

Sundaram BNP Paribas Fund Services Limited

Third Annual Report

2010-11



SUNDARAM BNP PARIBAS
— FUND SERVICES —



Board of Directors

P S Raghavan Chairman
S Venkatesan
K Swaminathan
Julien Cuminet
Geoffroy De Lassus
Lawrence Au

Audit Committee

S Venkatesan Chairman
P S Raghavan
Julien Cuminet
Geoffroy De Lassus

Compliance and Risk Management Committee

Shridhar Iyer
Didier Dauphin
V K Raman
Greg Nichols

Chief Executive Officer

Shridhar Iyer

Chief Financial Officer

Didier Dauphin

Company Secretary

V. Sriraman

Auditors

M/s. Brahmaya & Co.,
Chartered Accountants

Registered Office

No. 21, Patullos Road, Chennai – 600 002
Phone: 044 2852 1181, Fax: 044 2858 6641

Corporate Office

RR Towers 2, Third Floor,
Thiru Vi Ka Industrial Estate, Guindy, Chennai 600 032
Phone: 044 2250 4700 Fax: 044 2250 1379, 044 2250 1384

Website

www.sundarambnpparibasfs.in

Bankers

BNP Paribas
HDFC Bank Limited
State Bank of Travancore

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Directors' Report

Your Directors have pleasure in presenting the Third Annual Report and Audited Accounts of the Company for the twelve month period ended 31st March 2011.

WORKING RESULTS

Your Company had earned an income of Rs. 365.69 lakhs during the year under review against Rs. 112.89 lakhs in the previous six month period. Total expenditure amounted to Rs. 1821.33 lakhs (Rs. 331.99 lakhs in the previous year). After a provision of Rs. 246.41 lakhs towards deferred taxation, the loss amounted to Rs. 1702.05 lakhs.

REVIEW OF OPERATIONS

The year under review saw your Company making progress in terms of its operational capabilities. Your Company successfully completed the process of migration in relation to a few schemes of Sundaram Asset Management Company (SAMC) from its existing service provider and the operations in respect of those schemes went live effective 6th December 2010. Your Company is in the final stage of migrating data in respect of the balance schemes. Further, Your Company handled 24 New Fund Offers aggregating to Rs.1755.21 Crore from 32,436 investors. Your Company is managing 92 schemes for Rs.3,393 crore assets. The Company now fully operates through its Madurai and Chennai processing centres.

The mutual fund industry continues to face changing regulatory and competitive environment. It is expected that this situation may last for some more time. Your Company has established contacts with various mutual funds to get their RTA activities outsourced to the Company.

CAPITAL

During the year under review, your Company's Authorised Capital was increased from Rs. 40 crore to Rs. 50 crore. To meet capital expenditure and working capital requirements, your Company has issued and allotted equity shares for Rs. 12.5 crore to both SFL and BP2S on rights basis in stages. The present paid-up equity share capital of the Company is Rs. 42.5 crore.

DIRECTORS

During the year under review, Mr. Frederic Perard resigned from the Board on 7th September 2010 and BP2S has nominated Mr. Lawrence Au in his place as an Additional Director. As per provisions of the Companies Act, 1956, he will hold office up to the date of ensuing Annual General Meeting of the Company. Notice under section 257 of the Companies Act, 1956, proposing the appointment of Mr. Lawrence Au as Director has been received from a member. Mr. Harsha Viji resigned from the Board on 18th October 2010. Your Directors wish to place on record their contribution to the Company.

Mr. S Venkatesan, and Mr. Geoffroy De Lassus, Directors of the Company retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment. The Board recommends their re-appointment.

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 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 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 employee who is in receipt of remuneration in excess of the limit prescribed in Section 217(2A) of the Companies Act, 1956.

DEPOSITS

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

AUDITORS

M/s Brahmaya & 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(1B) of the Companies Act, 1956.

ACKNOWLEDGEMENT

Your Directors thank Sundaram Finance Limited, BNP Paribas, Sundaram Business Services Limited and BNP Paribas Securities Services for their support. Your Directors wish to place on record their appreciation of the employees for their commitment to the Company and hard work put in by them.

For and on behalf of the Board of Directors

Place : Chennai
Date : 4th May 2011

P S Raghavan
Chairman

AUDITORS' REPORT

To The Members of Sundaram BNP Paribas Fund Services Limited

1. We have audited the attached Balance Sheet of Sundaram BNP Paribas Fund Services Limited as at 31st March 2011, the Profit and Loss Account and the Cash Flow Statement of the company for the year ended on that date, annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance 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) and based on the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) in our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
 - iii) the Balance Sheet, Profit and Loss Account and the 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 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2011 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 together with the notes thereon give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2011;
 - b) in the case of the Profit and Loss Account, 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.

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

Registration Number: 000511S

P. BABU
Partner

Membership No.203358

Place : Chennai
Date : 4th May, 2011

Annexure to the Auditors' Report Referred to in Paragraph 3 of our Report of Even Date

1. a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
b) Fixed assets have been physically verified by the management during the year, in accordance with a plan of verification which in our opinion is reasonable having regard to the size of the company and the nature of fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets have not been disposed off by the company during the year.
2. In our opinion and according to the information and explanations given to us, the company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, clauses (iii)a to (iii)g of paragraph 4 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, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets and sale of services. During the course of our audit, no major weaknesses have been noticed in the internal controls and therefore the reporting of the same does not arise.
4. a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered in the register maintained under Section 301 of the Act have been so entered.
b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the registered maintained under Section 301 of the Act and exceeding the value of rupees five lakhs in respect of any party during the year, prima facie, have been made at prices which are reasonable having regard to the nature of the services and prevailing market prices at the relevant time.
5. The company has not accepted any deposits from the Public during the year.
6. The company has an internal audit system, which in our opinion, is commensurate with the size and the nature of its business.
7. The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Act.
8. According to the records of the company and the information and explanations given to us, undisputed statutory dues, including Provident Fund, Employees State Insurance, Income tax and Service tax and 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, 2011 for a year of more than six months from the date they become payable.
9. According to the records of the company and the information and explanations given to us, there are no dues of Income tax, and Service tax which have not been deposited on account of any dispute.
10. The company does not have any borrowing from financial institutions or on issue of debentures. The company has not defaulted in repayment of dues to Banks.
11. According to the information and explanations given to us, the company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
12. Based on our examination of the records and the information and explanations given to us, the company has not dealt / traded in

- shares and debentures during the year. As informed and explained to us, proper records have been maintained of the transactions and contracts relating to investment in securities and timely entries have been made therein. The securities have been held by the company in its own name.
13. In our opinion and according to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.
 14. The company has availed term loan during the year and applied the same for the purposes for which the loans was obtained.
 15. According to the cash flow statement and other records examined by us and the information and explanations given to us, on an overall examinations of the Balance Sheet of the company, funds raised on short term basis, prima facie, have not the used during the year for long term investment.
 16. According to the information and explanations given to us, the company has not issued debentures during the year.
 17. The company has not raised monies by public issue during the year.
 18. The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
 19. 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 was noticed or reported during the course of our audit.
 20. 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 clauses ii, x and xiii of paragraph 4 of the Companies (Auditors' Report) Order, 2003 are not applicable to the company for the year.

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

Registration Number: 000511S

Place : Chennai

P. BABU

Date : 4th May, 2011

Partner

Membership No.203358

Balance Sheet as at 31st March, 2011

	Schedule	31 Mar 2011		31 Mar 2010	
in Rupees					
I SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Capital	1	42,50,00,000		30,00,00,000	
b) Reserves and Surplus		—	42,50,00,000	—	30,00,00,000
2. Loan Funds					
a) Secured Loans	2	1,00,00,000		—	
b) Unsecured Loans		—		—	
			1,00,00,000		—
3. Deferred Tax Liability (Net)					
Deferred Tax Liability	3	2,48,12,802		1,81,903	
Less: Deferred Tax Asset		22,600	2,47,90,202	32,285	1,49,618
Total			45,97,90,202		30,01,49,618
II APPLICATION OF FUNDS					
1. Fixed Assets					
Gross Block	4	25,89,39,407		37,37,840	
Less: Depreciation		7,03,79,182		11,68,645	
Net Book Value		18,85,60,225		25,69,195	
Add: Capital Work-In-Progress		18,05,550		20,23,33,264	
Net Block			19,03,65,775		20,49,02,459
2. Investments					
	5		95,66,624		1,84,52,856
3. Current Assets, Loans and Advances					
a) Current Assets	6	1,22,55,138		56,23,021	
b) Loans and Advances	7	3,13,16,868		1,80,92,804	
	(A)	4,35,72,006		2,37,15,825	
Less: Current Liabilities and Provisions					
a) Current Liabilities	8	2,28,87,728		1,58,90,189	
b) Provisions		—		—	
	(B)	2,28,87,728		1,58,90,189	
Net Current Assets	(A-B)		2,06,84,278		78,25,636
4. Profit and Loss Account					
Debit balance in Profit and Loss Account			23,91,73,525		6,89,68,667
Total			45,97,90,202		30,01,49,618
Notes to the Accounts	12				

As per our report of even date attached

For **Brahmayya & Co.,**

Chartered Accountants

P. Babu

Partner

Membership No. 203358

Chennai

4th May, 2011

Shridhar Iyer

CEO

P. S. Raghavan

Chairman

Didier Dauphin

CFO

Geoffroy De Lassus

Director

V Sriraman

Company Secretary

SUNDARAM BNP PARIBAS FUND SERVICES LIMITED

Profit and Loss Account for the period from 1st April, 2010 to 31st March, 2011

	Schedule	in Rupees	
		01 Apr 10 – 31 Mar 11	01 Oct 09 – 31 Mar 10
INCOME			
Income from Operations		3,80,53,995	1,16,81,076
Less: Service Tax		35,53,549	10,90,799
Net Income from Operations		3,45,00,446	1,05,90,277
Other Income	9	20,68,580	6,98,780
Total	(A)	3,65,69,026	1,12,89,057
EXPENDITURE			
Establishment Expenses	10	3,69,04,326	1,06,07,130
Administrative and Other Expenses	11	7,54,76,729	2,19,36,570
Financial Expenses - Interest		5,41,708	–
Depreciation		6,92,10,537	6,54,990
Total	(B)	18,21,33,300	3,31,98,690
Loss before Tax	(A-B)	14,55,64,274	2,19,09,633
Taxation			
– Deferred Tax		2,46,40,584	326,754
Loss after Tax		17,02,04,858	2,22,36,387
Add: Loss brought forward from previous year		6,89,68,667	4,67,32,280
Balance carried forward to Balance Sheet		23,91,73,525	6,89,68,667
Earnings per Equity Share (Refer Note 4.4 Schedule 12)			
Number of Shares (Face Value Rs.10/- per Share)		4,25,00,000	3,00,00,000
Weighted Average Number of Shares		3,70,61,644	3,00,00,000
Basic and Diluted earnings per share (in Rupees)		(4.59)	(0.74)
Notes to the Accounts	12		

As per our report of even date attached

For **Brahmayya & Co.,**

Chartered Accountants

P. Babu

Partner

Membership No. 203358

Chennai

4th May, 2011

Shridhar Iyer

CEO

P. S. Raghavan

Chairman

Didier Dauphin

CFO

Geoffroy De Lassus

Director

V Sriraman

Company Secretary

Schedules

	31 Mar 2011	in Rupees 31 Mar 2010
1. Capital		
Authorised		
5,00,00,000 Equity Shares of Rs.10/- each	50,00,00,000	40,00,00,000
Issued, Subscribed and Paid up		
4,25,00,000 Equity Shares of Rs.10/- each (Of the above 2,16,75,000 equity shares are held by Sundaram Finance Limited - the holding company)	42,50,00,000	30,00,00,000
	42,50,00,000	30,00,00,000
2. Secured Loans		
– From a Scheduled Bank	1,00,00,000	
	1,00,00,000	–
3. Deferred Tax Liability (Net)		
Deferred Tax Liability - Depreciation	2,48,12,802	1,81,903
Less: Deferred Tax Asset - Preliminary Expenses	22,600	32,285
	2,47,90,202	1,49,618

4. Fixed Assets

in Rupees

Description	Gross Block at Cost				Depreciation				Net Block	
	As at 31.03.2010	Additions	Deductions	As at 31.03.2011	As at 31.03.2010	Additions	Deductions	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
Computers	12,60,478	7,35,66,101	-	7,48,26,579	4,75,093	2,62,48,510	-	2,67,23,603	4,81,02,976	7,85,385
Office Equipment	7,20,130	34,38,182	-	41,58,312	1,12,262	5,52,828	-	6,65,090	34,93,222	6,07,868
Furniture and Fittings	3,71,290	2,35,850	-	6,07,140	1,84,818	2,35,701	-	4,20,519	1,86,621	1,86,472
Intangible Assets:										
Software	13,85,942	17,79,61,434	-	17,93,47,376	3,96,472	4,21,73,498	-	4,25,69,970	13,67,77,406	9,89,470
(A)	37,37,840	25,52,01,567	-	25,89,39,407	11,68,645	6,92,10,537	-	7,03,79,182	18,85,60,225	25,69,195
Capital Work In Progress										
Computers and Other hardware	7,12,50,977		7,12,50,977	-	-	-	-	-	-	7,12,50,977
Intangible Assets - Software	13,10,82,287	85,22,408	13,77,99,145	18,05,550	-	-	-	-	18,05,550	13,10,82,287
(B)	20,23,33,264	85,22,408	20,90,50,122	18,05,550	-	-	-	-	18,05,550	20,23,33,264
Grand Total (A) + (B)	20,60,71,104	26,37,23,975	20,90,50,122	26,07,44,957	11,68,645	6,92,10,537	-	7,03,79,182	19,03,65,775	20,49,02,459
Previous year	18,48,89,753	2,11,81,351	-	20,60,71,104	5,13,655	6,54,990	-	11,68,645	20,49,02,459	18,43,76,098

Schedules

	31 Mar 2011	in Rupees 31 Mar 2010
5. Investments		
Current Investments		
Unquoted-Valued at Cost		
In Trust Securities		
Investment in Mutual Funds		
Sundaram Fixed Term Plan AN 367 days - Dividend (500 units of Rs.10/- each purchased during the year)	5,000	—
“Sundaram UST Fund - Super Institutional Growth 725,074.083 units of Rs.10/- each (opening balance 15,22,676.13 units, 6,040,705.664 Units purchased and 6,838,307.71 Units redeemed during the year)”	95,61,624	1,84,52,856
	<u>95,66,624</u>	<u>1,84,52,856</u>
6. Current Assets		
Sundry Debtors - considered good		
i) Debts outstanding for a period exceeding six months	—	—
ii) Other Debts	71,88,917	19,87,371
Cash and Bank Balances		
With scheduled banks in current accounts	50,53,047	36,25,154
Cash on hand	13,174	10,496
	<u>1,22,55,138</u>	<u>56,23,021</u>
7. Loans and Advances		
Unsecured unless otherwise stated:		
Considered good:		
Advances and deposits recoverable in cash or in kind or for value to be received	2,70,89,083	1,73,93,434
Tax deducted at Source	42,24,113	6,90,425
Advance Fringe Benefit Tax (Net of Provision)	3,672	8,945
	<u>3,13,16,868</u>	<u>1,80,92,804</u>
8. Current Liabilities *		
Sundry Creditors		
— For Expenses	1,10,77,280	1,26,42,595
— For Others	1,17,27,640	32,47,594
Interest accrued but not due	82,808	—
	<u>2,28,87,728</u>	<u>1,58,90,189</u>

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

Schedules

	in Rupees	
	01 Apr 10 – 31 Mar 11	01 Oct 09 – 31 Mar 10
9. Other Income		
Profit on redemption of Current Investments	12,30,316	4,62,889
Interest Income	5,82,772	–
(Tax deducted at source Rs.58,277/-, previous year Rs.Nil)		
Dividend Income	82	–
Miscellaneous Income	2,55,410	2,35,891
	<u>20,68,580</u>	<u>6,98,780</u>
10. Establishment Expenses		
Salaries, Allowances and Bonus	3,14,30,452	96,15,767
Company's Contribution to Provident Fund, Gratuity, ESI and Superannuation	22,57,201	4,15,863
Staff Welfare Expenses	32,16,673	5,75,500
	<u>3,69,04,326</u>	<u>1,06,07,130</u>
11. Administrative and other Expenses		
Rent	1,60,94,300	77,71,669
Rates and Taxes	5,16,091	40,269
Communication Expenses	35,20,796	7,27,932
Electricity Expenses	80,92,023	28,00,114
Travelling and Conveyance	17,30,022	4,29,420
Outsourcing Cost	1,86,09,410	4,88,745
Insurance	8,90,098	2,86,914
Repairs and Maintenance		
– Computers	1,75,91,450	56,05,769
– Others	12,10,955	4,47,717
Professional Fees	39,28,013	25,95,000
Miscellaneous Expenses	32,93,571	7,43,021
	<u>7,54,76,729</u>	<u>2,19,36,570</u>

12. 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. The Company follows the Regulations prescribed by the Securities and Exchange Board of India (SEBI).

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 period and disclosure of contingent liabilities as at that date. The estimates and assumptions used in these financial statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of the financial statements.

- 1.2 Income Recognition:

Income from services is recognized on accrual basis.

- 1.3 Fixed Assets and Depreciation:

Fixed assets are stated at historical cost less accumulated depreciation.

Depreciation on assets is provided on the Written Down Value method at rates prescribed in Schedule XIV to the Companies Act, 1956. Assets costing Rs. 5,000 or less acquired during the year are written down to Rs.1/-.

- 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 Employee Benefits:

- A) Short Term Employee Benefits

Short term employee benefits for services rendered by employees are recognised 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 and Pension Fund under the Employees Provident Fund Act on behalf of its employees.

- ii) Superannuation

The Company makes fixed contributions as a percentage on salary to the superannuation fund, which is administered by trustees and managed by Life Insurance Corporation of India Limited. These contributions are charged to the Profit and Loss Account.

Defined Benefit Plan

- i) Gratuity

The company makes annual contribution to a Gratuity Fund administered by trustees and managed by SBI Life Insurance Company Limited. The Company accounts its liability based on an actuarial valuation, as at the Balance Sheet date, determined every year by using the Projected Unit Credit method.

- ii) Leave Encashment

The Company accounts its liability based on Actuarial Valuation, as at the Balance Sheet Date, determined every year, using projected unit credit method.

The expenses and actuarial gain / loss on account of the above benefit plans are recognized in the Profit and Loss account on the basis of an actuarial valuation.

- 1.6 Borrowing cost:

The company has capitalized the borrowing cost incurred for acquisition of fixed assets up to the date of capitalization.

- 1.7 Taxation:

Current tax is based 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.

Schedules

12. NOTES TO THE ACCOUNTS (Contd.)

1.8 Intangible Assets:

Computer software acquired/developed is recorded as intangible assets and their cost is amortized over their expected/remaining useful life .

1.9 Impairment of Assets:

The carrying amount of assets is 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 the obligation.

2 BALANCE SHEET

2.1 During the year, the Company has availed following facilities from a scheduled Commercial Bank :- (in Rupees)

Sl. No.	Nature of facility	Amount sanctioned	Security	Amount outstanding as on 31st March, 2011
1	Term Loan	10,00,00,000	a) Exclusive charges on the movable Fixed Assets b) Second charge on Current Assets	1,00,00,000
2	Cash Credit / Working Capital Demand Loan	4,00,00,000	a) Sole charge on the book debts / receivables b) Second charge on Fixed Assets	NIL

2.2 Fixed assets:

a) Intangible Assets:

In accordance with Accounting Standard - AS 26 – Intangible Assets, software purchased during the year amounting to Rs.17,79,61,434/- (31/03/2010 Rs.61,044/-) is amortized over their expected/remaining useful life of three to five years.

2.3 Current Assets:

Sundry Debtors comprise receivable from Sundaram Asset Management Company Limited amounting to Rs.33,59,885/- (31/03/2010 Rs.19,87,371/-)

Maximum amount outstanding during the year Rs.46,55,299/- (31/03/2010 Rs.39,92,715/-)

2.4 Fringe Benefit Tax :

Advance Fringe Benefit Tax is net of Provision for Fringe Benefit Tax of Rs. Nil/- (31/03/2010 Rs.4,727/-)

3 PROFIT AND LOSS ACCOUNT

3.1 Income from Operations:

Income from operations comprises of income from Registrar and Transfer Agents Services amounting to Rs.1, 27, 24,721/- and from Fund Accounting Services amounting to Rs.2,17,75,725/-

3.2 Employee Benefits:

Defined Contribution Plan:

During the year, the company has recognized the following amounts in the Profit and loss account, which are included in Establishment Expenses in Schedule 10:

	Apr 10 – Mar 11 Rs.	Oct 09 – Mar 10 Rs.
Contribution to Provident Fund	7, 70,157	2, 26,214
Contribution to Pension Fund	5, 75,292	1, 24,535
Contribution to Superannuation Fund	2, 06,882	65,867
Contribution to Employees' State Insurance	2, 49,676	Nil

Schedules

12. NOTES TO THE ACCOUNTS (Contd.)

Defined Benefit Plan:

Description of Benefits plan	2010-2011
Funded Gratuity	
A) Reconciliation of opening and closing balances of the present value of the defined benefit obligation	
Opening Balance : Present value of obligation	1,62,693
Current service cost	4,19,496
Interest cost	(402)
Past service costs (Vested benefits)	-
Benefits paid	(10,039)
Actuarial (gain) / loss on obligations	
Past service of employees transferred	4,08,678
Actual (gain) / loss	1,08,530
Closing Balance: Present value of obligation	10,88,956
B) Reconciliation of opening and closing balances of the fair value of plan assets	
Opening Balance :Fair value of plan assets	3,08,136
Expected return on plan assets	1,45,575
Contributions made	11,90,302
Benefits paid	(10,039)
Actuarial gain / (loss) on plan assets	(72,052)
Closing Balance : Fair value of plan assets	15,61,922
C) Reconciliation of present value of defined benefit obligation and fair value of plan assets to the assets and liabilities recognised in the Balance sheet	
Closing Balance: Present value of obligation	10,88,956
Closing Balance: Fair value of plan assets	15,61,922
Unrecognised past service cost --	
Net Asset / (Liability) recognised in Balancesheet	4,72,966
D) Expenses recognised in the Profit and Loss account	
Current service cost	4,19,496
Interest cost	(402)
Expected return on plan assets	(145,575)
Net actuarial (gain) / loss recognised	1,80,582
Total Expenses	4,54,101
(included under Establishment expenses in Schedule 10)	
E) Actual return on plan assets	
Expected return on plan assets	145,575
Actuarial gain / (loss) on plan assets	(72,052)
Actual return on plan assets	73,523

Schedules

12. NOTES TO THE ACCOUNTS (Contd.)

F) Actuarial assumptions *

Discount rate	8%
Expected rate of return on plan assets	8%
Rate of increase in compensation levels	5%

* The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors like supply and demand in the employment market.

The Present value of obligations towards compensated absence as per actuarial valuation as on 31/03/2011 Rs.66, 358/- (31/03/2010 Nil/-) and provided in the Books of accounts.

3.3 Miscellaneous expenses under "Administrative and other expenses" includes remuneration to auditors towards:

	Apr 10 – Mar 11	Oct 09 – Mar 10
	Rs.	Rs.
Statutory Audit	2, 50,000	75,000
Tax Audit	75,000	25,000
Certification	72,500	10,000

4 GENERAL

4.1 Segment Reporting

The company is primarily engaged in "Registrar and transfer agents services and related services" which constitutes a single segment.

4.2 Related Party Disclosures:

Related Party Disclosures as stipulated by Accounting Standard AS – 18 – Related Party Disclosures are given below:

a) Related Parties:

Holding Company

Sundaram Finance Limited

Joint Venture Promoters:

BNP Paribas Securities Services

Fellow Subsidiaries:

Sundaram Business Services Limited

Sundaram Asset Management Company Limited

Sundaram BNP Paribas Home Finance Limited

Sundaram Trustee Company Limited

Sundaram Finance Distribution Limited

LGF Services Limited

Sundaram Infotech Solutions Limited

Infreight Logistics Solutions Limited

Professional Management Consultants Limited

Sundaram Parekh Warehousing Services Limited

Sundaram Insurance Broking Services Limited

Associate:

Sundaram Mutual Fund

Key Management Personnel:

Mr. Shridhar Iyer – Chief Executive Officer

Schedules

12. NOTES TO THE ACCOUNTS (Contd.)

b) Related Party Transactions for the year ended 31st March 2011

The nature and volume of transactions of the company during the year, with the above related parties are as follows:

(Rupees)

Nature of Transactions	Holding Company	Joint Venture Promoters	Fellow Subsidiaries	Associate (in Schemes of Mutual Fund)	Total
Income					
Income From Operations					
Sundaram Asset Management Company Limited			2,37,19,845 (1,05,90,277)		2,37,19,845 (1,05,90,277)
Sundaram Mutual fund				1,07,80,601 (-)	1,07,80,601 (-)
Expenses					
Outsourcing cost					
Sundaram Business Services Limited			8,40,000 (5,83,164)		8,40,000 (5,83,164)
Recruitment Charges					
Sundaram Business Services Limited			4,25,520 (1,63,164)		4,25,520 (1,63,164)
Rental Charges					
Sundaram Finance Limited	26,40,000 (13,20,000)				26,40,000 (13,20,000)
Professional Fees					
Sundaram Finance Limited	8,60,000 (-)				8,60,000 (-)
Internal Audit Fee					
Sundaram Finance Limited	2,80,000 (1,00,000)				2,80,000 (1,00,000)
Technical Support Renewal					
Sundaram Infotech Solutions Limited			21,13,500 (-)		21,13,500 (-)
Outsourced Branch Expenses	120,35,954				120,35,954
Sundaram Finance Limited	(-)				(-)
Assets					
Purchase of software					
Sundaram Infotech Solutions Limited			4,15,000 (31,36,381)		4,15,000 (31,36,381)
Investments in Trust Securities					
Sundaram Mutual Fund				7,72,50,000 (-)	7,72,50,000 (-)
Disinvestment in Trust Securities					
Sundaram Mutual Fund				8,61,41,232 (3,15,47,145)	8,61,41,232 (3,15,47,145)
Asset – Outstanding Balance as on 31.03.2011					
Sundry Debtors					
Sundaram Asset Management Company Limited			33,59,885 (19,87,371)		33,59,885 (19,87,371)
Sundaram Mutual Fund			38,29,032 (-)		38,29,032 (-)
Trust Securities					
Sundaram Mutual Fund				95,61,624 (1,84,52,856)	95,61,624 (1,84,52,856)

Schedules

12. NOTES TO THE ACCOUNTS (Contd.)

					(Rupees)
Nature of Transactions	Holding Company	Joint Venture Promoters	Fellow Subsidiaries	Associate (in Schemes of Mutual Fund)	Total
Liabilities					
Issue of Equity Shares					
Sundaram Finance Limited	6,37,50,000				6,37,50,000
	(-)				(-)
BNP Paribas Securities Services		6,12,50,000			6,12,50,000
		(-)			(-)
Liabilities – Outstanding Balance as on 31.03.2011 Other payable					
Sundaram Business Services Limited			87,357		87,357
			(2,62,588)		(2,62,588)
Sundaram Finance Limited	28,53,743				28,53,743
	(1,07,385)				(1,07,385)
Sundaram Infotech Solutions Limited			6,58,159		6,58,159
			(5,04,490)		(5,04,490)

No amount has been written off / written back during the year
Previous period figures are indicated in Italics.

4.3 There is no amount due to Small Scale Industries in terms of 'The Micro, Small and Medium Enterprises Development Act, 2006.

4.4 Earnings per Share (Basic and Diluted)

Particulars	Apr 10 - Mar 11	Oct 09 - Mar 10
A. Loss for the period after tax (in Rs.)	17,02,04,858	2,22,36,387
B. Weighted Average Number of equity shares of Rs.10/-each paid up	3,70,61,644	3,00,00,000
C. Basic and diluted earnings per share (in Rs.)	(4.59)	(0.74)

4.5 Estimated amount of contracts remaining to be executed on capital account: - Rs.91,85,915/- (31/03/2010 Rs.1,34,57,645/-).

4.6 Expenditure in Foreign Currency on Travelling Rs.46, 516/- (31/03/2010 Rs. Nil) on payment basis.

4.7 The financial statements pertain to financial year from 1st April 2010 to 31st March 2011. Previous period figures pertain to the period of six months from 01st Oct, 2009 to 31st March 2010. The figures of the previous period, are therefore, not comparable.

4.8 The figures pertaining to the previous period have been regrouped/ reclassified to conform to the classification in the current year.

4.9 Figures have been rounded off to the nearest rupee.

As per our report of even date attached

For **Brahmayya & Co.,**

Chartered Accountants

P. Babu

Partner

Membership No. 203358

Chennai

4th May, 2011

Shridhar Iyer

CEO

P. S. Raghavan

Chairman

Didier Dauphin

CFO

Geoffroy De Lassus

Director

V Sriraman

Company Secretary

SUNDARAM BNP PARIBAS FUND SERVICES LIMITED

Cash Flow Statement

	01 Apr 10 - 31 Mar 11		01 Oct 09 - 31 Mar 10	
	in Rupees			
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit	(17,02,04,858)		(2,22,36,387)	
Add: Deferred Tax	2,46,40,584	(14,55,64,274)	3,26,754	(2,19,09,633)
Add: Financial Expenses		5,41,708		–
		(14,50,22,566)		(2,19,09,633)
Depreciation		6,92,10,537		6,54,990
Interest Income		(5,82,772)		–
Profit on Sale of Investments		(12,30,316)		(4,62,889)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		(7,76,25,117)		(2,17,17,532)
(Increase) Decrease in Loans and Advances	(1,31,65,787)		(35,61,694)	
(Increase) Decrease in Current assets	(52,01,546)		(2,68,475)	
Increase (Decrease) in Current Liabilities	69,14,731	(114,52,602)	55,50,367	1,720,198
		(8,90,77,719)		(1,99,97,334)
Direct Tax Paid		–		–
Financial Expenses paid		4,58,900		–
NET CASH FROM OPERATING ACTIVITIES (A)		(8,95,36,619)		(1,99,97,334)
B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets		(5,46,73,853)		(2,11,81,351)
Interest received		5,24,495		–
Purchase of Investments		(10,96,55,000)		–
Sale of Investments		11,97,71,548		3,21,18,406
NET CASH FROM INVESTING ACTIVITIES (B)		(4,40,32,810)		1,09,37,055
C) CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issuance of share capital		12,50,00,000		–
Proceeds from long term borrowings		1,00,00,000		–
NET CASH FROM FINANCING ACTIVITIES (C)		13,50,00,000		–
NET INCREASE IN CASH AND CASH EQUIVALENTS (A) + (B) + (C)		14,30,571		(90,60,279)
Cash and cash equivalents at the beginning of the year		36,35,650		1,26,95,929
Cash and cash equivalents at the end of the year		50,66,221		36,35,650
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR				
Current Accounts with Banks		50,53,047		36,25,154
Cash on Hand		13,174		10,496
		50,66,221		36,35,650

As per our report of even date attached

For **Brahmayya & Co.,**
Chartered Accountants

P. Babu
Partner
Membership No. 203358
Chennai
4th May, 2011

Shridhar Iyer
CEO

P. S. Raghavan
Chairman

Didier Dauphin
CFO

Geoffroy De Lassus
Director

V Sriraman
Company Secretary

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.

U	6	7	1	2	0	T	N	2	0	0	8	P	L	C	0	6	8	3	8	8
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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	1	1
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Date Month Year

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

Public Issue

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

 Rights Issue

			1	2	5	0	0	0
--	--	--	---	---	---	---	---	---

Bonus Issue

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

 Private Placement

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

			4	5	9	7	9	0
--	--	--	---	---	---	---	---	---

 Total Assets

			4	5	9	7	9	0
--	--	--	---	---	---	---	---	---

Sources of Funds

Paid up Capital

			4	2	5	0	0	0
--	--	--	---	---	---	---	---	---

 Reserves & Surplus

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

Secured Loans

				1	0	0	0	0
--	--	--	--	---	---	---	---	---

 Unsecured Loans

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

Deferred Tax Liability

			2	4	7	9	0
--	--	--	---	---	---	---	---

Applications of Funds

Net Fixed Assets

			1	9	0	3	6	6
--	--	--	---	---	---	---	---	---

 Investments

						9	5	6	7
--	--	--	--	--	--	---	---	---	---

Net Current Assets

				2	0	6	8	4
--	--	--	--	---	---	---	---	---

 Misc. Expenditure

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

Accumulated Loss

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

 Debit Bal. In P&L

				2	3	9	1	7	3
--	--	--	--	---	---	---	---	---	---

IV Performance of Company (Amount in Rs. Thousands)

Turnover

				3	6	5	6	9
--	--	--	--	---	---	---	---	---

 Total Expenditure

				1	8	2	1	3	3
--	--	--	--	---	---	---	---	---	---

+ - Profit / (Loss) Before Tax

				1	4	5	5	6	4
--	--	--	--	---	---	---	---	---	---

 + - Profit / (Loss) After Tax

				1	7	0	2	0	5
--	--	--	--	---	---	---	---	---	---

(Please tick appropriate box + for profit, - loss)

Earnings Per Share Rs. Ps.

				-	4	.	5	9
--	--	--	--	---	---	---	---	---

Dividend Rate %

0	0
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V Generic Names of Three Principal Products / Services of Company (As per monetary terms)

Item Code No. (ITC Code) Not Applicable

Product / Service Description

R	E	G	I	S	T	R	A	R	S											
A	N	D	S	H	A	R	E	T	R	A	N	S	F	E	R	A	G	E	N	T

SUNDARAM BNP PARIBAS FUND SERVICES LIMITED



SUNDARAM BNP PARIBAS
— *FUND SERVICES* —

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Fax: 044 2858 6641

Corporate Office

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Guindy, Chennai 600 032
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