

Sundaram BNP Paribas Fund Services Limited

Fourth Annual Report

2011-12



SUNDARAM BNP PARIBAS
— FUND SERVICES —

Board of Directors

P S Raghavan
S Venkatesan
A N Raju
K Swaminathan
Lawrence Au
Philippe Ricard
Stephane Gaboriaud

Chairman

Audit Committee

S Venkatesan
P S Raghavan
Philippe Ricard
Stephane Gaboriaud

Chairman

Compliance and Risk Management Committee

Shridhar Iyer
P Viswanathan
Greg Nicholas
Christophe Beelaerts

Chief Executive Officer

Shridhar Iyer

Chief Financial Officer

Christophe Beelaerts

Company Secretary

R Ajith Kumar

Auditors

M/S.Brahmayya & Co.,
Chartered Accountants

Registered Office

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

Corporate Office

RR Towers 2, Third Floor,
Thiru Vi Ka Industrial Estate, Guindy, Chennai – 600 032
Phone No: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 Fourth Annual Report and Audited Accounts of the Company for the twelve month period ended 31st March 2012.

WORKING RESULTS

During the period under review, your Company had earned an income of ₹ 1198.09 lakhs which was higher by 228 % against ₹ 365.69 lakhs in the previous year. Total expenditure amounting to ₹ 2616.25 lakhs was higher by 44% against ₹ 1821.33 lakhs of the previous year. The Company recorded a net loss of ₹ 1451.19 lakhs for the year.

REVIEW OF OPERATIONS

The mutual fund industry was adversely impacted by volatile equity markets, disinterested distributors and outflow of bank money from debt schemes besides frequent regulatory changes. The average Asset Under Management (AUM) of the Indian fund industry fell over 2% during the year.

The year under review saw your Company making progress in terms of its operational capabilities. Your Company has successfully completed the first phase of migration on 6th December 2010 and the second & final phase of migration from the erstwhile registrar on 6th June 2011 in respect of its first client's business.

During the year, your Company has successfully managed various new schemes and New Fund Offers. (NFO). Today, your Company also services the investors across 141 locations. Your Company continues to invest in improving its operational efficiency and Customer Service related aspects.

CAPITAL

During the year under review, your Company's Authorised Capital was increased from ₹ 50 crores to ₹ 70 crores. To meet capital expenditure and working capital requirements, your Company had issued and allotted equity shares for ₹ 10 crores to both Sundaram Finance Limited (SFL) and BNP Paribas Securities Services (BP2S)

on rights basis in stages. The present paid-up equity share capital of the Company is ₹ 52.50 crores.

DIRECTORS

During the year under review, Mr.Julient Cuminet and Mr.Geoffroy De Lassus resigned from the Board and BP2S nominated Mr. Philippe Raymond Ricard and Mr.Stephane Gaboriaud respectively in their places as Additional Directors. In terms of the Shareholders' Agreement, SFL has nominated Mr.A.N.Raju on the Board. As per provisions of the Companies Act, 1956, they will hold office up to the date of ensuing Annual General Meeting of the Company. The Company has received notices under section 257 of the Companies Act, 1956 along with the requisite fee from a Member proposing the candidature of Mr.Philippe Raymond Ricard, Mr.A.N.Raju and Mr.Stephane Gaboriaud as Directors.

Mr. K.Swaminathan and Mr. Lawrence Au, 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 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(1B) of the Companies Act, 1956.

ACKNOWLEDGEMENT

Your Directors thank Sundaram Finance Limited, BNP Paribas, BNP Paribas Securities Services, Regulators and Banks 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

Chennai 600 002
Date: 10th May 2012

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 2012, the Profit and Loss Statement, the notes thereon 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 Statement 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 Statement 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 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2012 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 2012;
 - (b) in the case of the Profit and Loss Statement, 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

Place : Chennai
Date : 10th May, 2012

P. BABU
Partner

Membership No.203358

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 services rendered. 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 register maintained under Section 301 of the Act and exceeding the value of rupees five lakhs in respect of any party during the year, prima facie, have been made at prices which are reasonable having regard to the nature of the 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, 2012 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 term loan availed by the company were applied for the purposes for which the loans has been 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 been 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 : 10th May, 2012

Partner

Membership No.203358

Balance Sheet as at 31st March, 2012

Particulars	Note No.	31st March, 2012	31st March, 2011
(in ₹)			
I EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	2	52,50,00,000	42,50,00,000
(b) Reserves and Surplus	3	(38,42,92,110)	(23,91,73,525)
(c) Money received against share warrants		—	—
		14,07,07,890	18,58,26,475
2. Share application money pending allotment			
		—	—
3. Non-Current Liabilities			
(a) Long-term borrowings	4	6,00,00,000	1,00,00,000
(b) Deferred tax liabilities (Net)	5	2,80,93,124	2,47,90,202
(c) Other long-term liabilities		—	—
(d) Long-term provisions		—	—
		8,80,93,124	3,47,90,202
4. Current Liabilities			
(a) Short-term borrowings		—	—
(b) Trade payables	6	1,91,15,793	2,21,56,145
(c) Other Current liabilities	7	6,24,247	82,808
(d) Short-term provisions	8	14,94,822	6,48,776
		2,12,34,862	2,28,87,729
Total		25,00,35,876	24,35,04,406
II ASSETS			
1. Non-current assets			
(a) Fixed Assets	9		
(i) Tangible assets		3,81,91,777	5,17,82,819
(ii) Intangible assets		10,72,02,171	13,67,77,406
(iii) Capital work-in-progress		—	—
(iv) Intangible assets under development		—	—
(b) Non-current investments		—	—
(c) Deferred tax assets (net)		—	—
(d) Long-term loans and advances	10	3,93,03,515	1,82,78,977
(e) Other non-current assets		—	—
		18,46,97,463	20,68,39,202
2. Current Assets			
(a) Current investments	11	2,95,09,207	95,66,624
(b) Trade receivables	12	1,53,19,162	71,88,917
(c) Cash and Bank Balances	13	48,07,870	50,66,221
(d) Short-term loans and advances	14	1,57,02,174	1,48,43,442
(e) Other current assets		—	—
		6,53,38,413	3,66,65,204
Total		25,00,35,876	24,35,04,406

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

P. Babu
Partner
Membership No. 203358
Chennai
10th May, 2012

P. S. Raghavan
Chairman

Shridhar Iyer
CEO

Philippe Ricard
Director

Christophe Beelaerts
CFO

R. Ajith Kumar
Company Secretary

SUNDARAM BNP PARIBAS FUND SERVICES LIMITED

Profit and Loss Statement for the year ended 31st March, 2012

Particulars	Note No.	(in ₹)	
		01 April 11 - 31 March 12	01 April 10 - 31 March 11
INCOME			
Revenue from Operations	15	13,08,59,346	3,80,53,995
Less: Service Tax		<u>1,22,19,876</u>	<u>35,53,549</u>
Net Income from Operations		11,86,39,470	3,45,00,446
Other Income	16	11,70,015	20,68,580
Total Revenue	(A)	<u>11,98,09,485</u>	<u>3,65,69,026</u>
EXPENSES			
Employee Benefits	17	7,42,47,560	3,70,02,153
Administrative and Other Expenses	18	11,28,81,675	7,53,28,902
Financial Expenses	19	79,48,860	5,91,708
Depreciation	9	6,65,47,053	6,92,10,537
Total expenses	(B)	<u>26,16,25,148</u>	<u>18,21,33,300</u>
Loss before Tax	(A-B)	14,18,15,663	14,55,64,274
Taxation			
Current Tax		—	—
Deferred Tax		<u>33,02,922</u>	<u>2,46,40,584</u>
Loss after Tax from continuing operations		<u>14,51,18,585</u>	<u>17,02,04,858</u>
Earnings per Equity Share:			
Weighted Average Number of Shares considered (Face Value ₹ 10/- per share)		4,60,79,235	3,70,61,644
Basic and Diluted earnings per share (in ₹)		(3.15)	(4.59)

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

P. Babu
 Partner
 Membership No. 203358
 Chennai
 10th May, 2012

P. S. Raghavan
 Chairman

Shridhar Iyer
 CEO

Christophe Beelaerts
 CFO

Philippe Ricard
 Director

R. Ajith Kumar
 Company Secretary

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 recognised 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 ₹ 5,000 or less acquired during the year are written down to ₹ 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 contributes a fixed 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 statement.

Defined Benefit Plan

i) Gratuity

The company contributes 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 recognised in the Profit and Loss statement on the basis of an actuarial valuation.

1.6 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 recognised on the consideration of prudence.

1.7 Intangible Assets:

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

1.8 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 recognised when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the net selling price of the assets and their value in use.

1.9 Provisions:

Provisions are recognised 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.

BALANCE SHEET

(in ₹)

2. Share Capital	31st March 2012	31st March 2011
Authorised 7,00,00,000 Equity Shares of ₹ 10/- each (Previous year - 5,00,00,000 Equity Shares of ₹ 10/- each)	70,00,00,000	50,00,00,000
Issued, Subscribed and Paid up : 5,25,00,000 Equity Shares of ₹ 10/- each (Previous year - 4,25,00,000 Equity Shares of ₹ 10/- each)	52,50,00,000	42,50,00,000
	<u>52,50,00,000</u>	<u>42,50,00,000</u>
	Equity Shares	
	31st March 2012	31st March 2011
	Nos.	Nos.
Shares outstanding at the beginning of the year	4,25,00,000	3,00,00,000
Add: Shares issued during the year	1,00,00,000	1,25,00,000
Less: Shares bought back during the year	-	-
Shares outstanding at the end of the year	<u>5,25,00,000</u>	<u>4,25,00,000</u>

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

Name of the Shareholder	Status	No. of Shares	% held as at 31st March, 2012	No. of Shares	% held as at 31st March, 2011
Sundaram Finance Limited*	Holding Company	2,67,75,000	51%	2,16,75,000	51%
BNP Paribas Securities Services, France		2,57,25,000	49%	2,08,25,000	49%

* include 5 equity shares held by nominees of Sundaram Finance Limited

3. Reserves and Surplus

(in ₹)

	Opening balance as on 01st April, 2011	Addition during the year	Deduction/ appropriation during the year	Closing balance as on 31st March, 2012
Debit balance in profit and loss statement	(23,91,73,525)	(14,51,18,585)	-	(38,42,92,110)

(in ₹)

	Opening balance as on 01st April, 2011	Addition during the year	Deduction/ appropriation during the year	Closing balance as on 31st March, 2012
Debit balance in profit and loss statement	(6,89,68,667)	(17,02,04,858)	-	(23,91,73,525)

4. Long-term borrowings

(in ₹)

	31st March 2012	31st March 2011
Secured :		
Rupee Term Loan from Scheduled Bank (Exclusive charge on the movable Fixed Assets and Second charge on Current Assets) (Repayable in twelve quarterly instalments starting from Jan.2013)	6,00,00,000	1,00,00,000
	<u>6,00,00,000</u>	<u>1,00,00,000</u>

5. Deferred tax liabilities (Net)

(in ₹)

	31st March 2012	31st March 2011
Deferred tax liabilities		
Depreciation	2,81,04,424	2,48,12,802
Less: Deferred tax assets		
Preliminary Expenses Written Off	11,300	22,600
	<u>2,80,93,124</u>	<u>2,47,90,202</u>

(in ₹)

	31st March 2012	31st March 2011
6. Trade payables:		
For expenses	1,73,13,978	1,83,90,720
Others*	18,01,815	37,65,425
7. Other Current liabilities		
Interest accrued but not due	6,24,247	82,808
8. Short-term provisions		
Provision for Employee Benefits	14,94,822	6,48,776
	<u>2,12,34,862</u>	<u>2,28,87,729</u>

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

9. Fixed Assets	(in ₹)										
	DESCRIPTION	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
		As at 01.04.2011	Additions	Deductions	As at 31.03.2012	As at 01.04.2011	Additions	Impairment	Deductions	Impairment Reversal	As at 31.03.2012
Tangible Assets:											
Computers	7,48,26,579	83,20,762	-	8,31,47,341	2,67,23,603	2,21,34,475	-	-	-	4,88,58,078	4,81,02,976
Office Equipment	41,58,312	4,02,396	-	45,60,708	6,65,090	5,87,370	-	-	-	12,52,460	34,93,222
Furniture and Fittings	6,07,140	5,86,108	-	11,93,248	4,20,519	1,78,463	-	-	-	5,98,982	1,86,621
(A)	7,95,92,031	93,09,266	-	8,89,01,297	2,78,09,212	2,29,00,308	-	-	-	5,07,09,520	5,17,82,819
Intangible Assets:											
Software	17,93,47,376	1,40,71,510	-	19,34,18,886	4,25,69,970	4,36,46,745	-	-	-	8,62,16,715	13,67,77,406
(B)	17,93,47,376	1,40,71,510	-	19,34,18,886	4,25,69,970	4,36,46,745	-	-	-	8,62,16,715	13,67,77,406
Grand Total (A) + (B)	25,89,39,407	2,33,80,776	-	28,23,20,183	7,03,79,182	6,65,47,053	-	-	-	13,69,26,235	18,85,60,225
Previous year	37,37,840	25,52,01,567	-	25,89,39,407	11,68,645	6,92,10,537	-	-	-	7,03,79,182	25,69,195

In accordance with Accounting Standard - AS 26 - Intangible Assets, software purchased during the year amounting to ₹ 1,40,71,510/- (31/03/2011 ₹ 17,79,61,434/-) is amortised over their expected/remaining useful life of three to five years.

10. Long-term loans and advances

(in ₹)

	31st March 2012	31st March 2011
Unsecured, considered good:		
Deposits	1,23,39,940	1,20,08,600
Capital advances	78,64,500	18,05,550
Tax deducted at Source	1,83,11,372	42,24,113
Advance Fringe Benefit Tax (Net of Provision of ₹Nil)	3,672	3,672
Other Loans and Advances	7,84,031	2,37,042
	<u>3,93,03,515</u>	<u>1,82,78,977</u>

11. Current Investments - Non-Trade

(in ₹)

	31st March 2012	31st March 2011
In Trust Securities (Unquoted, Valued at Cost)		
Investment in Mutual Funds		
Sundaram Ultra Short Term Fund - Super Instl Growth	2,69,94,090	95,61,624
18,83,498.901 units of ₹ 10/- each (opening balance 7,25,074.083 units, 41,78,931.703 Units purchased and 30,20,506.883 Units redeemed during the year)		
Sundaram Fixed Term Plan AN 367 days - Dividend	—	5,000
(500 units of ₹ 10/- each redeemed during the year)		
TATA Liquid High Investment Fund - Growth	25,15,117	—
1427.773 units of ₹ 1000/- each (opening balance Nil, 4257.574 Units purchased and 2829.801 Units redeemed during the year)		
	<u>2,95,09,207</u>	<u>95,66,624</u>
	Cost	Net Asset Value
	31.03.2012	
Aggregate of quoted Investments	—	—
Aggregate of unquoted Investments	2,95,09,207	2,99,28,765
	<u>2,95,09,207</u>	<u>2,99,28,765</u>

(in ₹)

	31st March 2012	31st March 2011
12. Trade receivables		
Unsecured, considered good :		
i) Debts outstanding for a period exceeding six months from due date	–	–
ii) Other Debts	1,53,19,162	71,88,917
	<u>1,53,19,162</u>	<u>71,88,917</u>
13. Cash and Bank Balances		
With scheduled Banks in current accounts	47,92,106	50,53,047
Cash on hand	7,964	13,174
Stamp paper on hand	7,800	-
	<u>48,07,870</u>	<u>50,66,221</u>
14. Short-term loans and Advances		
Unsecured, considered good:		
Deposits	14,29,652	5,96,163
Service Tax-Input Credit	75,70,221	88,82,190
Prepaid Expenses	52,42,086	48,06,622
Others	14,60,215	5,58,467
	<u>1,57,02,174</u>	<u>1,48,43,442</u>

(in ₹)

	2011-12	2010-11
15. Revenue from Operations		
Income from Registrar and Transfer Agents Services (net of service tax - ₹99,04,692)	9,61,62,005	1,27,24,721
Income from Fund Accounting Services (net of service tax – ₹23,15,184)	2,24,77,465	2,17,75,725
	<u>11,86,39,470</u>	<u>3,45,00,446</u>

(in ₹)

	2011-12	2010-11
16. Other Income		
Gain on sale of Current Investments	8,08,440	12,30,316
Dividend Income	216	82
Interest Income	59,178	5,82,772
Other Income	3,02,181	2,55,410
	<u>11,70,015</u>	<u>20,68,580</u>

(in ₹)

	2011-12	2010-11
17. Employee Benefits		
Salaries, Allowances and Bonus	6,55,64,312	3,14,30,452
Company's Contribution to Provident Fund, ESI, Gratuity and Superannuation	31,60,096	22,53,541
Staff Welfare Expenses	55,23,152	33,18,160
	<u>7,42,47,560</u>	<u>3,70,02,153</u>

(a) Defined Contribution Plan:

The company has recognised the following amounts in the Profit and loss statement, which are included in Employee Benefits:

	2011-12	2010-11	Oct 09-Mar 10	Jun 08-Sep 09
Contribution to Provident Fund	16,67,241	7,70,157	2,26,214	58,743
Contribution to Pension Fund	12,19,939	5,75,292	1,24,535	1,33,331
Contribution to Superannuation Fund	2,30,260	2,06,882	65,867	1,31,733
Contribution to Employees' State Insurance	5,98,768	2,49,676	—	—

(in ₹)

Defined Benefit Plan:	Funded Gratuity	
	2011-12	2010-11
Description of Benefits plan		
A) Reconciliation of opening and closing balances of the present value of the defined benefit obligation		
Opening Balance : Present value of obligation	10,88,956	1,62,693
Current service cost	5,57,258	4,19,496
Interest cost	87,116	(402)
Past service costs (Vested benefits)	-	-
Benefits paid	-	(10,039)
Actuarial (gain) / loss on obligations :		
Past service of employees transferred	3,40,212	4,08,678
Actual (gain) / loss	(10,54,727)	1,08,530
Closing Balance : Present value of obligation	10,18,815	10,88,956
B) Reconciliation of opening and closing balances of the fair value of plan assets		
Opening Balance : Fair value of plan assets	15,61,922	3,08,136
Expected return on plan assets	1,38,867	1,45,575
Contributions made	3,40,212	11,90,302
Benefits paid	-	(10,039)
Actuarial gain / (loss) on plan assets	4,592	(72,052)
Closing Balance : Fair value of plan assets	20,45,593	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	10,18,815	10,88,956
Closing Balance : Fair value of plan assets	20,45,593	15,61,922
Unrecognised past service cost	-	-
Net Asset / (Liability) recognised in Balance sheet	10,26,778	4,72,966
D) Expenses recognised in the Profit and Loss statement		
Current service cost	5,57,258	4,19,496
Interest cost	87,116	(402)
Expected return on plan assets	(1,38,867)	(1,45,575)
Net actuarial (gain) / loss recognised	(10,59,319)	1,80,582
Total Expenses	(5,53,812)	4,54,101
(included under Employee Benefits)		
E) Actual return on plan assets		
Expected return on plan assets	1,38,867	1,45,575
Actuarial gain / (loss) on plan assets	4,592	(72,052)
Actual return on plan assets	1,43,459	73,523
F) Actuarial assumptions *		
Discount rate	8%	8%
Return on plan assets	8.75%	8%
Rate of increase in compensation levels	5%	5%
Attrition rate	1%	1%

* 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.

(in ₹)

	2011-12	2010-11
Compensated absences		
Present value of obligations towards compensated absences as per actuarial valuation	14,94,822	66,358

(in ₹)

18. Administrative and other expenses	2011-12	2010-11
Rent	1,95,83,861	1,60,94,300
Rates and Taxes	11,53,701	5,19,752
Communication Expenses	34,44,389	35,20,796
Electricity Expenses	1,04,08,623	80,92,023
Travelling and Conveyance	33,07,431	17,30,022
Outsourcing Cost	2,96,77,961	1,86,09,410
Insurance	8,24,427	8,90,098
Repairs and Maintenance		
– Computers	2,27,53,531	1,75,91,450
– Others	16,96,529	12,10,955
Advertisement and Promotion	13,43,449	8,63,843
Professional Fees	1,50,38,269	39,28,013
Miscellaneous Expenses	36,49,504	22,78,240
	<u>11,28,81,675</u>	<u>7,53,28,902</u>

Miscellaneous expenses under “Administrative and other expenses” includes remuneration to auditors towards:

Particulars	2011-12	2010-11
Statutory audit	3,00,000	2,50,000
Tax audit	1,00,000	75,000
Certification	75,000	72,500

19. Financial Expenses	2011-12	2010-11
Interest	62,94,360	5,41,708
Other Borrowing Costs	16,54,500	50,000
	<u>79,48,860</u>	<u>5,91,708</u>

20. GENERAL

20.1 The Company has availed Cash Credit / Working Capital Demand Loan facility from a Scheduled Bank secured by First charge on the book debts / receivables and Second charge on Fixed Assets. Outstanding as on 31st March, 2012 is ₹ Nil.

20.2 Segment Reporting

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

20.3 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

Caltex Servicez Private Limited

Associate:

Sundaram Mutual Fund

Key Management Personnel:

Mr. Shridhar Iyer – Chief Executive Officer

b) Related Party Transactions for the year ended 31st March 2012

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

(in ₹)

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			(3,97,88,603)		(3,97,88,603)
			(2,37,19,845)		(2,37,19,845)
Sundaram Mutual fund				(7,90,92,303)	(7,90,92,303)
				(1,07,80,601)	(1,07,80,601)
Expenses					
Outsourcing cost					
Sundaram Business Services Limited			9,87,387		9,87,387
			(8,40,000)		(8,40,000)
Professional Management Consultants Limited			24,60,654		24,60,654
			(-)		(-)
Recruitment Charges					
Sundaram Business Services Limited			1,05,675		1,05,675
			(4,25,520)		(4,25,520)
Rental Charges					
Sundaram Finance Limited	43,27,080				43,27,080
	(26,40,000)				(26,40,000)
Professional Fees					
Sundaram Finance Limited	18,00,000				18,00,000
	(8,60,000)				(8,60,000)
Internal Audit Fee					
Sundaram Finance Limited	5,00,000				5,00,000
	(2,80,000)				(2,80,000)
Technical support renewal and Consulting charges					
Sundaram Infotech Solutions Limited			38,52,000		38,52,000
			(21,13,500)		(21,13,500)
Outsourced Branch Expenses					
Sundaram Finance Limited	1,77,32,835				1,77,32,835
	(1,20,35,954)				(1,20,35,954)
Others	2,05,120			11,43,400	13,48,520
	(-)			(-)	(-)

(in ₹)

Nature of Transactions	Holding Company	Joint Venture Promoters	Fellow Subsidiaries	Associate (in schemes of Mutual Fund)	Total
Assets					
Purchase of software Sundaram Infotech Solutions Limited			– <i>(4,15,000)</i>		– <i>(4,15,000)</i>
Investments in Trust Securities Sundaram Mutual fund				5,90,00,000 <i>(7,72,50,000)</i>	5,90,00,000 <i>(7,72,50,000)</i>
Disinvestment in Trust Securities Sundaram Mutual fund				4,23,60,857 <i>(8,61,41,232)</i>	4,23,60,857 <i>(8,61,41,232)</i>
Asset – Outstanding Balance as on 31.03.2012 Receivable: Sundaram Asset Management Company Limited			17,87,153 <i>(33,59,885)</i>		17,87,153 <i>(33,59,885)</i>
Sundaram Mutual fund				88,00,662 <i>(38,29,032)</i>	88,00,662 <i>(38,29,032)</i>
Trust Securities Sundaram Mutual fund				2,69,94,090 <i>(95,61,624)</i>	2,69,94,090 <i>(95,61,624)</i>
Liabilities					
Issuance of Equity Shares Sundaram Finance Limited	5,10,00,000 <i>(6,37,50,000)</i>				5,10,00,000 <i>(6,37,50,000)</i>
BNP Paribas Securities Services		4,90,00,000 <i>(6,12,50,000)</i>			4,90,00,000 <i>(6,12,50,000)</i>
Liabilities – Outstanding Balance as on 31.03.2012 Equity Shares Sundaram Finance Limited	26,77,50,000 <i>(21,67,50,000)</i>				26,77,50,000 <i>(21,67,50,000)</i>
BNP Paribas Securities Services		25,72,50,000 <i>(20,82,50,000)</i>			25,72,50,000 <i>(20,82,50,000)</i>
Payable: Sundaram Business Services Limited			70,000 <i>(87,357)</i>		70,000 <i>(87,357)</i>
Sundaram Finance Limited	27,87,196 <i>(28,53,743)</i>				27,87,196 <i>(28,53,743)</i>
Sundaram Infotech Solutions Limited			1,92,800 <i>(6,58,159)</i>		1,92,800 <i>(6,58,159)</i>

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

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

20.5 Earnings per Share (Basic and Diluted)

Particulars	2011-12	2010-11
A. Loss for the year after tax (in ₹)	14,51,18,585	17,02,04,858
B. Weighted Average Number of equity shares of ₹10/-each paid up	4,60,79,235	3,70,61,644
C. Basic and diluted earnings per share (in ₹)	(3.15)	(4.59)

20.6. Estimated amount of contracts remaining to be executed on capital account: - ₹ 9,00,166/- (31/03/2011 ₹ 91,85,915/-).

20.7 Expenditure in Foreign Currency on Subscription charges ₹ 4,26,266/- (31/03/2011 ₹ 46, 516/-) on payment basis.

20.8 The presentation in the Balance sheet, Profit and Loss statement and Notes to accounts has been in terms of Revised Schedule VI to the Companies act 1956, which has become mandatory with effect from 1st April, 2011. Previous year's figures have been regrouped / reclassified wherever necessary to confirm to the current year's presentation.

20.9 Figures have been rounded off to the nearest rupee.

As per our report of even date attached
For **Brahmayya & Co.,**
Chartered Accountants
FRN 000511S
P. Babu
Partner
Membership No. 203358
Chennai
10th May, 2012

P. S. Raghavan
Chairman

Philippe Ricard
Director

Shridhar Iyer
CEO

Christophe Beelaerts
CFO

R. Ajith Kumar
Company Secretary

Cash Flow Statement for the year ended 31st March 2012

	(in ₹)	
	01 April 11 - 31 March 12	01 April 10 - 31 March 11
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit	(14,51,18,585)	(17,02,04,858)
Add: Deferred Tax	33,02,922	2,46,40,584
Add: Financial Expenses	79,48,860	5,91,708
	(13,38,66,803)	(14,49,72,566)
Depreciation	6,65,47,053	6,92,10,537
Interest Income	(59,178)	(5,82,772)
Dividend Income	(216)	(82)
Profit on Sale of Investments	(8,08,440)	(12,30,316)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(6,81,87,584)	(7,75,75,199)
(Increase) Decrease in Non-Current Assets	(2,10,18,619)	(40,72,448)
(Increase) Decrease in Short term Loans and Advances	(8,58,733)	(90,94,244)
(Increase) Decrease in Current assets	(81,30,245)	(52,01,546)
Increase (Decrease) in Current Liabilities	(21,94,306)	69,15,636
	(10,03,89,487)	(8,90,27,801)
Direct Tax Paid	-	-
Financial Expenses paid	74,07,421	5,08,900
NET CASH FROM OPERATING ACTIVITIES (A)	(10,77,96,908)	(8,95,36,701)
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(2,33,80,776)	(5,46,73,853)
Interest received	53,260	5,24,495
Dividend Income Received	216	82
Purchase of Investments	(8,15,00,000)	(10,96,55,000)
Sale of Investments	6,23,65,857	11,97,71,548
NET CASH FROM INVESTING ACTIVITIES (B)	(4,24,61,443)	(4,40,32,728)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issuance of share capital	10,00,00,000	12,50,00,000
Proceeds from long term borrowings	5,00,00,000	1,00,00,000
NET CASH FROM FINANCING ACTIVITIES (C)	15,00,00,000	13,50,00,000
NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)	(2,58,351)	14,30,571
Cash and cash equivalents at the beginning of the year	50,66,221	36,35,650
Cash and cash equivalents at the end of the year	48,07,870	50,66,221
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Current Accounts with Banks	47,92,106	50,53,047
Cash on Hand	7,964	13,174
Stamp paper on hand	7,800	-
	48,07,870	50,66,221

As per our report of even date attached
For **Brahmayya & Co.,**
Chartered Accountants
FRN 000511S

P. Babu
Partner
Membership No. 203358
Chennai
10th May, 2012
SUNDARAM BNP PARIBAS FUND SERVICES LIMITED

P. S. Raghavan
Chairman

Shridhar Iyer
CEO

Christophe Beelaerts
CFO

Philippe Ricard
Director

R. Ajith Kumar
Company Secretary



SUNDARAM BNP PARIBAS
— FUND SERVICES —

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Chennai – 600 002
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