

Sundaram BNP Paribas Fund Services Limited

Sixth Annual Report
2013-14



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

Contents

Directors' Report	3
Auditors' Report	5
Balance Sheet	8
Profit and Loss Account	9
Notes To The Accounts	10
Cash Flow Statement	24

Directors' Report

Your Directors have pleasure in presenting the Sixth Annual Report and Audited Accounts of the Company for the twelve month period ended 31st March 2014.

WORKING RESULTS

During the period under review, your Company had earned an income of ₹1853.58 lakhs which was higher by 27 % against ₹1456.78 lakhs in the previous year. Total expenditure amounted to ₹3107.05 lakhs against ₹2900.64 lakhs in the previous year. The Company recorded a net loss of ₹1188.97 lakhs for the year.

REVIEW OF OPERATIONS

During the year your Company processed 85 new schemes for its Clients. The AUMs of the company's clients increased by 6.83% to ₹19867.60 crores as on 31st March 2014 compared to ₹18597.31 crores as at the end of the previous year. Your company achieved an overall quality processing level of above 99% which is a benchmark in the industry.

During the year your company has invested in multi AMC MFund software. The automated reports from the system help in servicing the clients much better. Your Company also made investment in software to facilitate provision of back office services to various clients in the Private Equity segment.

Your Company has set up a new function to focus on Quality from a Strategic viewpoint and implement a blend of Quality Standards with process re-engineering methodologies such as Lean, Six Sigma and process related technology frameworks. During the year your Company secured the International Standards for Assurance Engagements (ISAE) 3402 (Earlier known as SAS 70) Type 1 Certificate.

CAPITAL

During the year under review, your Company had issued and allotted equity shares of ₹20 crores to Sundaram Finance Ltd and BNP Paribas Securities Services on rights basis in tranches to meet capital expenditure and working capital requirements. The present paid-up equity share capital of the Company is ₹ 82.50 crores.

DIRECTORS

Mr. P.S.Raghavan and Mr. Stephane Gaboriaud, 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 currency earnings. The Company incurred expenditure equivalent to ₹30.33 lakh in foreign exchange.

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.

ACKNOWLEDGMENT

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: 8th May 2014

P S RAGHAVAN

Chairman

INDEPENDENT AUDITOR'S REPORT

To The Members of Sundaram BNP Paribas Fund Services Limited

1) Report on the Financial Statements

We have audited the accompanying financial statements of Sundaram BNP Paribas Fund Services Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2) Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3) Auditor's Responsibility

- a) Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- b) An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in

the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

- c) We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4) Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5) Emphasis of Matter

We draw attention to Note 20.1 to the financial statements regarding the financial statements being prepared on a "going concern" basis despite accumulated losses being more than 50% of the networth of the company in view of the measures contemplated by the company. Our opinion is not qualified in respect of this matter.

6) Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:
- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. 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.
 - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **BRAHMAYYA & CO.**,
Chartered Accountants
Firm Regn. No.000511S

P. BABU
Partner

Place: Chennai
Date : 8th May, 2014

Membership No.203358

Annexure to the Auditors' Report Referred to in Paragraph 6 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 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, 2014 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 has accumulated losses at the end of the financial year and has incurred cash losses during the current financial year and during the preceding financial year.
11. 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.
12. 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.
13. 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.
14. 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.
15. The term loan availed by the company were applied for the purposes for which the loans has been obtained.
16. 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.
17. According to the information and explanations given to us, the company has not issued debentures during the year.
18. The company has not raised monies by public issue during the year.
19. The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
20. 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.
21. 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 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
Firm Regn. No.000511S

P. BABU
Partner

Place: Chennai
Date : 8th May, 2014

Membership No.203358

Balance Sheet as at 31st March, 2014

(in ₹)

Particulars	Note No.	31st March, 2014	31st March, 2013
I EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	2	82,50,00,000	62,50,00,000
(b) Reserves and Surplus	3	(64,10,35,031)	(52,21,37,659)
(c) Money received against share warrants		—	—
		18,39,64,969	10,28,62,341
2. Share application money pending allotment			
		—	—
3. Non-Current Liabilities			
(a) Long-term borrowings	4	1,50,00,010	3,50,00,002
(b) Deferred tax liabilities (Net)	5	1,51,03,215	2,15,52,692
(c) Other long-term liabilities		—	—
(d) Long-term provisions		—	—
		3,01,03,225	5,65,52,694
4. Current Liabilities			
(a) Short-term borrowings		—	—
(b) Trade payables	6	2,79,12,372	3,74,57,173
(c) Other Current liabilities	7	2,03,64,144	2,05,72,226
(d) Short-term provisions	8	82,77,955	62,49,779
		5,65,54,471	6,42,79,178
Total		27,06,22,665	22,36,94,213
II ASSETS			
1. Non-current assets			
(a) Fixed Assets	9		
(i) Tangible assets		2,35,53,887	3,08,45,437
(ii) Intangible assets		5,45,13,647	7,42,68,498
(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	3,78,41,920	5,01,39,078
(e) Other non-current assets		—	—
		11,59,09,454	15,52,53,013
2. Current Assets			
(a) Current investments	11	9,99,99,578	3,25,97,149
(b) Trade receivables	12	2,89,17,305	2,00,80,657
(c) Cash and Bank Balances	13	1,62,04,688	25,60,777
(d) Short-term loans and advances	14	95,91,640	1,32,02,617
(e) Other current assets		—	—
		15,47,13,211	6,82,41,200
Total		27,06,22,665	22,36,94,213

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

8th May, 2014

P. S. Raghavan

Chairman

Stephane Gaboriaud

Director

Shridhar Iyer

CEO

Christophe Beelaerts

CFO

R. Ajith Kumar

Company Secretary

SUNDARAM BNP PARIBAS FUND SERVICES LIMITED

Profit and Loss Statement for the year ended 31st March, 2014

(in ₹)

Particulars	Note No.	01 Apr 13 - 31 Mar 14	01 Apr 12 - 31 Mar 13
INCOME			
Revenue from Operations	15	20,08,82,785	15,96,32,376
Less: Service Tax		2,20,97,822	1,75,60,129
Net Income from Operations		17,87,84,963	14,20,72,247
Other Income	16	65,73,267	36,06,162
Total Revenue		18,53,58,230	14,56,78,409
EXPENSES:			
Employee Benefits	17	9,82,91,221	8,10,18,376
Administrative and Other Expenses	18	15,13,13,439	13,48,66,109
Financial Expenses	19	53,35,057	72,34,915
Depreciation	9	5,57,65,362	6,69,44,990
Total expenses		31,07,05,079	29,00,64,390
Loss before Tax		12,53,46,849	14,43,85,981
Taxation			
Current Tax		—	—
Deferred Tax		(64,49,477)	(65,40,432)
Loss after Tax from continuing operations		11,88,97,372	13,78,45,549
Earnings per Equity Share:			
Weighted Average Number of Shares considered (Face Value ₹10/- per share)		7,18,97,260	7,18,97,260
Basic and Diluted earnings per share (in ₹)		(1.65)	(1.92)

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. S. Raghavan
 Chairman

Stephane Gaboriaud
 Director

P. Babu
 Partner
 Membership No. 203358
 Chennai
 8th May, 2014

Shridhar Iyer
 CEO

Christophe Beelaerts
 CFO

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 period are written down to ₹1/-.

- 1.4. Valuation of Investments:

Non Current 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 accounted 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 period.

Deferred Tax liabilities arising from timing differences have been fully provided for. Deferred tax assets are recognized on consideration of prudence.

1.7. Intangible Assets:

Intangible assets represent Computer Software whose 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 2014	31st March 2013
Authorised 9,00,00,000 Equity Shares of ₹10/- each (Previous year – 7,00,00,000 Equity Shares of ₹10/- each)	<u>90,00,00,000</u>	<u>70,00,00,000</u>
Issued, Subscribed and Paid up : 8,25,00,000 Equity Shares of ₹10/- each (Previous year – 6,25,00,000 Equity Shares of ₹10/- each)	<u>82,50,00,000</u>	<u>62,50,00,000</u>
	<u>82,50,00,000</u>	<u>62,50,00,000</u>
	Equity Shares	
	31st March 2014 Nos.	31st March 2013 Nos.
Shares outstanding at the beginning of the year	6,25,00,000	5,25,00,000
Add: Shares issued during the year	2,00,00,000	1,00,00,000
Less: Shares bought back during the year	–	–
Shares outstanding at the end of the year	<u>8,25,00,000</u>	<u>6,25,00,000</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, 2014	No. of Shares	% held as at 31st March, 2013
Sundaram Finance Limited*	Holding Company	4,20,75,000	51%	3,18,75,000	51%
BNP Paribas Securities Services, France		4,04,25,000	49%	3,06,25,000	49%

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

3. Reserves and Surplus

(in ₹)

	Opening balance as on 01st April, 2013	Addition during the year	Deduction/ appropriation during the year	Closing balance as on 31st March, 2014
Debit balance in profit and loss statement	(52,21,37,659)	(11,88,97,372)	–	(64,10,35,031)

(in ₹)

	Opening balance as on 01st April, 2012	Addition during the year	Deduction/ appropriation during the year	Closing balance as on 31st March, 2013
Debit balance in profit and loss statement	(38,42,92,110)	(13,78,45,549)	–	(52,21,37,659)

NON-CURRENT LIABILITIES**4. Long-term borrowings**

(in ₹)

	31st March 2014	31st March 2013
Secured :		
Rupee Term Loan from Scheduled Bank (Exclusive charge on the movable Fixed Assets and Second charge on Current Assets) (Repayable in Three quarterly instalments starting from Apr.2015)	1,50,00,010	3,50,00,002
	<u>1,50,00,010</u>	<u>3,50,00,002</u>

5. Deferred tax liabilities (Net)

(in ₹)

	31st March 2014	31st March 2013
Deferred tax liabilities on Depreciation	1,51,03,215	2,15,52,692
	<u>1,51,03,215</u>	<u>2,15,52,692</u>

CURRENT LIABILITIES

(in ₹)

	31st March 2014	31st March 2013
6. Trade payables:		
For expenses	2,54,93,098	3,50,12,004
Others*	24,19,274	24,45,169
	<u>2,79,12,372</u>	<u>3,74,57,173</u>
7. Other Current liabilities		
Interest accrued but not due	3,64,144	5,72,226
Term loans from Banks – Secured**	2,00,00,000	2,00,00,000
	<u>2,03,64,144</u>	<u>2,05,72,226</u>
8. Short-term provisions		
Provision for Employee Benefits	82,77,955	62,49,779
	<u>82,77,955</u>	<u>62,49,779</u>

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

** Refer Note 4 for Security provided for Term Loans from Banks. Repayable in four quarterly instalments starting from Apr.2014.

9. Fixed Assets (in ₹)

DESCRIPTION	GROSS BLOCK AT COST				DEPRECIATION						NET BLOCK	
	As at 01.04.2013	Additions	Deductions	As at 31.03.2014	As at 01.04.2013	Additions	Impairment	Deductions	Impairment Reversal	As at 31.03.2014	As at 31.03.2013	
Tangible Assets:												
Computers	9,08,21,339	36,10,956	2,00,000	9,42,32,295	6,44,64,855	1,15,94,956	-	1,60,480	-	7,58,99,331	1,83,32,964	2,63,56,484
Office Equipment	59,21,263	9,37,513	2,09,487	66,49,289	19,46,094	6,43,884	-	86,756	-	25,03,222	41,46,067	39,75,169
Furniture and Fittings	12,42,922	8,24,183	-	20,67,105	7,29,138	2,63,111	-	-	-	9,92,249	10,74,856	5,13,784
(A)	9,79,85,524	53,72,652	4,09,487	10,29,48,689	6,71,40,087	1,25,01,951	-	2,47,236	-	7,93,94,802	2,35,53,887	3,08,45,437
Intangible Assets:												
Software	21,09,98,811	2,35,08,560	-	23,45,07,371	13,67,30,313	4,32,63,411	-	-	-	17,99,93,724	5,45,13,647	7,42,68,498
(B)	21,09,98,811	2,35,08,560	-	23,45,07,371	13,67,30,313	4,32,63,411	-	-	-	17,99,93,724	5,45,13,647	7,42,68,498
Grand Total	30,89,84,335	2,88,81,212	4,09,487	33,74,56,060	20,38,70,400	5,57,65,362	-	2,47,236	-	25,93,88,526	7,80,67,534	10,51,13,935
Previous year-12-13	28,23,20,183	2,66,73,052	8,900	30,89,84,335	13,69,26,235	6,69,44,990	-	825	-	20,38,70,400	10,51,13,935	14,53,93,948

In accordance with Accounting Standard - AS 26 – Intangible Assets, software purchased during the year amounting to ₹2,35,08,560/- (2012-13 ₹1,75,79,925/-) is amortised over their expected/remaining useful life of three to five years.

NON-CURRENT ASSETS
10. Long-term loans and advances

(in ₹)

	31st March 2014	31st March 2013
Unsecured, considered good:		
Deposits		
Rent Deposits	1,28,41,020	1,28,41,020
Others	6,33,950	3,66,920
Capital advances	23,12,356	97,03,700
Tax deducted at Source	2,20,44,046	2,70,45,301
Other Loans and Advances	10,548	1,82,137
	<u>3,78,41,920</u>	<u>5,01,39,078</u>

CURRENT ASSETS
11. Current Investments - Non-Trade

(in ₹)

	31st March 2014	31st March 2013
In Trust Securities (Unquoted, Valued at Cost)		
Investment in Mutual Funds		
Sundaram Ultra Short Term Fund - Regular Growth	3,00,00,935	3,25,97,149
17,62,938.85 units of ₹10/- each (opening balance 21,44,075.03 units, 76,81,137.26 Units purchased and 80,62,273.45 Units redeemed during the year)		
Sundaram Money Fund	3,00,00,000	—
11,27,493.17 units of ₹10/- each (opening balance Nil units, 11,27,493.17 Units purchased during the year)		
BNP Paribas Money Plus Fund	2,39,98,643	—
12,54,430.924 units of ₹10/- each (opening balance Nil units, 26,74,505.561 Units purchased and 14,20,074.637 Units redeemed during the year)		
BNP Paribas Overnight Fund	1,60,00,000	—
8,19,760.323 units of ₹10/- each (opening balance Nil units, 10,25,946.953 Units purchased and 2,06,186.630 Units redeemed during the year)		
	<u>9,99,99,578</u>	<u>3,25,97,149</u>
	Cost	Net Asset Value
	31.03.2014	
Aggregate of quoted Investments	—	—
Aggregate of unquoted Investments	9,99,99,578	10,21,78,115
	<u>9,99,99,578</u>	<u>10,21,78,115</u>

(in ₹)

	31st March 2014	31st March 2013
12. Trade receivables		
Unsecured, considered good :		
i) Debts outstanding for a period exceeding six months from due date	–	–
ii) Other Debts	2,89,17,305	2,00,80,657
	<u>2,89,17,305</u>	<u>2,00,80,657</u>
13. Cash and Bank Balances		
With scheduled banks in current accounts	92,01,777	25,51,840
Bank Deposit (Upto 3 months maturity)	70,00,000	-
Cash on hand	2,491	8,517
Stamp paper on hand	420	420
	<u>1,62,04,688</u>	<u>25,60,777</u>
14. Short-term loans and Advances		
Unsecured, considered good:		
Deposits	7,66,266	8,15,415
Service Tax-Input Credit	–	30,48,471
Prepaid Expenses	84,25,735	79,45,781
Others	3,99,639	13,92,950
	<u>95,91,640</u>	<u>1,32,02,617</u>

(in ₹)

	2013-14	2012-13
15. Revenue from Operations		
Income from Registrar and Transfer Agents Services (net of service tax - ₹1,84,22,410)	14,90,48,626	12,04,10,958
Income from Fund Accounting Services (net of service tax - ₹36,75,412)	2,97,36,337	2,16,61,289
	<u>17,87,84,963</u>	<u>14,20,72,247</u>

(in ₹)

	2013-14	2012-13
16. Other Income		
Gain on sale of Current Investments	41,99,671	25,81,991
Interest Income	14,69,992	3,68,098
Other non-operating income	9,03,604	6,56,073
	<u>65,73,267</u>	<u>36,06,162</u>

(in ₹)

	2012-13	2011-12
17. Employee Benefits		
Salaries, Allowances and Bonus	8,81,47,222	7,25,47,380
Company's Contribution to Provident Fund, ESI, Gratuity and Superannuation	62,51,071	41,49,245
Staff Welfare Expenses	38,92,928	43,21,751
	<u>9,82,91,221</u>	<u>8,10,18,376</u>

(a) Defined Contribution Plan:

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

	2013-14	2012-13	2011-12	2010-11	Oct 09-Mar 10
	₹	₹	₹	₹	₹
Contribution to Provident Fund	21,60,997	16,41,119	16,67,241	7,70,157	2,26,214
Contribution to Pension Fund	14,37,199	12,48,509	12,19,939	5,75,292	1,24,535
Contribution to Superannuation Fund	2,61,800	1,87,532	2,30,260	2,06,882	65,867
Contribution to Employees State Insurance	4,84,748	5,13,468	5,98,768	2,49,676	—

(in ₹)

Defined Benefit Plan: Description of Benefits plan	Funded Gratuity	
	2013-14	2012-13
A) Reconciliation of opening and closing balances of the present value of the defined benefit obligation		
Opening Balance : Present value of obligation	17,62,069	10,18,815
Current service cost	9,32,852	7,07,563
Interest cost	1,52,884	78,193
Past service costs (Vested benefits)	—	—
Benefits paid	(1,82,406)	(82,797)
Actuarial (gain) / loss on obligations		
Past service of employees transferred	51,265	80,336
Actual (gain) / loss	10,56,323	(40,041)
Closing Balance: Present value of obligation	37,72,987	17,62,069
B) Reconciliation of opening and closing balances of the fair value of plan assets		
Opening Balance :Fair value of plan assets	26,79,548	20,45,593
Expected return on plan assets	2,09,161	1,81,648
Contributions made	51,265	5,32,806
Benefits paid	(1,82,406)	(82,797)
Actuarial gain / (loss) on plan assets	26,026	2,298
Closing Balance : Fair value of plan assets	27,83,594	26,79,548
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	37,72,987	17,62,069
Closing Balance: Fair value of plan assets	27,83,594	26,79,548
Unrecognised past service cost	—	—
Net Asset / (Liability) recognised in Balancesheet	(9,89,393)	9,17,479
D) Expenses recognised in the Profit and Loss statement		
Current service cost	9,32,852	7,07,563
Interest cost	1,52,884	78,193
Expected return on plan assets	(2,09,161)	(1,81,648)
Net actuarial (gain) / loss recognised	10,30,297	(42,339)
Total Expenses (included under Employee Benefits)	19,06,872	5,61,769
E) Actual return on plan assets		
Expected return on plan assets	2,09,161	1,81,648
Actuarial gain / (loss) on plan assets	26,026	2,298
Actual return on plan assets	2,35,187	1,83,946
F) Actuarial assumptions *		
Discount rate	9.15%	8%
Return on plan assets	8%	8%
Rate of increase in compensation levels	6%	5%
Attrition rate	10%	10%

* 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.

Particulars	2013-14 ₹	2012-13 ₹	2011-12 ₹	2010-11 ₹
Defined Benefit Obligation	37,72,987	17,62,069	10,18,815	10,88,956
Plan Asset	27,83,594	26,79,548	20,45,593	15,61,922
Surplus/Deficit	(9,89,393)	9,17,479	10,26,778	4,72,966
Expenses Adjustment on Plan Liabilities	10,30,297	—	—	1,80,582
Expenses Adjustment on Plan Asset	—	(42,339)	(10,59,319)	—

(in ₹)

	2013-14	2012-13
Compensated absences		
Present value of obligations towards compensated absence as per actuarial valuation	19,64,486	16,83,827

(in ₹)

18. Administrative and other expenses	2013-14	2012-13
Rent	1,97,08,475	1,85,49,150
Rates and Taxes	11,29,316	58,338
Communication Expenses	39,70,159	35,91,276
Electricity Expenses	1,05,14,781	1,12,02,369
Travelling and Conveyance	28,96,184	34,98,793
Outsourcing Cost	5,47,74,272	4,96,98,369
Insurance	7,46,441	8,80,911
Repairs and Maintenance		
— Computers	2,43,64,102	2,55,69,115
— Others	20,84,900	21,99,456
Advertisement and Promotion	57,75,952	14,36,566
Professional Fees	2,17,85,830	1,58,45,291
Miscellaneous Expenses	35,63,028	23,36,475
	<u>15,13,13,439</u>	<u>13,48,66,109</u>

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

Particulars	2013-14	2012-13
Statutory audit	5,00,000	4,00,000
Tax audit	1,00,000	1,00,000
Certification	1,27,500	1,05,000

19. Financial Expenses	2013-14	2012-13
Interest	53,35,057	72,09,915
Other Borrowing Costs	—	25,000
	<u>53,35,057</u>	<u>72,34,915</u>

20. GENERAL

20.1 The Accounts of the Company has been prepared on a “going concern” basis notwithstanding the loss incurred during the year and the accumulated losses exceeding 50% of paid-up equity share capital as the management is contemplating measures such as productivity improvement, pricing, cost control measures, and client on board which are likely to have a favourable impact on the financial position of the company.

20.2 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 Mar. 2014 is ₹Nil.

20.3 Segment Reporting

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

20.4 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 Ltd

Sundaram Asset Management Singapore Pte Ltd

Sundaram BPO India Ltd

Key Management Personnel:

Mr. Shridhar Iyer – Chief Executive Officer

b) Related Party Transactions for the Period Apr 13 - Mar 14

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	Total
Income				
Income From Operations				
Sundaram Asset Management Company Limited			15,69,41,682 (8,99,17,679)	15,69,41,682 (8,99,17,679)
Expenses				
Rental Charges				
Sundaram Finance Limited	43,62,080 (43,68,480)			43,62,080 (43,68,480)
Outsourcing cost				
Sundaram Business Services Limited			— (1,80,000)	— (1,80,000)
Sundaram BPO India Ltd			3,60,000 (1,80,000)	3,60,000 (1,80,000)
Outsourced Branch Expenses				
Sundaram Finance Limited	4,16,49,725 (3,82,67,411)			4,16,49,725 (3,82,67,411)
Professional Fees & Other Outsourcing charges				
Sundaram Finance Limited	51,57,593 (46,99,794)			51,57,593 (46,99,794)
Internal Audit Fee				
Sundaram Finance Limited	— (5,00,000)			— (5,00,000)
Technical support renewal & Consulting charges				
Sundaram Infotech Solutions Limited			22,38,928 (15,94,820)	22,38,928 (15,94,820)
Recruitment Charges				
Sundaram Finance Limited			— (19,000)	— (19,000)
Others	98,300 (1,89,100)		1,34,704 (2,64,892)	2,33,004 (4,53,992)

(in ₹)

Nature of Transactions	Holding Company	Joint Venture Promoters	Fellow Subsidiaries	Total
Assets				
Purchase of Software & Licenses				
Sundaram Infotech Solutions Limited			35,71,088 <i>(58,34,981)</i>	35,71,088 <i>(58,34,981)</i>
Payment towards Maintainance Charges (AMC)				
Sundaram Infotech Solutions Limited			– <i>(15,00,000)</i>	– <i>(15,00,000)</i>
Purchase of Compter Hardware / Servers / Accessories / Office equipments				
Sundaram Infotech Solutions Limited			9,97,552 <i>(66,74,442)</i>	9,97,552 <i>(66,74,442)</i>
Sundaram Finance Limited	– <i>(2,56,706)</i>			– <i>(2,56,706)</i>
Asset – Outstanding Balance as on 31.03.2014				
Sundry Debtors				
Sundaram Asset Management Company Limited			1,53,57,254 <i>(1,05,47,132)</i>	1,53,57,254 <i>(1,05,47,132)</i>
Liabilities				
Issuance of Equity Shares				
Sundaram Finance Limited	10,20,00,000 <i>(5,10,00,000)</i>			10,20,00,000 <i>(5,10,00,000)</i>
BNP Paribas Securites Services		9,80,00,000 <i>(4,90,00,000)</i>		9,80,00,000 <i>(4,90,00,000)</i>
Liabilities – Outstanding Balance as on 31.03.2014				
Equity Shares				
Sundaram Finance Limited	42,07,50,000 <i>(31,87,50,000)</i>			42,07,50,000 <i>(31,87,50,000)</i>
BNP Paribas Securites Services		40,42,50,000 <i>(30,62,50,000)</i>		40,42,50,000 <i>(30,62,50,000)</i>
Payable				
Sundaram BPO India Ltd			30,000 <i>(30,000)</i>	30,000 <i>(30,000)</i>
Sundaram Finance Limited	1,03,75,309 <i>(2,53,31,744)</i>			1,03,75,309 <i>(2,53,31,744)</i>
Sundaram Infotech Solutions Limited			2,77,500 <i>(16,58,820)</i>	2,77,500 <i>(16,58,820)</i>

No amount has been written off / written back during the year
Previous year 2012-13 figures are mentioned in Italics.

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

20.6 Earnings per Share (Basic and Diluted)

Particulars	2013-14	2012-13
A. Loss for the period after tax (in ₹)	11,88,97,372	13,78,45,549
B. Weighted Average Number of equity shares of ₹10/-each paid up	7,18,97,260	7,18,97,260
C. Basic and diluted earnings per share (in ₹)	(1.65)	(1.92)

20.7 Estimated amount of contracts remaining to be executed on capital account: - ₹90,37,870/- (31/03/2013 ₹61,68,150/-).

20.8 Expenditure in Foreign Currency on Subscription charges and Software AMC charges ₹18,15,342/- (2012-13 - ₹40,43,064/-) on payment basis.

20.9 Previous years figures have been regrouped / reclassified wherever necessary to confirm to the current year's presentation.

As per our report of even date attached
For **Brahmayya & Co.,**
Chartered Accountants
FRN 000511S
P. Babu
Partner
Membership No. 203358
Chennai
8th May, 2014

P. S. Raghavan
Chairman

Stephane Gaboriaud
Director

Shridhar Iyer
CEO

Christophe Beelaerts
CFO

R. Ajith Kumar
Company Secretary

Cash Flow Statement for the year ended 31st March 2014

(in ₹)

	01 April 13 - 31 March 14	01 April 12 - 31 March 13
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit	(11,88,97,372)	(13,78,45,549)
Add: Deferred Tax	(64,49,477)	(65,40,432)
Add: Financial Expenses		
	53,35,057	72,34,915
	(12,00,11,792)	(13,71,51,066)
Depreciation	5,57,65,362	6,69,44,990
Interest Income	(14,69,992)	(3,68,098)
Gain on Sale of Investments	(41,99,671)	(25,81,991)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(6,99,16,093)	(7,31,56,165)
(Increase) Decrease in Non-Current Assets	1,22,97,158	(1,06,33,564)
(Increase) Decrease in Short term Loans and Advances	36,10,977	22,97,556
(Increase) Decrease in Current assets	(88,36,648)	(47,61,495)
Increase (Decrease) in Current Liabilities	(75,16,625)	2,30,96,338
	(7,03,61,232)	(6,31,57,330)
Direct Tax Paid	–	–
Financial Expenses paid	55,43,139	72,86,936
NET CASH FROM OPERATING ACTIVITIES (A)	(7,59,04,371)	(7,04,44,266)
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (net)	(2,87,18,961)	(2,66,64,977)
Interest received	14,69,992	3,68,098
Purchase of Investments	(22,72,39,000)	(9,30,00,000)
Sale of Investments	16,40,36,242	9,24,94,050
NET CASH FROM INVESTING ACTIVITIES (B)	(9,04,51,727)	(2,68,02,829)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issuance of share capital	20,00,00,000	10,00,00,000
Increase (Decrease) in long term borrowings	(1,99,99,990)	(49,99,998)
NET CASH FROM FINANCING ACTIVITIES (C)	18,00,00,010	9,50,00,002
NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)	1,36,43,912	(22,47,093)
Cash and cash equivalents at the beginning of the year	25,60,777	48,07,870
Cash and cash equivalents at the end of the year	1,62,04,688	25,60,777
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Current Accounts with Banks	92,01,777	25,51,840
Bank Deposit (Upto 3 months maturity)	70,00,000	–
Cash on Hand	2,491	8,517
Stamp paper on hand	420	420
	1,62,04,688	25,60,777

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

P. Babu

Partner

Membership No. 203358

Chennai

8th May, 2014

SUNDARAM BNP PARIBAS FUND SERVICES LIMITED

P. S. Raghavan
Chairman

Shridhar Iyer
CEO

Christophe Beelaerts
CFO

Stephane Gaboriaud
Director

R. Ajith Kumar
Company Secretary



SUNDARAM BNP PARIBAS
— FUND SERVICES —

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Fax: 044 2858 6641

Corporate Office

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Thiru Vi Ka Industrial Estate,
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