses written off		31,718
<b>Total</b>	<b>(B)</b>	<div style="border-top: 1px solid black; border-bottom: 3px double black; width: 100%; margin: 0;"> <b>33,940</b> </div>
<b>Loss before Tax</b>	<b>(A-B)</b>	<div style="border-top: 1px solid black; border-bottom: 3px double black; width: 100%; margin: 0;"> <b>33,940</b> </div>
Less: Provision for Taxation		-
<b>Loss for the period carried to Balance Sheet</b>		<div style="border-top: 1px solid black; border-bottom: 3px double black; width: 100%; margin: 0;"> <b>33,940</b> </div>
Notes to the accounts	5	

As per our report of even date attached  
 For **Brahmayya & Co.,**  
 Chartered Accountants  
**L. Ravi Sankar**  
 Partner

Chennai,  
 19th May, 2006

**T. T. Srinivasaraghavan**  
**Srinivas Acharya**  
**P. S. Raghavan**  
**A. N. Raju**  
 Directors

## SCHEDULES

	31/03/2006
	Rs.
<b>1. Capital</b>	
<b>Authorised</b>	
1,00,000 Equity shares of Rs.10/- each	<u>1,000,000</u>
<b>Issued, Subscribed and fully paid up</b>	
50,000 Equity Shares of Rs.10/- each	<u>500,000</u>
(The equity shares are held by holding company - Sundaram Finance Limited and its nominees)	
<b>2. Current Assets</b>	
Cash and Bank Balances with Scheduled Bank In – Current Account	<u>467,182</u>
	<u><b>467,182</b></u>
<b>3. Miscellaneous Expenditure</b>	
Preliminary expenses incurred	31,718
Less: Written off during the period	<u>31,718</u>
	<u><b>0</b></u>
<b>4. Administrative and other expenses</b>	
General Expenses	300
Bank charges	800
Audit Fees	<u>1,122</u>
	<u><b>2,222</b></u>

## SCHEDULES

### 5. NOTES TO THE ACCOUNTS:

#### 1. SIGNIFICANT ACCOUNTING POLICIES:

1.1 The financial Statements are prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the relevant provisions of the Companies Act 1956 and the applicable Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).

#### 1.2 Preliminary Expenses:

Preliminary Expenses incurred for the incorporation of the company are written off in the year of Incorporation.

#### 2. GENERAL:

2.1 The Company does not owe any amount to a Small Scale Industrial Undertaking.

2.2 In accordance with Accounting Standard - 18 "Related Parties Disclosures" - issued by the Institute of Chartered Accountants of India, the details of Related Parties Transactions are given below:

#### **Holding Company:**

M/s Sundaram Finance Limited

#### **Fellow Subsidiaries:**

M/s Sundaram BNP Paribas Asset Management Company Limited

M/s Sundaram Finance Distribution Limited

M/s Sundaram Finance Trustee Company Limited

M/s Sundaram Home Finance Limited

M/s Royal Sundaram Alliance Insurance Company Limited

M/s LGF Services Limited

M/s Sundaram Infotech Solutions Limited

#### **Associates:**

M/s Sundaram BNP Paribas Mutual Fund

#### **Related Party Transaction:**

Receipt of Equity Share Capital of Rs. 5,00,000/- from the holding company.

2.3 The Company was incorporated on 12th August 2005. The Financial Statements pertain to the period from the date of incorporation to 31st March 2006. Therefore, there are no comparative figures for the previous period.

2.4 Figures have been rounded off to the nearest rupee.

Signatures to Schedules 1 to 5

As per our report of even date attached  
For **Brahmayya & Co.,**  
Chartered Accountants  
**L. Ravi Sankar**  
Partner

Chennai,  
19th May, 2006

**T. T. Srinivasaraghavan**  
**Srinivas Acharya**  
**P. S. Raghavan**  
**A. N. Raju**  
Directors

## Balance Sheet Abstract and Company's General Business Profile

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

**I Registration Details**

Registration No. 

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 State Code 

1	8
---	---

Balance Sheet Date 

3	1
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0	3
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2	0	0	6
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Date                  Month                  Year

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

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

	Total Liabilities		Total Assets																				
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Sources of Funds	Paid up Capital		Reserves & Surplus																				
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	Secured Loans		Unsecured Loans																				
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Applications of Funds	Net Fixed Assets		Investments																				
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	Net Current Assets		Misc. Expenditure																				
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	Accumulated Loss																						
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**IV Performance of Company (Amount in Rs. Thousands)**

Turnover	Total Expenditure																				
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+ - Profit / (Loss) Before Tax	+ - Profit / (Loss) After Tax																				
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(Please tick appropriate box + for profit, - loss)

Earnings Per Share	Rs.	Ps.		Dividend Rate %						
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-	.	6	8							
-	-									

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

Item Code No. (ITC Code) 

N	A
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B	U	S	I	N	E	S	S		P	R	O	C	E	S	S
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O	U	T	S	O	U	R	C	I	N	G
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## CASH FLOW STATEMENT

For Period Ended 31/03/2006

	2005-06
	Rs.
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>	
Net Loss	(33,940)
Add: Preliminary expenses written off	31,718
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	(2,222)
Increase / (Decrease) in Current Liabilities	(1,122)
Preliminary Expenses paid	(31,718)
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<u><b>(32,818)</b></u>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>	
<b>NET CASH FROM INVESTING ACTIVITIES (B)</b>	<u><b>-</b></u>
<b>C) CASH FROM FINANCING ACTIVITIES</b>	
Proceeds from issue of Equity Shares	5,00,000
<b>NET CASH FROM FINANCING ACTIVITIES (C)</b>	<u><b>5,00,000</b></u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A) + (B) + (C)</b>	4,67,182
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	-
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u><b>4,67,182</b></u>
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	
Current Account with Banks	4,67,182
Cash, Stamps and Stamp Papers on Hand	-
	<u><b>4,67,182</b></u>

As per our report of even date attached  
 For **Brahmayya & Co.**,  
 Chartered Accountants  
**L. Ravi Sankar**  
 Partner

**T. T. Srinivasaraghavan**  
**Srinivas Acharya**  
**P. S. Raghavan**  
**A. N. Raju**  
 Directors

Chennai,  
 19th May, 2006