

SUNDARAM BUSINESS SERVICES LIMITED

11th ANNUAL REPORT 2015-16



SUNDARAM BUSINESS SERVICES

Board of Directors	T T Srinivasaraghavan M Ramaswamy T K Sundararajan S Preetha	
Audit Committee	TK Sundararajan S Preetha M Ramaswamy	Chairman
Nomination & Remuneration Committee	T K Sundararajan S Preetha T T Srinivasaraghavan	Chairman
Chief Executive Officer	Rajesh Venkat	
Chief Financial Officer & Secretary	R. Prem	
Bankers	HDFC Bank Limited Hongkong and Shanghai Banking Corporation Ltd State Bank of Travancore State Bank of India	
Auditors	M/s. Brahmayya & Co., Chennai Chartered Accountants 48, Masilamani Road, Balaji Nagar, Royapettah, Chennai 600 014	
Registered Office	21, Patullos Road, Chennai 600 002 CIN: U74140TN2005PLC057179	
Corporate Office	20, Patullos Road, Chennai 600 002 Tel: +91 44 2859 9900 Email: info@sundarambpo.com Website: www.sundarambizserv.com	
Overseas Branches	Australia Suite 605/2 Queen Street, Level 6, Melbourne VIC 3000.	

SUNDARAM BUSINESS SERVICES LIMITED

A wholly-owned subsidiary of



SUNDARAM FINANCE LIMITED

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Board's Report

Your Directors have pleasure in presenting the Eleventh Annual Report and Audited Accounts of the Company for the year ended 31st March 2016.

The summarised financial results of the Company are given hereunder:

(₹ in lakhs)

Particulars	Year ended 31 March, 2016	Year ended 31 March, 2015
Total Income	2,441	2,402
Total Expenditure	2,435	2,543
Profit/(Loss) before Taxation	6	(141)
Provision for Taxation (includes deferred tax)	5	29
Profit/(Loss) after Taxation	1	(170)

REVIEW OF OPERATIONS

Your Company posted revenues of ₹2441 lakhs during the financial year 2015-16 and a profit before tax of ₹6 lakhs, as against revenues of ₹2402 lakhs and loss before tax of ₹141 lakhs for the previous year.

The profit for the year is due to incremental revenue from existing clients and higher productivity, coupled with moderated spends on sales and marketing initiatives.

OUTLOOK

In the coming year, your Company's focus is to provide finance and accounting outsourcing services to an expanded list of companies in Australia. It is also expected that there will be higher revenues from

existing clients. Further, there is an increased focus on productivity through automation.

DIVIDEND

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Ms Charanya Sridharan, Company Secretary resigned on 29th March 2016 due to personal reasons.

Sri R Prem, Chief Financial Officer of the Company was appointed as whole time Company Secretary with effect from 29th March 2016.

DECLARATION OF INDEPENDENCE

The Independent Directors have given a declaration that they meet the criteria of independence as provided under Section 149 (6) of the Companies Act, 2013.

COMMITTEES OF THE BOARD

The Audit Committee of the Company met 4 times during the year and the Nomination and Remuneration Committee (NRC) met 3 times during the year.

NUMBER OF MEETINGS OF THE BOARD

During the year under review, 5 meetings of the Board of Directors were held.

REMUNERATION POLICY

The Company continues to follow the policy on Remuneration formulated last year. It is endeavor of your Company to attract

suitable people at all levels. The remuneration policy, is attached as part of this report vide Annexure A.

RISK MANAGEMENT POLICY

Your Company Is in the process of formulating a Risk Management Policy.

DIRECTORS' RESPONSIBILITY STATEMENT

Your directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. the directors 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;
3. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. the directors had prepared the annual accounts on a going concern basis;
5. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

There were no investments made, loans or guarantees given by the Company during the year ended 31st March 2016.

RELATED PARTY TRANSACTIONS

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

EXTRACT OF ANNUAL RETURN

As required under Section 92(3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in Form MGT 9 as on 31st March 2016, is enclosed -Annexure C.

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

In pursuance of the provisions of Section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014, your Company has no activity relating to conservation of energy or technology absorption.

During the year under review, expenditure in foreign currencies amounted to 485.28 lakhs. Foreign Currency earnings amounted to 2377.17 lakhs.

PERSONNEL

None of the employees of the Company is in receipt of remuneration in excess of the limits prescribed under Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

DEPOSITS

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

AUDITORS

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

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent,

contractual, temporary, trainees) are covered under this policy. No complaints were received during the year 2015-16.

ACKNOWLEDGEMENT

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

T T Srinivasaraghavan

M Ramaswamy

T K Sundararajan

S Preetha

Directors

Chennai 600 002

Date: 5th May, 2016

ANNEXURES TO DIRECTORS REPORT

REMUNERATION POLICY

(as recommended by the Nomination and Remuneration Committee on 6th May 2015)

Sundaram Business Services Limited (hereinafter referred to as 'the Company') has, since inception, formulated performance based remuneration structures for its employees at all levels, so as to provide ample opportunity for inclusive growth, supported with adequate learning. Accordingly, the remuneration structure is based on the qualification and skill levels at the time of joining the organisation and reviewed on a yearly basis by way of an assessment of their actual performance, through a robust "Performance Management System".

The components forming part of the compensation structure for each grade are designed to reward performance as well as to mitigate some of the location based hardships faced by the employees.

Section 178 (2), (3) and (4) of the Companies Act, 2013 read with the applicable rules thereto provide that the Nomination and Remuneration Committee (NRC) shall identify persons who are qualified to become Directors and shall also recommend to the Board a policy, relating to the remuneration for Directors, Key Managerial Personnel, Senior Management and other employees.

Accordingly, the NRC recommends the following Remuneration Policy of the Company so as to ensure that:

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully and is comparable to the compensation structure obtaining in other companies in the industry
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) remuneration to key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

The following policy shall be hereinafter referred to as "Remuneration Policy of Sundaram Business Services Limited".

I Definitions

- a) "Remuneration" means any monetary benefit or its equivalent extended to any person for services rendered by him/her and includes perquisites as defined under the Income-tax Act, 1961.
- b) "Key Managerial Personnel" means,
 - i) Managing Director, Chief Executive Officer or Manager;
 - ii) Whole-time Director;
 - iii) Chief Financial Officer;
 - iv) Company Secretary.
- c) "Senior Management", defined herein by the NRC and as may be modified from time to time by the Board, means the CEO of the Company
- d) "Employee" will mean an employee who has been appointed on the rolls of Sundaram Business Services Limited (hereinafter referred to as 'the Company') and has been issued an appointment order by the Company.

II Remuneration Pattern

The NRC lays down the following remuneration pattern for Non-executive Directors and Independent Directors, Chief Executive Officer, Key Managerial Personnel, Senior Management and other employees under the Remuneration Policy:

- 1. The remuneration payable to Non-Executive Directors and Independent Directors shall consist of:
 - a) Sitting fees, if any, payable for every meeting of the Board and sub-committees of the Board will be decided by the Board, from time to time;

-
- b) Reimbursement of expenses for attending meetings of the Board and sub-committees of the Board.
2. The remuneration payable to Chief Executive Officer shall consist of:
- a) Salary, allowances and perquisites;
- b) Bonus for each financial year as may be decided by the Board of Directors, based on the performance;

The overall remuneration payable to Directors shall be within the limits prescribed under Section 197 of the Companies Act, 2013 read with Schedule V.

3. The remuneration payable to Key Managerial Personnel, Senior Management and other employees of the company shall consist of salary, allowances, perquisites and variable components reflecting the short and long term performance objectives appropriate to the working of the Company, which are aligned to industry standards.

IV Implementation of the Remuneration Policy

The remuneration payable to Non-executive Directors and Independent Directors shall be determined by the Board of Directors, after taking into account their performance and contribution.

The Remuneration Policy of the Company, to the extent applicable to Key Managerial Personnel other than Executive Directors, Senior Management and other employees shall be monitored by the Chief Executive Officer, who shall take appropriate steps to ensure that the remuneration is commensurate with their experience, qualification, responsibilities, contributions, performance and industry standards.

The NRC shall take suitable steps to issue guidelines, procedures and such other steps as may be considered appropriate from time to time, for effective implementation of the Remuneration Policy.

Annexure - B

Form No. AOC-2

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

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

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

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

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

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

T. T. Srinivasaraghavan

M Ramaswamy

T K Sundararajan

S Preetha

Directors

Chennai 600 002

Date: 5th May, 2016

SUNDARAM BUSINESS SERVICES LIMITED

FORM NO. MGT-9**Extract of Annual Return as on the financial year ended on 31st March 2016**

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

I. REGISTRATION AND OTHER DETAILS

(i)	CIN	U74140TN2005PLC057179
(ii)	Registration Date	12-08-2005
(iii)	Name of the Company	Sundaram Business Services Limited
(iv)	Category / Sub-Category of the Company	Company limited by shares / Indian Non-Government Company
(v)	Address of the Registered Office and contact details	21, Patullos Road, Chennai 600 002 Tel. : 044 -2852 1181 www.sundarambizserv.com
(vi)	Whether Listed Company Yes / No	No
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the company
1	Services and undertake activities relating to information technology enabled services in the areas of accounting, insurance, banking, human resources, knowledge process outsourcing, document conversion, data processing, health care, media and publishing, legal, telecom and other areas for and on behalf of banks, companies, bodies corporate, trusts, funds, firms, associations, institutions, individuals and any other person in India and abroad	63	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name And Address Of The Company	CIN / GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1	Sundaram Finance Limited 21, Patullos Road, Chennai 600 002	L65191TN1954PLC002429	Holding	100%	2(46)

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

(i) Category-wise Share Holding

	Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoters									
(1)	Indian									
(a)	Individual/HUF									
(b)	Central Govt	-	-	-	-	-	-	-	-	-
(c)	State Govt(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corp.*	-	1,50,00,000	1,50,00,000	100.00	-	1,50,00,000	1,50,00,000	100	-
(d)	Banks / FI	-	-	-	-	-	-	-	-	-
(e)	Any Other	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(1)	-	1,50,00,000	1,50,00,000	100.00	-	1,50,00,000	1,50,00,000	100.00	-
(2)	Foreign									
(a)	NRIs - Individuals									
(b)	Other - Individuals	-	-	-	-	-	-	-	-	-
(c)	Bodies Corp.	-	-	-	-	-	-	-	-	-
(d)	Banks / FI	-	-	-	-	-	-	-	-	-
(e)	Any Other	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(2)	-	-	-	-	-	-	-	-	-
	Total shareholding of Promoter (A)= (A)(1)+(A)(2)	-	1,50,00,000	1,50,00,000	100.00	-	1,50,00,000	1,50,00,000	100.00	-
B.	Public Shareholding									
(1)	Institutions									
(a)	Mutual Funds									
(b)	Banks / FI									
(c)	Central Govt	-	-	-	-	-	-	-	-	-
(d)	State Govt(s)	-	-	-	-	-	-	-	-	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f)	Insurance Companies									
(g)	FIs									
(h)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(i)	Any Other - Foreign Portfolio Investors	-	-	-	-	-	-	-	-	-
	Sub- Total (B)(1)	-	-	-	-	-	-	-	-	-

	Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2.	Non- Institutions									
(a)	Bodies Corporate									
(i)	Indian									
(ii)	Overseas	-	-	-	-	-	-	-	-	-
(b)	Individuals									
i	Individual shareholders holding nominal shares capital up to ₹1 lakh									
ii	Individual shareholders holding nominal shares capital in excess of ₹1 lakh									
(c)	Others (specify)									
	Sub- Total (B) (2)	-	-	-	-	-	-	-	-	-
	"Total Public Shareholding (B) = (B)(1)+(B) (2)"	-	-	-	-	-	-	-	-	-
(C)	Shares held by Custodian for GDRs and ADRs	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	-	1,50,00,000	1,50,00,000	100.00	-	1,50,00,000	1,50,00,000	100.00	-

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

(ii) Shareholding of promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	
1	Sundaram Finance Limited*	1,50,00,000	100.00	—	1,50,00,000	100.00	—	—
	Total	1,50,00,000	100.00	—	1,50,00,000	100.00	—	—

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

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

Name of the Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Sundaram Finance Limited				
At the beginning of the year*	1,50,00,000	100	–	–
Increase / Decrease in Promoters Share holding during the year	–	–	–	–
At the end of the Year	–	–	1,50,00,000	100

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

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

Name of the Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year*	Not Applicable			
Increase / Decrease in Promoters Share holding during the year				
At the end of the Year				

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Sri T T Srinivasaraghavan, Director*				
	At the beginning of the year	1	-	-	-
	Increase / Decrease in Share holding during the year	-	-	1	-
	At the end of the Year	-	-	1	-
2	Sri M Ramaswamy, Director*				
	At the beginning of the year	1	-	-	-
	Increase / Decrease in Share holding during the year	-	-	1	-
	At the end of the Year	-	-	1	-
3	Sri T K Sundararajan, Director				
	At the beginning of the year	-	-	-	-
	Increase / Decrease in Share holding during the year	-	-	-	-
	At the end of the Year	-	-	-	-
4	Ms S Preetha, Director				
	At the beginning of the year	-	-	-	-
	Increase / Decrease in Share holding during the year	-	-	-	-
	At the end of the Year	-	-	-	-
5	Mr Rajesh Venkat, Chief Executive Officer				
	At the beginning of the year	-	-	-	-
	Increase / Decrease in Share holding during the year	-	-	-	-
	At the end of the Year	-	-	-	-
6	Mr R Prem, Chief Financial Officer & Secretary				
	At the beginning of the year	-	-	-	-
	Increase / Decrease in Share holding during the year	-	-	-	-
	At the end of the Year	-	-	-	-

* 1 Equity Share of ₹10/- each held as nominee of Sundaram Finance Limited jointly with others.

V. INDEBTEDNESS

(In ₹ Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	–	249.25	–	249.25
(ii) Interest due but not paid	–	5.33	–	5.33
(iii) Interest accrued but not due	–	–	–	–
Total (i + ii + iii)	–	254.58	–	254.58
Change in Indebtedness during the financial year				
Addition	141.33		–	148.33
Reduction	–	54.58	–	54.58
Net Change	141.33	(54.58)	–	86.75
Indebtedness at the end of the financial year				
(i) Principal Amount	–	200.00	–	341.33
(ii) Interest due but not paid	–	–	–	–
(iii) Interest accrued but not due	–	–	–	–
Total (i + ii + iii)	141.33	200.00	–	341.33

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (CONTD.)
B. Remuneration to other directors:

(In ₹ Lakhs)

Particulars of Remuneration	Fee for attending board / committee meetings	Commission	Others	Total Amount
Independent Directors				
Sri T K Sundararajan	0.65	-	-	0.65
Ms S Preetha	0.65	-	-	0.65
Total (1)	1.30	-	-	1.30
Other Non-Executive Directors				
Sri T T Srinivasaraghavan	-	-	-	-
Sri M Ramaswamy	-	-	-	-
Total (2)	-	-	-	-
Total (B) = (1 + 2)	1.30	-	-	1.30
Total Managerial Remuneration				
Overall Ceiling as per the Act	Not Applicable			

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

(In ₹ Lakhs)

Sl. No.	Particulars of Remuneration	CEO	CFO & Company Secretary	Total Amount	
1	Gross Salary				
(a)	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	34.98	-	26.83	61.81
(b)	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.32	-	0.11	0.43
(c)	Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-	-
2	Stock Option#	3.74	-	-	3.74
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	39.04	-	26.94	65.98

Stock Options have been issued by Sundaram Finance Limited, the holding company.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences against the Company, Directors and other Officers in Default during the year ended 31st March 2016.

INDEPENDENT AUDITOR'S REPORT

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

1. Report on the Financial Statements

We have audited the accompanying financial statements of Sundaram Business Services Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

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

3. Auditor's Responsibility

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

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

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

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

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

4. Opinion

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- b) in the case of the Statement of Profit and Loss, of the profit 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 the financial statements being prepared on a “going concern” basis despite accumulated losses being more than 50% of the net worth of the company and in view of the measures contemplated by the company, as mentioned in Note no. 22.9 to the financial statements.

Our opinion is not qualified in respect of this matter.

6. Report on Other Legal and Regulatory Requirements

- i) As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”) issued by the Central Government of India in terms of sub-section 11 of section 143 of the Act, we give in the “Annexure - A” a statement on the matters specified in paragraph 3 and 4 of the Order.
- ii) As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified

under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the Operating Effectiveness of such controls, refer to our separate report in “Annexure - B”
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the effect of the pending legal proceedings against it in its financial statements as mentioned in Note 22.11 of the Notes to the Accounts;
 - ii. the company did not have any long term contracts including long term derivative contracts. The derivative contracts outstanding are short term in nature and no material foreseeable losses are anticipated from the same by the company.
 - iii. there was no amount to be transferred to the Investor Education and Protection Fund by the Company.

For **BRAHMAYYA & CO.**,
Chartered Accountants
Firm Regn. No.000511S
L RAVI SANKAR
Partner
Membership No.25929

Place: Chennai
Date: 05-05-2016

“Annexure A” 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 an annual plan of verification, which in our opinion is reasonable having regard to the size of the Company and the nature of the fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- c) The company does not have any immovable properties.
2. In our opinion and according to the information and explanations given to us, the Company has not granted any loans secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, clauses (iii)(a), (b) and (c) of paragraph 3 of the Order are not applicable to the Company for the year.
3. In our opinion and according to the information and explanations given to us, the company has not granted any loan to its directors and has not made any investment as envisaged in section 185 and 186 of the Companies Act, 2013 respectively.
4. The company has not accepted deposits from public.
5. The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act.
6. i) In our opinion and according to the information and explanations given to us, undisputed statutory

dues, including Provident Fund, Employees State Insurance, Income tax, sales tax, Service tax, value added tax, cess and 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 2016 for a period of more than six months from the date they became payable.

- ii) In our opinion and according to the information and explanations given to us, there are no dues of Sales tax and Employees State Insurance which have not been deposited on account of any dispute. Income tax and Service Tax dues not deposited on account of dispute are as follows:

Nature of dues	Amount	Period to which the amount relates	Forum where the dispute is pending
Service Tax	2.03 Lakhs	2009-10	Service Tax Tribunal
Service Tax	4.99 Lakhs	2010-11 and 2011-12	Commissioner Appeals
Income Tax	1.08 Lakhs	2008-09	Income Tax Tribunal

7. Based on our audit procedures and the information and explanations given by the Management, we are of the opinion that the Company has not defaulted in the repayment of dues to the bank. The company does not have any borrowings from financial institutions, Government or by issue of debentures.

8. Based on our examination of the records and the information and explanations given to us, the term loans were applied for the purposes for which the loans were obtained.
9. To the best of our knowledge and belief and according to the information and explanations given to us, during the year, no fraud by the Company and no fraud on the Company by its officers or employees were noticed or reported by the company –during the course of our audit.
10. The Company has paid/provided for managerial remuneration within the limits of Section 197 read with Schedule V to the Act.
11. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with Section 177 and Section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards
12. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
13. In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them.
14. In our opinion and according to the information and explanations given to us, the nature of the Company's business/ activities during the year has been such that clause (ii), clause (xii) and clause (xvi) of paragraph 3 of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the year.

For **BRAHMAYYA & CO.,**
Chartered Accountants
Firm Regn. No.000511S
L RAVI SANKAR
Partner
Membership No.25929

Place: Chennai
Date: 05-05-2016

“Annexure B ” to the Auditors’ report referred to in paragraph 6 of our report of even date

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

We have audited the internal financial controls over financial reporting of Sundaram Business Services Limited (“the Company”) as of 31st March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

L RAVI SANKAR
Partner

Place: Chennai

Date: 05-05-2016

Membership No.25929

Balance Sheet

as at 31st March, 2016

(In ₹ Lakhs)

Particulars	Note No.	March 31, 2016	March 31, 2015
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	1,500.00	1,500.00
(b) Reserves and Surplus	3	(836.28)	(836.97)
		663.72	663.03
(2) Share Application Money Pending Allotment			
(3) Non-Current Liabilities			
(a) Long-Term Borrowings	4	200.00	200.00
(b) Deferred Tax Liabilities (Net)	5A	-	0.30
		200.00	200.30
(4) Current Liabilities			
(a) Short-Term Borrowings	6	141.33	49.25
(b) Trade Payables			
(i) Total outstanding dues to micro enterprises and small enterprises		-	-
(ii) Total outstanding dues to creditors other than micro enterprises and small enterprises	7	123.74	146.39
		123.74	146.39
(c) Other Current Liabilities	8	27.42	30.91
(d) Short-Term Provisions	9	74.72	71.01
		367.20	297.56
Total		1,230.93	1,160.89
II Assets			
(1) Non-current assets			
(a) Fixed Assets	10		
(i) Tangible Assets		87.61	102.44
(ii) Intangible Assets		47.24	53.70
(b) Non-Current Investments		-	-
(c) Deferred Tax Assets (Net)	5B	0.68	-
(d) Long-Term Loans and Advances	11	274.29	254.00
(e) Other Non-Current Assets		-	-
		409.81	410.14
(2) Current Assets			
(a) Current Investments		-	-
(b) Trade Receivables	12	349.34	368.52
(c) Cash and Bank Balances	13	61.11	38.16
(d) Short-Term Loans and Advances	14	212.30	186.58
(e) Other Current Assets	15	198.37	157.49
		821.12	750.75
Total		1,230.93	1,160.89
Significant Accounting policies and Notes to the Accounts 1 to 22			

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

T T Srinivasaraghavan

T. K Sundararajan

L Ravi Sankar

Directors

Partner

Membership No. : 25929

Rajesh Venkat

R Prem

Chennai

Chief Executive Officer

Chief Financial Officer & Secretary

Date: 05.05.2016

SUNDARAM BUSINESS SERVICES LIMITED

Statement of Profit and Loss for the Year Ended 31st March, 2016

(In ₹ Lakhs)

Particulars	Note No.	2015-16	2014-15
INCOME:			
Revenue from Operations	16	2,408.79	2,370.53
Other Income	17	32.37	33.05
Total Revenue		<u>2,441.16</u>	<u>2,403.58</u>
EXPENSES:			
Employee Benefits	18	1,341.85	1,332.75
Administrative and Other Expenses	19	791.60	863.97
Sales and Marketing expenses	20	215.50	268.83
Finance Costs	21	33.58	29.18
Depreciation	10	53.01	49.59
Total Expenses		<u>2,435.54</u>	<u>2,544.32</u>
Profit/(Loss) Before Tax		5.63	(140.74)
Tax Expense:			
1) Current Tax		5.91	26.17
2) Tax paid for earlier Years		-	0.38
3) Deferred Tax		(0.98) 4.94	3.03 29.58
Profit/(Loss) after Tax from continuing operations		<u>0.69</u>	<u>(170.32)</u>
Earnings per Equity Share:			
Weighted Average Number of Shares considered (Face Value ₹10/- per share)		150	150
Basic and Diluted earnings per share (in ₹)		0.005	(1.14)
Significant Accounting policies and Notes to the Accounts 1 to 22			

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

L Ravi Sankar
Partner
Membership No. : 25929
Chennai
Date: 05.05.2016

Rajesh Venkat
Chief Executive Officer

R Prem
Chief Financial Officer & Secretary

T T Srinivasaraghavan

T. K Sundararajan

Directors

CASH FLOW STATEMENT

(In ₹ Lakhs)

	2015-16		2014-15	
A) CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit	0.69		(170.32)	
Add: Provision for Taxation	4.94		29.20	
	5.63		(141.12)	
Add: Financial Expenses	33.58	39.21	29.18	(111.94)
Depreciation		53.01		49.59
(Profit)/ Loss on sale of Investments		(0.08)		(0.05)
(Profit)/ Loss on sale of Fixed Assets		0.74		-
Interest / Dividend Income		(1.67)		(9.76)
Provision for Doubtful debts and Advances		2.95		2.43
Unrealised Foreign Currency Loss/(Gain)		(11.95)		4.19
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		82.20		(65.54)
(Increase) Decrease in Long-Term Loans and Advances	(19.67)		29.44	
(Increase) Decrease in Short -Term Loans and Advances	(37.53)		(44.43)	
(Increase) Decrease in Other Current Assets	(40.88)		(69.74)	
(Increase) Decrease in Trade Receivables	31.73		184.37	
Increase (Decrease) in Other Long-Term Provisions	-		(8.32)	
Increase (Decrease) in Other Short-Term Provisions	3.70		(30.05)	
Increase (Decrease) in Trade Payables	(22.65)		41.03	
Increase (Decrease) in Other Current Liabilities	(3.48)	(88.77)	(4.86)	97.44
Cash generated from Operations		(6.57)		31.91
Financial Expenses	(33.58)		(29.18)	
Direct Taxes Paid	-	(33.58)	13.83	(15.35)
NET CASH FROM OPERATING ACTIVITIES	(A)	(40.15)		16.56
B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets		(47.18)		(72.72)
Sale of Fixed Assets		14.72		4.67
Redemption of Fixed Deposit		6.08		-
(Purchase)/Sale of Investments in Mutual Funds units (Net)		0.08		0.05
Interest Received		1.67		9.76
NET CASH FROM INVESTING ACTIVITIES	(B)	(24.62)		(58.25)
C) CASH FLOW FROM FINANCING ACTIVITIES				
Increase /(Decrease) in Short-Term Borrowings		92.07		(159.93)
Increase /(Decrease) in Long-Term Borrowings		-		200.00
NET CASH FROM FINANCING ACTIVITIES	(C)	92.07		40.07
NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)		27.31		(1.62)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		32.71		34.33
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		60.01		32.71
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR				
Balance with Banks		60.88		31.96
Effect of Foreign Exchange Fluctuation		(1.09)		0.63
Cash on Hand		0.23		0.12
		60.01		32.71

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

T T Srinivasaraghavan

L Ravi Sankar
Partner

T. K Sundararajan

Directors

Membership No. : 25929
Chennai

Rajesh Venkat
Chief Executive Officer

R Prem
Chief Financial Officer & Secretary

Date: 05.05.2016

SUNDARAM BUSINESS SERVICES LIMITED

NOTES TO THE ACCOUNTS

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

1.1 The financial Statements are prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the relevant provisions of the Companies Act, 2013.

The preparation of the financial statements, in conformity with generally accepted accounting principles, requires the use of estimates and assumptions that affect the reported amount of assets and liabilities as at the Balance sheet date, reported amounts of revenue and expenses during the year and disclosure of contingent liabilities as at that date. The estimates and assumptions used in these financial statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of the financial statements. The assets and liabilities have been classified as non current and current based on a twelve month operating cycle.

1.2 Income Recognition:

Income is recognized on accrual basis

1.3 Fixed Assets and Depreciation/ Amortisation:

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

Depreciation on tangible assets is provided on the written-down value method over the useful life of assets estimated by the Company. Depreciation for assets purchased/ sold during the year is charged on a pro-rata basis.

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

Computers Equipment

– Servers and Network	10 years
– End User Devices	7 years

Office Equipment 8 years

Electrical installations 15 years

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

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

1.4 Valuation of Investments:

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

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

1.5 Foreign Currency Transactions:

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

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

1.6 Employee Benefits:

A) Short Term Employee Benefits:

Short Term Employee Benefits for services rendered by employees are recognized during the period when the services are rendered.

NOTES TO THE ACCOUNTS (Contd.)

B) Post Employment Benefits:

Defined Contribution Plan

i) Provident Fund

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

ii) Superannuation

The Company makes fixed contributions as a percentage on salary to a Superannuation Fund, which is administered by trustees and managed by the Life Insurance Corporation of India Limited.

The above contributions are charged to Profit and Loss Statement.

Defined Benefit Plan

iii) Gratuity

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

iv) Leave Encashment

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

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

C) Other Long Term Employee Benefits:

The estimated liability in respect of other long term benefits like Employee Assured Bonus Scheme, has been provided on the basis of actuarial valuation.

1.7 Taxation:

Current tax is provided on the taxable income for the year.

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

1.8 Intangible Assets:

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

1.9 Impairment of Assets:

The carrying amounts of assets are reviewed at each balance sheet date to ascertain impairment based on internal /external factors. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the net selling price of the assets and their value in use.

1.10 Provisions:

Provisions are recognized when there is existence of present legal or constructive obligations, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of obligation

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

(In ₹ Lakhs)

Particulars	31.03.2016	31.03.2015
Authorised 1,50,00,000 Equity Shares of ₹ 10/- each.	1,500	1,500
	1,500	1,500
Issued, subscribed and fully paid up capital 1,50,00,000 Equity Shares of ₹ 10/- each	1,500	1,500
Total	1,500	1,500

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

Name	Status	Class of Share	No. of Shares#	% held as at 31.03.2016	No. of Shares #	% held as at 31.03.2015
Sundaram Finance Limited	Holding Company	Equity shares	1,50,00,000	100	1,50,00,000	100
Total			1,50,00,000		1,50,00,000	

includes six equity shares held by the nominees of Sundaram Finance Ltd.

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

Reconciliation of the number of equity shares outstanding at the beginning and at the end of financial year are as follows:

Particulars	31.03.2016	31.03.2015
Shares outstanding at the beginning of the year	1,50,00,000	1,50,00,000
Add: Shares Issued during the year	-	-
Less: Shares bought back during the year	-	-
Shares outstanding at the end of the year	1,50,00,000	1,50,00,000

NOTES TO THE ACCOUNTS (Contd.)

Note 3

RESERVES AND SURPLUS

(In ₹ Lakhs)

Surplus in Profit and Loss Statement	31.03.2016	31.03.2015
Opening Balance	(836.97)	(666.64)
Add: Profit / (Loss) for the year from the Profit and Loss Statement	0.69	(170.32)
Total	(836.28)	(836.97)

Note 4

LONG TERM BORROWINGS

(In ₹ Lakhs)

Particulars	31.03.2016	31.03.2015
Unsecured Loan		
From a Related Party - Holding Company	200.00	200.00
Total	200.00	200.00

Terms of repayment: The Loan amount shall be repayable not later than three years from the date of availment. Interest payable @ 12% per annum at quarterly rests.

Note 5A

DEFERRED TAX LIABILITIES

(In ₹ Lakhs)

Particulars	31.03.2016	31.03.2015
DEFERRED TAX LIABILITIES		
Depreciation	-	7.15
LESS: DEFERRED TAX ASSETS		
Provision for doubtful debts/Advances	-	6.85
Total	-	0.30

Note 5B

DEFERRED TAX ASSETS

(In ₹ Lakhs)

Particulars	31.03.2016	31.03.2015
DEFERRED TAX ASSETS		
Provision for Employee Benefits	1.59	-
Provision for doubtful debts/Advances	5.28	-
LESS : DEFERRED TAX LIABILITIES		
Depreciation	6.19	-
Total	0.68	-

NOTES TO THE ACCOUNTS (Contd.)
Note 6
SHORT TERM BORROWINGS

(In ₹ Lakhs)

Particulars	31.03.2016	31.03.2015
Secured Loan		
From Bank		
Cash Credit *	141.33	49.25
Total	141.33	49.25

* Working Capital facility from a Bank secured by first charge on the current assets of the company including receivables.

Note 7
TRADE PAYABLES

(In ₹ Lakhs)

Particulars	31.03.2016	31.03.2015
Total outstanding dues to creditors other than micro enterprises and small enterprises		
For Expenses	123.74	146.39
Total	123.74	146.39

Note 8
OTHER CURRENT LIABILITIES

(In ₹ Lakhs)

Particulars	31.03.2016	31.03.2015
TDS Payable	11.50	7.23
Interest accrued and due on borrowings	-	5.33
Others	15.92	18.36
Total	27.42	30.92

Note 9
SHORT-TERM PROVISIONS

(In ₹ Lakhs)

Particulars	31.03.2016	31.03.2015
Provision for Employee Benefits	74.72	71.01
Total	74.72	71.01

Note 10

(In ₹ Lakhs)

FIXED ASSETS

Description	Gross Block			Depreciation					Net Block		
	As at 01.04.2015	Additions	Deductions	As at 31.03.2016	As at 01.04.2015	Additions	Impairment	Deductions	Impairment Reversal	As at 31.03.2016	As at 31.03.2015
Tangible Assets											
Desktops and Printer	63.00	5.43	-	68.43	47.15	7.23	-	-	-	54.37	14.06
Electrical Equipment	37.59	-	-	37.59	12.82	3.42	-	-	-	16.24	21.36
IT Network, Servers	96.60	-	-	96.60	68.25	9.08	-	-	-	77.33	19.26
Office Equipment	23.05	8.44	3.26	28.24	10.99	3.69	-	1.44	-	13.24	15.00
Furniture and Fixtures	18.33	1.27	-	19.60	15.14	1.04	-	-	-	16.18	3.42
Motor Cars	30.42	13.65	23.82	20.25	12.20	3.71	-	10.17	-	5.74	14.51
SUB TOTAL (A)	268.99	28.79	27.08	270.71	166.55	28.16	-	11.61	-	183.10	87.61
	(251.00)	(32.92)	(14.94)	(268.99)	(147.17)	(29.64)	-	(10.27)	-	(166.55)	(102.44)
Intangible Assets											
Computer Software	144.31	18.38	-	162.69	90.61	24.84	-	-	-	115.46	47.24
SUB TOTAL (B)	144.31	18.38	-	162.69	90.61	24.84	-	-	-	115.46	47.24
	(104.51)	(39.80)	-	(144.31)	(70.66)	(19.95)	-	-	-	(90.61)	(53.70)
Total [A + B] (Current Year)	413.30	47.18	27.08	433.40	257.16	53.01	-	11.61	-	298.55	134.84
(Previous Year)	(355.51)	(72.72)	(14.94)	(413.30)	(217.84)	(49.59)	-	(10.27)	-	(257.16)	(156.14)
											(103.83)
											53.70
											53.70
											(33.84)
											156.14
											(137.67)

Figures in brackets pertain to March 31, 2015

NOTES TO THE ACCOUNTS (Contd.)
Note 11
LONG-TERM LOANS AND ADVANCES

Particulars	(In ₹ Lakhs)	
	31.03.2016	31.03.2015
Unsecured, Considered Good		
Capital Advance	18.63	4.00
Advances to Staff	8.48	12.92
Prepaid expenses	2.29	1.58
Other Loans and Advances		
Advance Income Tax and Tax Deducted at Source	231.00	221.63
MAT Credit Entitlement	13.89	13.89
Total	274.29	254.00

(i) Advance Income Tax and Tax Deducted at Source is net of Provision for Tax ₹40.13 Lakhs (31.03.15 - ₹33.96 Lakhs)

Note 12
TRADE RECEIVABLES

Particulars	(In ₹ Lakhs)	
	31.03.2016	31.03.2015
Unsecured, Considered Good		
Outstanding for a period exceeding six months from due date	5.27	15.17
Others	344.07	353.35
	349.34	368.52
Unsecured, Considered doubtful		
Outstanding for a period exceeding six months from due date	9.41	17.30
Others	-	3.09
Less: Provision for doubtful debts*	9.41	20.38
	-	-
Total	349.34	368.52

* Of the movement in Provision for doubtful debts ₹8.03 Lakhs pertains to bad debts written off.

NOTES TO THE ACCOUNTS (Contd.)

Note 13

CASH AND BANK BALANCES

(In ₹ Lakhs)

Particulars	31.03.2016	31.03.2015
Cash and Cash Equivalents		
Cash-on-Hand	0.23	0.12
Balances with Banks		
In Current accounts	60.88	31.96
	<u>61.11</u>	<u>32.08</u>
Other Bank Balances		
In Deposit account*	-	6.08
Total	<u>61.11</u>	<u>38.16</u>

* Deposit of ₹NIL (31.03.2015 - ₹6.08 Lakhs) provided as margin money to the bank for obtaining guarantee.

Note 14

SHORT-TERM LOANS AND ADVANCES

(In ₹ Lakhs)

Particulars	31.03.2016	31.03.2015
Unsecured, Considered Good		
Employee Advances	7.54	6.61
Prepaid Expenses	25.56	26.54
Cenvat input credit & Service tax refunds due*	155.31	127.38
Rent Deposit	4.78	4.46
Others#	19.11	21.58
	<u>212.30</u>	<u>186.58</u>
Unsecured, Considered doubtful		
Loans due from ex-employees	7.39	1.50
Salary recoverable	0.29	0.29
	<u>7.69</u>	<u>1.79</u>
Less: Provision for doubtful loans & advances	7.69	1.79
	<u>-</u>	<u>-</u>
Total	<u>212.30</u>	<u>186.58</u>

* Includes Service Tax under dispute ₹22.49 Lakhs (31.03.15 - ₹NIL)

Includes deposit paid for appeal against Service Tax dispute ₹0.22 Lakhs (31.03.15 - ₹NIL)

NOTES TO THE ACCOUNTS (Contd.)
Note 15
OTHER CURRENT ASSETS

(In ₹ Lakhs)

Particulars	31.03.2016	31.03.2015
Unsecured, Considered Good		
Interest Accrued on fixed deposit	-	0.95
Other Receivables	0.62	-
Unbilled Revenue	197.75	156.53
Total	198.37	157.48

Note 16
REVENUE FROM OPERATIONS

(In ₹ Lakhs)

Particulars	2015-2016	2014-2015
Business Process Outsourcing and Related Activities	2,408.79	2,370.53
	2,408.79	2,370.53

	2015-2016	2014-2015
Revenue from operations includes -		
Earnings in Foreign Currency (Accrual basis)	2,377.17	2,335.64

Note 17
OTHER INCOME

(In ₹ Lakhs)

Particulars	2015-2016	2014-2015
Interest	1.67	9.76
Gain on Redemption of Mutual Fund units	0.08	0.05
Provisions no longer required written back (Net)	-	15.49
Net gain on Exchange Fluctuation	22.54	-
Miscellaneous Income	8.08	6.75
Total	32.37	33.05

Note 18
EMPLOYEE BENEFITS

(In ₹ Lakhs)

Particulars	2015-2016	2014-2015
Salaries, Allowances, Bonus etc	1,265.41	1,240.36
Contribution to Provident and other funds	55.60	70.67
Staff Welfare Expenses	20.84	20.72
Total	1,341.85	1,331.75

NOTES TO THE ACCOUNTS (Contd.)**Note 19****ADMINISTRATIVE AND OTHER EXPENSES**

(In ₹ Lakhs)

Particulars	2015-2016	2014-2015
Rent	169.14	199.91
Communication expenses	36.58	45.17
Electricity expenses	87.21	87.58
Insurance	24.03	19.64
Travelling and Conveyance	92.37	109.43
Outsourcing Cost	172.15	171.02
Professional Charges	21.40	37.28
Rates and Taxes	1.95	1.55
Repairs and Maintenance		
Equipments	92.92	79.66
Others	54.20	42.17
Loss on Sale of Fixed Assets	0.74	0.07
Net Loss on Exchange Fluctuation	-	35.77
Bad Debts & Advance written off	-	0.57
Fixed Assets Discarded	0.35	-
Provision for Doubtful Debts	-	-
- Sundry Debtors (net)	(2.94)	0.64
- Loans & advances	5.89	1.79
Training and Recruitment Expenses	8.73	9.44
Printing and Stationery	2.25	2.55
Bank Charges and Commission	11.43	9.23
Miscellaneous Expenses	13.18	10.50
Total	791.60	862.97

Note 20**SALES AND MARKETING EXPENSES**

(In ₹ Lakhs)

Particulars	2015-2016	2014-2015
Sales and Marketing expenses	215.50	268.83
Total	215.50	268.83

Note 21**FINANCE COST**

(In ₹ Lakhs)

Particulars	2015-2016	2014-2015
Interest Expenses	33.47	28.80
Others	0.11	0.38
Total	33.58	29.18

NOTES TO THE ACCOUNTS (Contd.)

Note 22

General

22.1 Disclosure as per AS 15

Employee Benefits:

Defined Contribution Plan:

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

(In ₹ Lakhs)					
Particulars	2015 - 2016	2014 - 2015	2013 - 2014	2012 - 2013	2011-2012
Contribution to Provident Fund	38.35	40.00	29.78	38.58	56.31
Contribution to Employees' State Insurance	7.71	9.48	9.03	16.62	27.55
Contribution to Superannuation Fund	0.34	0.39	0.38	1.54	3.44

Gratuity:

Defined Benefit Plan

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

(In ₹ Lakhs)		
Particulars	31.03.2016	31.03.2015
Present value of obligations at the beginning of the year	26.56	29.30
Interest cost	2.13	1.51
Current service cost	8.02	6.89
Benefits paid	(8.28)	(29.36)
Past service liability – transferred in	-	-
Actuarial (gain) / loss on obligation	1.05	18.23
Present value of obligations at the end of the year	29.48	26.56

B. Reconciliation of opening and closing balances of fair value of Plan Assets Fund Maintained by LIC

(In ₹ Lakhs)		
Particulars	31.03.2016	31.03.2015
Fair value of plan assets at the beginning of the year	16.08	26.34
Expected return on plan assets	1.97	6.61
Contributions	15.20	12.50
Benefits paid	(8.28)	(29.36)
Actuarial loss/gain on plan assets	-	-
Fair value of plan assets at the end of the year	24.96	16.08

NOTES TO THE ACCOUNTS (Contd.)

C. Table showing fair value of plan assets

(In ₹ Lakhs)

Particulars	31.03.2016	31.03.2015
Fair Value of plan assets at beginning of year	16.08	26.34
Actual return on plan assets	1.97	6.61
Contributions	15.20	12.50
Benefits Paid	(8.28)	(29.36)
Fair Value of plan assets at end of year	24.96	16.08
Funded Status	(4.51)	(10.48)

D. Actuarial Gain/Loss recognized

(In ₹ Lakhs)

Particulars	31.03.2016	31.03.2015
Actuarial (gain)/loss on obligations	1.05	18.23
Actuarial (gain)/loss for the year – plan assets	-	-
Actuarial (gain)/loss on obligations	1.05	18.23
Actuarial (gain) / loss recognized in the year	1.05	18.23

E. The amounts to be recognized in the balance sheet

(In ₹ Lakhs)

Particulars	31.03.2016	31.03.2015
Present value of obligations as at the end of year	29.48	26.56
Fair value of plan assets as at the end of the year	24.96	16.08
Funded status	(4.51)	(10.48)
Net assets/(liability) recognized in balance sheet	(4.51)	(10.48)

F. The amounts to be recognized in the profit or loss statement

(In ₹ Lakhs)

Particulars	31.03.2016	31.03.2015
Current Service cost	8.02	6.89
Interest Cost	2.13	1.51
Expected return on plan assets	(1.97)	(6.61)
Net Actuarial (gain)/loss recognized in the year	1.05	18.91
Expenses recognized in statement of Profit and loss	9.23	20.70

G. Actuarial Assumptions *

Particulars	31.03.2016	31.03.2015
Discount Rate	8.00%	8.00%
Expected return on plan assets	8.75%	8.75%
Rate of increase in compensation levels	5.00%	5.00%
Attrition rate	24%	24%

NOTES TO THE ACCOUNTS (Contd.)

*The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors like supply and demand in employment market. Amount for the current and previous four years are as follows:

(In ₹ Lakhs)

Particulars	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
Defined Benefit Obligation	29.48	26.56	29.30	35.36	49.01
Plan Assets	24.96	16.08	26.34	50.98	54.00
Surplus / (Deficit)	(4.51)	(10.48)	(2.96)	15.62	4.99
Experience adjustments on plan liabilities	1.05	18.91	23.18	(26.18)	(11.86)

Other Long Term Benefits:

The Company's liability towards other long term benefits are provided based on actuarial valuation as at 31st March 2016. The details are given below:

Particulars	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
Leave encashment	1.49	0.03	12.66	13.08	20.00
Employee Assured Bonus Scheme	-	-	-	-	42.59

22.2 Miscellaneous expenses under "Administrative and other expenses" includes remuneration to auditors (Excluding Service Tax) towards:

(In ₹ Lakhs)

Particulars	2015-2016	2014-2015
Statutory Audit	3.00	3.00
Tax Audit	0.75	0.50
Certification fees	0.90	0.95

NOTES TO THE ACCOUNTS (Contd.)

22.3 Details of transactions with Related Parties:

Parties	Relationship
Sundaram Finance Limited	Holding Company
Infreight Logistics Solutions Limited	Fellow subsidiary
LGF Services Limited	Fellow subsidiary
Sundaram Asset Management Company Limited	Fellow subsidiary
Sundaram Asset Management Singapore Pte Ltd	Fellow subsidiary
Sundaram BNP Paribas Fund Services Limited	Fellow subsidiary
Sundaram BNP Paribas Home Finance Limited	Fellow subsidiary
Sundaram BPO India Limited	Fellow subsidiary
Sundaram Finance Distribution Limited	Fellow subsidiary
Sundaram Infotech Solutions Limited	Fellow subsidiary
Sundaram Insurance Broking Services Limited	Fellow subsidiary
Sundaram Trustee Company Limited	Fellow subsidiary
Royal Sundaram General Insurance Co. Limited	Fellow subsidiary (with effect from 29.07.2015)

Key Management Personnel:

Mr. Rajesh Venkat	Chief Executive Officer
Mr. R. Prem	Chief Financial Officer
Ms. Charanya Sridharan	Secretary*

* With effect from 29th March 2016, Ms. Charanya Sridharan has resigned and Mr. R. Prem has been appointed as Company Secretary

NOTES TO THE ACCOUNTS (Contd.)

Related Party Transactions for the year ended 31st March 2016:

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

Nature of Transactions	Holding Company	Subsidiary Company	Fellow Subsidiaries	Joint Venture/ Associates	KMP	Total 2015-16
Expenses						
a) Rent	123.49					123.49
b) Internal Audit	5.00					5.00
c) Web Hosing	1.03					1.03
d) Interest on Loan	24.02					24.02
e) Insurance			1.80			1.80
f) Employee Benefit Expenses					65.98	65.98

NOTES TO THE ACCOUNTS (Contd.)

(In ₹ Lakhs)

Nature of Transactions	Holding Company	Subsidiary Company	Fellow Subsidiaries	Joint Venture/ Associates	KMP	Total 2015-16
Asset - Outstanding Balance as on 31.03.2016						
Receivables						
Sundaram Finance Limited	0.34					0.34
Insurance Deposit						
Royal Sundaram General Insurance Co. Limited						0.10
Liabilities – Outstanding Balance as on 31.03.2016						
Equity Shares						
Sundaram Finance Limited	1,500.00	-				1,500.00
Inter Corporate Loans						
Sundaram Finance Limited (Maximum outstanding during the year is ₹ 200 lakhs)	200.00					200.00
Payables						
Sundaram Finance Limited	12.51	-		-		12.51

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

22.4. The Company Secretary Ms.Charanya Sridharan has been nominated by M/s. Sundaram Finance Limited the Holding company and no remuneration is borne by this company.

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

NOTES TO THE ACCOUNTS (Contd.)

22.6 Earnings per Share (Basic and diluted):

(In ₹ Lakhs)

Particulars	2015-16	2014-15
A. Profit for the year after taxation (₹)	0.69	(170.32)
B. Total number of equity shares of ₹10/- each outstanding at the end of the year (in numbers)	150.00	150.00
C. Basic and diluted earnings per share (₹) (A/B)	0.005	(1.14)

22.7 Foreign Currency Transactions: (On Accrual Basis)

(In ₹ Lakhs)

Particulars	2015-16	2014-15
Earnings in Foreign Currency		
Income from Services	2,377.17	2,335.64
Expenditure in Foreign Currency		
Salaries, travel, office expenses	485.28	528.08

22.8 Claims against the Company not acknowledged as debt:

(In ₹ Lakhs)

Particulars	2015-16	2014-15
Service Tax matters – appeal filed by the Company	7.03	8.47
Income Tax matters – appeal filed by the Company	1.08	1.08

NOTES TO THE ACCOUNTS (Contd.)

- 22.9 The Accounts of the Company have 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 company is contemplating measures such as new customer acquisition, productivity improvement, pricing and cost control measures which are likely to have a favourable impact on the financial position of the company.
- 22.10 The Current tax of ₹5.91 Lakhs relates to the company’s overseas branch and has been computed based on the laws applicable to the jurisdiction in which the branch operates. This amount has been charged during the year due to non-availability of taxable profits.
- 22.11 The pending litigations as on 31st March, 2016 have been compiled by the company and reviewed by the Statutory Auditors. The effect of the current position of the litigations have been evaluated and appropriately considered and disclosed in the financial statements.
- 22.12 As at the Balance Sheet date, the Company’s net foreign exchange exposures that are not hedged by a derivative instrument or otherwise is ₹23.29 Lakhs (₹3.48 Lakhs as at 31 March 2015).
- 22.13. The Provident fund authorities were seeking to consider other allowances as a part of basic wages for the purpose of calculation of Provident fund. Consequently, the Company obtained an interim injunction from the High Court of Madras restraining the Regional Provident Fund Commissioner, Chennai from issuing orders in respect of proceedings under section 7A of the Employees Provident Funds and Miscellaneous Provisions Act, 1952 pertaining to the above calculation.
- Pending the outcome of the judicial proceedings and also having regard to Circular No.7(1) 2012/RCS Review Meeting/21224 dated 18th December 2012 of the Central Provident Fund Commissioner wherein the inclusion of other allowances as a part of basic wages was kept in abeyance, no effect has been given in the financial statements.
- 22.14 Estimated amount of contractual commitments for the acquisition of Fixed Assets - ₹6.27 Lakhs (Net of Advances) (31.03.15 - ₹4.00 Lakhs)
- 22.15. Prior year figures have been regrouped/reclassified wherever necessary to conform to current year’s classification.

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

L Ravi Sankar
Partner
Membership No. : 25929
Chennai
Date: 05.05.2016

Rajesh Venkat
Chief Executive Officer

R Prem
Chief Financial Officer & Secretary

T T Srinivasaraghavan

T. K Sundararajan

Directors