

SUNDARAM BUSINESS SERVICES LIMITED

13th ANNUAL REPORT 2017-18



Board of Directors	T. T. Srinivasaraghavan M Ramaswamy T K Sundararajan S Preetha	Chairman
Audit Committee	T K Sundararajan S Preetha M Ramaswamy	Chairman
Nomination & Remuneration Committee	T K Sundararajan S Preetha T.T. Srinivasaraghavan	Chairman
Chief Executive Officer	Manoj Arvindakshan Nair	
Chief Financial Officer	T Kailashapathy	
Company Secretary	S Shobana	
Bankers	HDFC Bank Limited Hongkong and Shanghai Banking Corporation Limited State Bank of India	
Auditors	M/s. Sundaram & Srinivasan., Chartered Accountants 23, C.P.Ramaswamy Road, Alwarpet, Chennai 600 018	
Registered Office	21, Patullos Road, Chennai 600 002 CIN: U74140TN2005PLC057179	
Corporate Office	20, Patullos Road, Chennai 600 002 Tel: +91 44 2859 9900 Fax: +91 44 2858 7054 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



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Board's Report

Your Directors have pleasure in presenting the Thirteenth Annual Report and Audited Accounts of the Company for the year ended 31st March 2018.

The summarised financial results of the Company are given hereunder:

(₹ in lakhs)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Total Income	3,005	2,681
Total Expenditure	2,349	2,550
Profit before Tax	656	131
Provision for Taxation (includes deferred tax)	0.4	9
Profit after Tax	656	122

REVIEW OF OPERATIONS

Your Company posted revenues of ₹3,005 lakhs during the financial year 2017-18 and a profit before tax of ₹656 lakhs, as against revenues of ₹2,681 lakhs and profit before tax of ₹131 lakhs for the previous year.

Revenue from new clients, incremental revenue from existing clients, efficient cost management, higher productivity, lower sales & marketing spends and Forex gains have been the key profitability drivers for the year.

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 process re-engineering and 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.

Sri Manoj Arvindakshan Nair, was appointed as Chief Executive officer of the Company with effect from 6th September 2017.

Sri T Kailashpathy, was appointed as Chief Financial Officer and Ms S Shobana, was appointed as Company Secretary of the Company with effect from 27th January 2018.

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 5 times during the year and the Nomination and Remuneration Committee (NRC) met 5 times during the year.

NUMBER OF MEETINGS OF THE BOARD

During the year under review, 8 meetings of the Board of Directors were held.

REMUNERATION POLICY

The Company continues to follow the policy on Remuneration formulated earlier. It is the 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

As part of risk management, the company monitors risks associated with concentration, information security, exchange rate and credit and takes suitable actions.

DIRECTORS' RESPONSIBILITY STATEMENT

Your directors confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. The Company has 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 profit of the company for that period;
3. Proper and sufficient care has been exercised for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. The annual accounts have been prepared on a going concern basis; and
5. Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

HOLDING COMPANY

Pursuant to the Order passed by the Hon'ble National Company Law Tribunal (NCLT), sanctioning Composite Scheme of Arrangement and Amalgamation, Sundaram Finance Limited had transferred all the shares held in our Company to Sundaram Finance Holdings Limited on 27th January 2018. Consequent to this Sundaram Finance Holdings Limited had become our holding Company.

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

There were loans or guarantees given by the Company during the year ended 31st March 2018.

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 2018, 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 434.39 lakhs. Foreign Currency earnings amounted to 2,715.11 lakhs.

DEPOSITS

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

AUDITORS

M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, Statutory Auditors of your Company shall hold office up to the conclusion of the 17th Annual General Meeting in accordance with the provisions of Section 139 of the Companies Act, 2013 read with Rule 6 of the Companies (Audit and Auditors) Rules, 2014 subject to the ratification of the shareholders at the 13th Annual General Meeting.

DISCLOSURE UNDER THE 'PREVENTION OF SEXUAL HARASSMENT POLICY AT WORKPLACE'

The Company has in place a 'Prevention of Sexual Harassment Policy at workplace' 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 2017-18.

ACKNOWLEDGEMENT

Your Directors gratefully acknowledge the support and co-operation extended to your company by all customers and the holding company. 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

Date: 26-04-2018

REMUNERATION POLICY

(as amended on 29th April 2017)

Sundaram Business Services Limited (hereinafter referred to as 'the Company') has, 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 to non-executive directors is reasonable and appropriate to attract the right talent;
- b) relationship of remuneration to performance of the Wholetime Directors 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;

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- (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 implementation of the Remuneration Policy of the Company, in respect of all other employees shall be the responsibility of the Managing Director / Chief Executive Officer.
- 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.
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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

Date: 26-04-2018

SUNDARAM BUSINESS SERVICES LIMITED

FORM NO. MGT-9**Extract of Annual Return as on the financial year ended on 31st March 2018**

[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	12th August 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 Holdings Limited, 21, Patullos Road, Chennai 600 002	U65100TN1993PLC025996	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)	–	–	–	–	–	–	–	–	–
(d)	Bodies Corp.*	–	1,50,00,000	1,50,00,000	100.00	–	1,50,00,000	1,50,00,000	100	–
(e)	Banks / FI	–	–	–	–	–	–	–	–	–
(f)	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)	FII's	–	–	–	–	–	–	–	–	–

	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	
(h)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(i)	Any Other - Foreign Portfolio Investors	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(1)	-	-	-	-	-	-	-	-	-
2.	Non-Institutions									
(a)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(i)	Indian	-	-	-	-	-	-	-	-	-
(ii)	Overseas	-	-	-	-	-	-	-	-	-
(b)	Individuals	-	-	-	-	-	-	-	-	-
i	Individual shareholders holding nominal shares capital up to Rs.1 lakh	-	-	-	-	-	-	-	-	-
ii	Individual shareholders holding nominal shares capital in excess of Rs.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 Holdings 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	—	—	—	—	—
2	Sundaram Finance Holdings Limited*	—	—	—	1,50,00,000	100.00	—	100.00
	Total	1,50,00,000	100.00	—	1,50,00,000	100.00	—	100.00

* Investment transferred from Sundaram Finance Limited as per the scheme of Arrangement approved by the NCLT vide their order dated 12th January 2018, received by the Company on 18th January 2018.

(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
1	Sundaram Finance Limited#				
	At the beginning of the year	15,000,000	100.00		
	Increase / Decrease in Promoters Share holding during the year				
	Transfer : 27.01.2018\$	-15,000,000	-100.00	-	-
	At the end of the Year				
2	Sundaram Finance Holdings Limited				
	At the beginning of the year	-	-		
	Increase / Decrease in Promoters Share holding during the year				
	Transfer :27.01.2018\$	15,000,000	100.00	15,000,000	100.00
	At the end of the Year*			15,000,000	100.00

Includes 6 equity shares held by the nominees of Sundaram Finance Limited

* Includes 6 equity shares held by the nominees of Sundaram Finance Holdings Limited

\$ Pursuant to Composite Scheme of Arrangement & Amalgamation

(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 Share holding during the year				
At the end of the Year (or on the date of separation, if separated during the year)				

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each 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	Sri Manoj Arvindakshan Nair				
	At the beginning of the year	–	–	–	–
	Increase / Decrease in Share holding during the year	–	–	–	–
	At the end of the Year	–	–	–	–
6	Sri T Kailashapathy, Chief Financial Officer				
	At the beginning of the year	–	–	–	–
	Increase/Decrease in Shareholding during the year	–	–	–	–
	At the end of the year	–	–	–	–
7	Mrs. S Shobana, 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 Holdings Limited jointly with others.

V. INDEBTEDNESS**Indebtedness of the Company including interest outstanding / accrued but not due for payment**
(In ₹ Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	21,01,291	2,00,00,000	-	2,21,01,291
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	21,01,291	2,00,00,000	-	2,21,01,291
Change in Indebtedness during the financial year				
Addition	-	-	-	-
Reduction	21,01,291	2,00,00,000	-	2,21,01,291
Net Change	-21,01,291	-2,00,00,000	-	-2,21,01,291
Indebtedness at the end of the financial year				
(i) Principal Amount	-	-	-	-
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	-	-	-	-

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) Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17 (3) 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		

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	0.95	–	–	0.95
Ms S Preetha	0.95	–	–	0.95
Total (1)	1.90	–	–	1.90
Other Non- Executive Directors				
Sri T T Srinivasaraghavan	–	–	–	–
Sri M Ramaswamy	–	–	–	–
Total (2)	–	–	–	–
Total (B) = (1 + 2)	1.90	–	–	1.90
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 #	Secretary*	Total Amount (In ₹)
1	Gross Salary				
(a)	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	39,72,190	15,15,680	-	54,87,870
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	8,100	-	-	8,100
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	35,000	-	-	35,000
2	Stock Option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission				
	- as % of profit	Nil	Nil	Nil	Nil
	- others, specify	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil
	Total (A)	40,15,290	15,15,680	Nil	55,30,970

\$ Remuneration includes salary paid to Sri Rajesh Venkat, CEO upto 30th June 2017, Sri Saket Drona, CEO up to 30th August 2017 and Sri Manoj Aravindakshan Nair, CEO for the period from 6th September 2017 to 31st March 2018.

Remuneration to CFO includes salary paid to Sri R Prem, CFO & Secretary upto 31st July 2017. Sri T Kailashpathy, Chief Financial Officer with effect from 27th Jan 2018 was nominated by Sundaram Finance Holdings Limited, the Holding Company and no remuneration is borne by this company.

* Ms. Shobana S, Company Secretary with effect from 27th Jan 2018 was nominated by the then holding company Sundaram Finance Limited and no remuneration is borne by this 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 2018.

INDEPENDENT AUDITOR'S REPORT

To the Members of 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 March 31, 2018, 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 of 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 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, 2018;
- 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. 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 "Annexure - A", a statement on the matters specified in the paragraphs 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 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 March 31, 2018, taken on record by the Board of Directors, none of the

directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of internal financial controls over financial reporting with reference to financial statements 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 explanations given to us:
 - i. The Company has disclosed the effect of pending litigations on its financial position in its financial statements as mentioned in Note 22.7. of the Notes to Accounts.
 - ii. In respect of Outstanding long Term Contracts including derivative contracts, there are no material foreseeable losses anticipated by the management and therefore, no provision is considered necessary.
 - iii. There was no amount to be transferred to Investor Education and Protection Fund by the Company.

For Sundaram & Srinivasan
 Chartered Accountants
 Firm Registration No. 004207S
S. Usha
 Partner
 Membership No. 211785

Place: Chennai
 Date : 26.04.2018

“Annexure A” to the Auditor’s Report referred to in Paragraph 5 our report of Even Date

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The fixed assets have been physically verified by the Management, in accordance with the regular programme of verification, which in our opinion is reasonable having regard to the size of the Company and the nature of the fixed assets. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- c) The Company does not have any immovable properties.
2. The Company does not have any inventory and hence reporting under Clause 3(ii) of the Order is not applicable.
3. 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 Companies Act, 2013. Therefore, clauses (iii) (a), (b) and (c) of paragraph 3 of the Order are not applicable for the year.
4. In our opinion and according to the information and explanations given to us, the company has not granted any loans, made any investments or provided any guarantee or security which will attract the provisions of section 185 and 186 of the Companies Act, 2013 respectively.
5. In our opinion and according to the information and explanations given to us, the company has not accepted deposits from the public.
6. The Central Government has not prescribed the maintenance of cost records for the Company u/s. 148(1) of the Companies Act, 2013.
7. i) In our opinion and according to the information and explanation given to us, undisputed statutory dues, including Provident Fund, Employee State Insurance, Income Tax, Sales tax, Service Tax, Value Added Tax, Goods and Service Tax, Cess and other material statutory dues have been regularly deposited during the year with 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 2018 for a period of more than six months from the date they became due.
- ii) Disputed Service Tax aggregating to Rs.2.92 and income tax aggregating to Rs.1.08 lakhs have not been deposited on account of disputes which are contested in appeals and are pending before the following Authorities.

Nature of Dues	Amount (Rs. in Lakhs)
Service Tax-Appeal filed by the company and pending before Commissioner of Service Tax, (Appeals).	2.92
Income Tax- Appeal filed by the company and pending before Commissioner of Income Tax,(Appeals)	1.08

8. In our opinion and according to the information and explanation given to us, the Company has not defaulted in the repayment of dues to bank. The company does not have any borrowings from financial institution, Government or debenture holders.
9. The company has not raised any money by the way of initial public offer or further public offer (including debt instruments) and the term loans were applied for the purposes for which the loans were obtained.

10. 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 or fraud on the company by its employees or officers were noticed during the course of our audit.
11. The Company has paid / provided for managerial remuneration within limits of section 197 read with schedule V to the Companies Act, 2013.
12. The Company is not a Nidhi Company and hence reporting under Clause 3 (xii) of the Order is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the company, the 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.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. In our opinion and according to the information and explanations given to us and based on our examination of records of the company, the Company has not entered into non-cash transactions with Directors or persons connected with them.
16. The Company is not required to be registered under section 45 IA of the Reserve Bank of India.

For Sundaram & Srinivasan

Chartered Accountants

Firm Registration No. 004207S

S. Usha

Partner

Membership No. 211785

Place: Chennai

Date : 26.04.2018

“ANNEXURE B” to the Auditor’s Report referred to in paragraph 5 of our Report of Even Date

Report on the Internal Financial Controls with reference to Financial Statements 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 with reference to financial statements of Sundaram Business Services Limited, Chennai (“the Company”) as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls with reference to Financial Statements

The Company’s Management is responsible for establishing and maintaining internal financial controls with reference to financial statements 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 with reference to financial statements that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting with reference to financial statements 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 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 with reference to financial statements were 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting with reference to financial statements included obtaining an understanding of internal financial controls over financial reporting with reference to financial statements, 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 judgement, 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 with reference to financial statements.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting with reference to financial statements 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

with reference to financial statements includes those policies and procedures that;

- I. pertain to the maintenance of records, that in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- II. 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
- III. 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 with reference to Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to financial statements, 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 with reference to financial statements 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 with reference to financial statements and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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 **Sundaram & Srinivasan**
Chartered Accountants
Firm Registration No. 004207S
S. Usha
Partner
Membership No. 211785

Place: Chennai
Date : 26.04.2018

Balance Sheet

as at 31st March, 2018

(In ₹ Lakhs)

Particulars	Note No.	March 31, 2018	March 31, 2017	
I. EQUITY AND LIABILITIES				
(1) Shareholders' Funds				
(a) Share Capital	2	1,500.00	1,500.00	
(b) Reserves and Surplus	3	(58.75)	(714.58)	
		1,441.25	785.42	
(2) Share Application Money Pending Allotment				
(3) Non-Current Liabilities				
(a) Long-Term Borrowings		-		
(b) Deferred Tax Liabilities (Net)	4A	-	2.41	2.41
		-	2.41	
(4) Current Liabilities				
(a) Short-Term Borrowings	5	-	21.01	
(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	6	118.21	171.93	
(c) Other Current Liabilities	7	25.11	223.79	
(d) Short-Term Provisions	8	73.68	69.33	
		217.00	486.06	
Total		1,658.25	1,273.89	
II. Assets				
(1) Non-current assets				
(a) Fixed Assets	9			
(i) Tangible Assets		105.33	78.50	
(ii) Intangible Assets		28.55	53.35	
(b) Non-Current Investments		-	-	
(c) Deferred Tax Assets (Net)	4B	2.01	-	
(d) Long-Term Loans and Advances	10	270.59	252.61	
(e) Other Non-Current Assets		-	-	
		406.48	384.46	
(2) Current Assets				
(a) Current Investments	11	153.90	-	
(b) Trade Receivables	12	552.97	427.34	
(c) Cash and Bank Balances	13	142.81	258.07	
(d) Short-Term Loans and Advances	14	224.14	178.44	
(e) Other Current Assets	15	177.95	25.58	
		1,251.77	889.43	
Total		1,658.25	1,273.89	
Significant Accounting policies and Notes to the Accounts 1 to 22				

As per our report of even date attached
For **For Sundaram & Srinivasan**
Chartered Accountants
FRN 004207S

S. USHA

Partner

Membership No. : 211785

Chennai

Date: 26.04.2018

T Kailashapathy
Chief Financial Officer

Shobana S
Secretary

T T Srinivasaraghavan
T. K Sundararajan
Directors

Manoj Arvindakshan Nair
Chief Executive Officer

SUNDARAM BUSINESS SERVICES LIMITED

Statement of Profit and Loss for the Year Ended 31st March, 2018

(In ₹ Lakhs)

Particulars	Note No.	2017-18	2016-17
INCOME:			
Revenue from Operations	16	2,731.42	2,678.33
Other Income	17	273.86	2.54
Total Revenue		<u>3,005.28</u>	<u>2,680.87</u>
Expenses:			
Employee Benefits	18	1,275.83	1,297.31
Administrative and Other Expenses	19	647.65	726.26
Outsourcing cost		155.92	210.79
Sales and Marketing expenses	20	202.55	235.64
Finance Costs	21	11.51	31.19
Depreciation	9	55.59	48.87
Total Expenses		<u>2,349.05</u>	<u>2,550.06</u>
Profit/(Loss) Before Tax		656.23	130.81
Tax Expense:			
(1) Current Tax		4.82	6.02
(2) Deferred Tax		(4.42) 0.40	3.09
(3) Tax Under MAT		130.42	9.11
Less: MAT Credit Entitlement		(130.42) –	–
Profit/(Loss) after Tax from continuing operations		<u>655.83</u>	<u>121.69</u>
Earnings per Equity Share :			
Weighted Average Number of Shares considered (Face Value Rs.10/- per share)		1,50,00,000	1,50,00,000
Basic and Diluted earnings per share (in ₹)		4.37	0.81
Significant Accounting policies and Notes to the Accounts 1 to 22			

As per our report of even date attached
For **For Sundaram & Srinivasan**
Chartered Accountants
FRN 004207S
S. USHA
Partner
Membership No. : 211785
Chennai
Date: 26.04.2018

T Kailashapathy
Chief Financial Officer

Shobana S
Secretary

T T Srinivasaraghavan
T. K Sundararajan
Directors
Manoj Arvindakshan Nair
Chief Executive Officer

CASH FLOW STATEMENT

(In ₹ Lakhs)

	2017-18	2016-17	
A) CASH FLOW FROM OPERATING ACTIVITIES:			
Net Profit	655.83	121.69	
Add: Provision for Taxation	0.40	9.11	
	656.23	130.81	
Add: Financial Expenses	11.51	31.19	162.00
Depreciation			48.87
(Profit)/ Loss on sale of Investments	(4.12)		-
(Profit)/ Loss on sale of Fixed Assets	0.10		-
Derrivative Income	(122.34)		
Interest / Dividend Income	(14.48)		(1.24)
Provision for Doubtful debts and Advances	7.38		6.22
Unrealised Foreign Currency Loss/(Gain)	(20.14)		19.35
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	569.73		235.20
(Increase) Decrease in Long-Term Loans and Advances	(22.80)	21.68	
(Increase) Decrease in Short -Term Loans and Advances	(45.71)	27.84	
(Increase) Decrease in Other Current Assets	(30.04)	21.66	
(Increase) Decrease in Trade Receivables	(118.74)	55.35	
Increase (Decrease) in Other Short-Term Provisions	4.35	(5.38)	
Increase (Decrease) in Trade Payables	(53.72)	48.19	
Increase (Decrease) in Other Current Liabilities	1.32	196.37	365.71
NET CASH FROM OPERATING ACTIVITIES (A)	304.39		600.92
B) CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	(58.44)		(49.58)
Sale of Fixed Assets	0.72		3.70
Redemption of Fixed Deposit			-
Profit/(Loss) on sale of Investments in Mutual Funds units (Net)	4.12		
(Purchase)/Sale of Investments in Mutual Funds units (Net)	(153.90)		0.00
Interest Received	14.48		1.24
NET CASH FROM INVESTING ACTIVITIES (B)	(193.00)		(44.64)
C) CASH FLOW FROM FINANCING ACTIVITIES			
Increase /(Decrease) in Long-Term Borrowings	(200.00)		(200.00)
Financial Expenses incurred during the year	(11.51)		(31.19)
Increase /(Decrease) in Short-Term Borrowings	(21.01)		(120.31)
NET CASH FROM FINANCING ACTIVITIES (C)	(232.52)		(351.51)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)	(121.13)		204.77
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	264.78		60.01
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	143.65		264.78
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR			
Balance with Banks	142.76		257.94
Effect of Foreign Exchange Fluctuation	0.84		6.71
Cash on Hand	0.05		0.13
	143.65		264.78

As per our report of even date attached
 For **Sundaram & Srinivasan**
 Chartered Accountants
FRN 004207S
S. USHA
 Partner
 Membership No. : 211785
 Chennai
 Date: 26.04.2018

T Kailashapathy
 Chief Financial Officer

Shobana S
 Secretary

T T Srinivasaraghavan
T. K Sundararajan
 Directors
Manoj Arvindakshan Nair
 Chief Executive Officer

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 and residual value for these assets are different from the useful life and residual value 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 via 36 months 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.

“In respect of forward exchange contract, the premium or discount arising at the inception of forward exchange contract is amortised as expense or income over the life of the contract. Exchange difference on such contracts are recognised in the statement of profit and loss in the year in which exchange rate changes. Any profit or loss arising on cancellation of such contract is recognised as income or expense for the year”

NOTES TO THE ACCOUNTS (Contd.)

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.

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 by Actuary 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.

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	31.03.2018	31.03.2017
Authorised		
1,50,00,000 Equity Shares of ₹10/- each.	1,500.00	1,500.00
	1,500.00	1,500.00
Issued, subscribed and fully paid up capital		
1,50,00,000 Equity Shares of ₹10/- each	1,500.00	1,500.00
Total	1,500.00	1,500.00

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 31.03.18	No. of Shares	% held as at 31.03.17
Sundaram Finance Limited - Holding Company	Equity shares			1,50,00,000	100%
Sundaram Finance Holdings Limited - Holding Company	Equity shares	1,50,00,000	100%		
		1,50,00,000		1,50,00,000	

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

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

Reconciliation of No of Equity Shares outstanding at the beginning and at the end of the financial year as follows.

Particulars	31.03.2018	31.03.2017
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	31.03.2018	31.03.2017
Opening Balance	(714.58)	(836.27)
Add: Profit/(Loss) for the year from the Profit and Loss Statement	655.83	121.69
Total	(58.75)	(714.58)

Note 4A**DEFERRED TAX LIABILITIES**

(In ₹ Lakhs)

Particulars	31.03.2018	31.03.2017
DEFERRED TAX LIABILITIES		
Depreciation	—	4.41
LESS: DEFERRED TAX ASSETS		
Provision for doubtful debts/Advances	—	2.00
Total	—	2.41

Note 4B**DEFERRED TAX ASSETS**

(In ₹ Lakhs)

Particulars	31.03.2018	31.03.2017
DEFERRED TAX ASSETS		
Depreciation	0.82	—
Provision for doubtful debts/Advances	1.19	—
LESS : DEFERRED TAX LIABILITIES		
Depreciation	—	—
Total	2.01	—

NOTES TO THE ACCOUNTS (Contd.)
Note 5
SHORT TERM BORROWINGS

(In ₹ Lakhs)

Particulars	31.03.2018	31.03.2017
Secured Loan		
From Bank		
Cash Credit *	–	21.01
Total	–	21.01

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

Note 6
TRADE PAYABLES

(In ₹ Lakhs)

Particulars	31.03.2018	31.03.2017
Total outstanding dues to creditors other than micro enterprises and small enterprises		
For Expenses	118.21	171.93
Total	118.21	171.93

Note 7
OTHER CURRENT LIABILITIES

(In ₹ Lakhs)

Particulars	31.03.2018	31.03.2017
TDS Payable	7.88	13.49
Interest accrued and due on borrowings		
Others	17.23	10.30
Current maturities of long term debt	–	200.00
Total	25.11	223.79

Note 8
SHORT-TERM PROVISIONS

(In ₹ Lakhs)

Particulars	31.03.2018	31.03.2017
Provision for Employee Benefits	73.68	69.33
Total	73.68	69.33

NOTES TO THE ACCOUNTS (Contd.)

Note 9

FIXED ASSETS

(In ₹ Lakhs)

Description	Gross Block			Depreciation			Net Block	
	As at 01.04.2017	Additions	Deductions	As at 31.03.2018	Additions	Deductions	As at 31.03.2018	As at 31.03.2017
Tangible Assets								
Desktops and Printer	71.28	4.38	0.82	74.84	5.26	0.38	64.41	10.43
IT Network, Servers	107.13	46.26	-	153.39	11.28	-	95.65	57.74
Furniture and Fixtures	22.13	-	-	22.13	1.26	-	18.56	3.58
Motor Cars	13.65	-	-	13.65	2.29	-	6.77	6.88
Office Equipment	30.17	3.30	0.63	32.83	3.84	0.25	20.88	11.95
SUB TOTAL (A)	278.73	53.94	1.46	331.21	26.29	0.63	225.88	105.33
	(270.71)	(18.30)	(10.27)	(278.73)	(23.70)	(6.57)	(200.22)	(87.61)
Intangible Assets								
Computer Software	193.98	4.50	-	198.47	29.30	-	169.92	28.55
SUB TOTAL (B)	193.98	4.50	-	198.47	29.30	-	169.92	28.55
	(162.69)	(31.28)	-	(193.98)	(25.17)	-	(140.63)	(47.24)
Total [A+B] (Current Year)	472.70	58.44	1.46	529.68	55.59	0.63	395.81	133.88
(Previous Year)	(433.40)	(49.58)	(10.27)	(472.70)	(48.87)	(6.57)	(340.85)	(134.84)

Figures in brackets pertain to March 31, 2017

NOTES TO THE ACCOUNTS (Contd.)
Note 10
LONG-TERM LOANS AND ADVANCES

(In ₹ Lakhs)

Particulars	31.03.2018	31.03.2017
Unsecured, Considered Good		
Capital Advance	0.00	2.56
Advances to Staff	5.64	5.60
Prepaid expenses	1.89	0.99
Other Loans and Advances		
Advance Income Tax and Tax Deducted at Source (net of provision)	118.75	229.57
MAT Credit Entitlement	144.31	13.89
Total	270.59	252.61

(i) Advance Income Tax and Tax Deducted at Source is net of Provision for Tax Rs.133.87 Lakhs (31.03.17 - Rs. 7.02 Lakhs)

Note 11
CURRENT INVESTMENTS

(In ₹ Lakhs)

Particulars	31.03.2018	31.03.2017
Unquoted		
Investments in 'Sundaram Mutual fund' *	153.90	—
Total	153.90	—

* SUNDARAM MONEY FUND - 4,23,004.420 units of DIRECT GROWTH PLAN; NAV - Rs.154.96 Lakhs

Note 12
TRADE RECEIVABLES

(In ₹ Lakhs)

Particulars	31.03.2018	31.03.2017
Unsecured, Considered Good		
Outstanding for a period exceeding six months from due date	3.83	3.66
Others	549.14	423.68
	<u>552.97</u>	<u>427.34</u>
Unsecured, Considered doubtful		
Outstanding for a period exceeding six months from due date	1.55	6.07
Others	0.00	0.00
Less: Provision for doubtful debts	1.55	6.07
	—	—
Total	552.97	427.34

NOTES TO THE ACCOUNTS (Contd.)

Note 13

CASH AND BANK BALANCES

(In ₹ Lakhs)

Particulars	31.03.2018	31.03.2017
Cash and Cash Equivalents		
Cash-on-Hand	0.05	0.13
Balances with Banks		
In Current accounts	142.76	257.94
Total	142.81	258.07

Note 14

SHORT-TERM LOANS AND ADVANCES

(In ₹ Lakhs)

Particulars	31.03.2018	31.03.2017
Unsecured, Considered Good		
Employee Advances	0.87	4.98
Prepaid Expenses	39.51	42.88
Cenvat/GST input credit & Service tax refunds due	176.39	117.94
Rent Deposit	0.41	0.16
Others #	6.96	12.48
	<u>224.14</u>	<u>178.44</u>
Unsecured, Considered doubtful		
Loans due from ex-employees	2.49	2.49
Salary recoverable	0.29	0.30
	<u>2.78</u>	<u>2.79</u>
Less: Provision for doubtful loans & advances	2.78	2.79
	<u>-</u>	<u>-</u>
Total	224.14	178.44

Includes deposit paid for appeal against Service Tax dispute Rs.0.22 Lakhs (31.03.17 - Rs.0.22 Lakhs)

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

(In ₹ Lakhs)

Particulars	31.03.2018	31.03.2017
Unsecured, Considered Good		
Derivative Receivables	122.34	–
Unbilled Revenue	55.61	25.58
Total	177.95	25.58

Note 16
REVENUE FROM OPERATIONS

(In ₹ Lakhs)

Particulars	31.03.2018	31.03.2017
Business Process Outsourcing and Related Activities	2,731.42	2,678.33
Total	2,731.42	2,678.33

Note 17
OTHER INCOME

(In ₹ Lakhs)

Particulars	2017-18	2016-17
Interest	14.48	1.24
Net gain on Exchange Fluctuation	250.33	–
Provision for Doubtful Debts no longer required written back (Net provisions made during the year Rs.7.38 lakhs)	4.52	–
Miscellaneous Income *	4.53	1.30
Total	273.86	2.54

* Includes profit on sale of investments Rs.4.12 lakhs (Previous year : Rs.0.41)

Note 18
EMPLOYEE BENEFITS

(In ₹ Lakhs)

Particulars	2017-18	2016-17
Salaries, Allowances, Bonus etc	1,191.49	1,203.15
Contribution to Provident and other funds	64.00	70.62
Staff Welfare Expenses	20.34	23.54
Total	1,275.83	1,297.31

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

(In ₹ Lakhs)

Particulars	2017-18	2016-17
Rent	207.63	218.37
Communication expenses	35.16	36.28
Electricity expenses	68.18	72.71
Insurance	13.79	22.99
Travelling and Conveyance	94.17	77.74
Professional Charges	28.37	18.12
Rates and Taxes	1.69	3.68
Repairs and Maintenance		
Equipments	102.10	104.78
Others	54.63	61.70
Loss on Sale of Fixed Assets	0.10	0.00
Net loss on Exchange Fluctuation		45.02
Fixed Assets Discarded	–	1.30
Provision for Doubtful Debts		
- Sundry Debtors (net)	–	6.22
Training and Recruitment Expenses	14.04	17.07
Printing and Stationery	1.89	3.03
Bank Charges and Commission	6.86	10.10
Miscellaneous Expenses	19.05	27.14
Total	647.65	726.26
Miscellaneous Expenses	27.14	13.18
Total	937.05	791.60

Note 20**SALES AND MARKETING EXPENSES**

(In ₹ Lakhs)

Particulars	2017-18	2016-17
Sales and Marketing expenses	202.55	235.64
Total	202.55	235.64

Note 21**FINANCE COST**

(In ₹ Lakhs)

Particulars	2017-18	2016-17
Interest Expenses		
- CC Interest	0.46	2.50
- Term Loan	10.77	24.00
- Others	0.28	4.69
Total	11.51	31.19

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	2017 - 2018	2016 - 2017	2015 - 2016	2014 - 2015	2013 - 2014
Contribution to Provident Fund	35.55	37.65	38.35	40.00	29.78
Contribution to Employees' State Insurance	18.19	11.70	7.71	9.48	9.03
Contribution to Superannuation Fund	0.21	0.20	0.34	0.39	0.38

Gratuity:

Defined Benefit Plan

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

(In ₹ Lakhs)		
Particulars	31.03.2018	31.03.2017
Present value of obligations at the beginning of the year	47.25	29.48
Interest cost	3.43	2.31
Current service cost	8.21	8.48
Benefits paid	(2.24)	(1.30)
Past service liability – transferred in	-	-
Actuarial (gain) / loss on obligation	(10.10)	8.29
Present value of obligations at the end of the year	46.55	47.25

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

(In ₹ Lakhs)		
Particulars	31.03.2018	31.03.2017
Fair value of plan assets at the beginning of the year	27.28	24.96
Expected return on plan assets	3.15	2.59
Contributions	19.74	10.49
Benefits paid	(2.24)	(1.30)
Actuarial (loss)/gain on plan assets	(11.56)	(9.46)
Fair value of plan assets at the end of the year	36.38	27.28

NOTES TO THE ACCOUNTS (Contd.)

C. The amounts to be recognized in the balance sheet

(In ₹ Lakhs)

Particulars	31.03.2018	31.03.2017
Present value of obligations as at the end of year	46.55	47.25
Fair value of plan assets as at the end of the year	36.38	27.28
Funded status	(10.18)	(19.97)
Net assets/(liability) recognized in balance sheet	(10.18)	(19.97)

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

(In ₹ Lakhs)

Particulars	31.03.2018	31.03.2017
Current Service cost	8.21	8.48
Interest Cost	3.43	2.31
Expected return on plan assets	(3.15)	(2.59)
Net Actuarial (gain)/loss recognized in the year	1.46	2.59
Expenses recognized in statement of Profit and loss	9.94	25.95

E. Actuarial return on plan assets

(In ₹ Lakhs)

Particulars	31.03.2018	31.03.2017
Expected return on plan assets	3.15	2.59
Actuarial (gain)/loss on plan assets	(11.56)	(9.46)
Actual return on assets	(8.40)	(6.87)

F. Actuarial Assumptions *

(In ₹ Lakhs)

Particulars	31.03.2018	31.03.2017
Discount Rate	7.34%	7.25%
Expected return on plan assets	8.75%	8.75%
Rate of increase in compensation levels	5.00%	5.00%
Attrition rate	24%	24%

* 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	31.03.2018	31.03.2017	31.03.2016	31.03.2015	31.03.2014
Defined Benefit Obligation	46.55	47.25	29.48	26.56	29.30
Plan Assets	36.38	27.28	24.96	16.08	26.34
Surplus / (Deficit)	(10.18)	(19.97)	(4.51)	(10.48)	(2.96)
Experience adjustments on plan liabilities	9.95	2.59	(1.87)	18.91	23.18

NOTES TO THE ACCOUNTS (Contd.)

Other Long Term Benefits:

The Company's liability towards other long term benefits are provided based on actuarial valuation as at 31st March 2018. The details are given below:

Particulars	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014
Leave encashment	1.37	0.17	1.49	0.03	12.66

22.2. Miscellaneous expenses under "Administrative and other expenses" includes:

(In ₹ Lakhs)

Particulars	2017-2018	2016-2017
a) Remuneration to Auditors (Excluding Service Tax/GST) towards		
Statutory Audit	3.75	3.75
Tax Audit	1.00	1.00
Certification Fees	–	0.90
b) Director Sitting Fees:	1.90	1.20

22.3. Details of transactions with Related Parties:

Parties

Sundaram Finance Limited
Sundaram Finance Holdings Limited*
Sundaram BPO India Limited
Infreight Logistics Solutions Limited
LGF Services Limited
Sundaram Asset Management Company Limited
Sundaram Asset Management Singapore Pte Ltd
Sundaram BNP Paribas Fund Services Limited
Sundaram BNP Paribas Home Finance Limited
Sundaram Infotech Solutions Limited
Sundaram Insurance Broking Services Limited
Sundaram Trustee Company Limited
Royal Sundaram General Insurance Company Limited

Relationship

Holding Company (Before Demerger)
Holding Company (After Demerger)
Fellow subsidiary
Fellow subsidiary (Before Demerger)
Fellow subsidiary (Before Demerger)
Fellow subsidiary (Before Demerger)
Fellow subsidiary (Before Demerger)
Fellow subsidiary (Before Demerger)
Fellow subsidiary (Before Demerger)
Fellow subsidiary (till 27th Sep 2017)
Fellow subsidiary (Before Demerger)
Fellow subsidiary (Before Demerger)
Fellow subsidiary (Before Demerger)

Key Management Personnel:

Sri. Rajesh Venkat Chief Executive Officer - till 30th June 2017
Sri.Saket Drona Chief Executive Officer - 3rd July to 31st Aug 2017.
Sri. Manoj Arvindakshan Nair Chief Executive Officer - from 6th Sep 2017
Sri.Prem R Chief Financial Officer & Secretary - till 31st July 2017
Sri. T Kailashapathy Chief Financial Officer from 27th Jan 2018
Ms. S Shobana Secretary from 27th Jan 2018

* Formerly known as 'Sundaram Finance Distribution Limited'

NOTES TO THE ACCOUNTS (Contd.)

Related Party Transactions for the year ended 31st March 2018:

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 2017-18	Previous Year 2016-17
Expenses							
Sundaram Finance Limited							
a) Rent	94.72					94.72	126.29
b) Internal Audit	4.50					4.50	5.00
c) Web Hosting	0.77					0.77	1.03
d) Interest on Loan	10.77					10.77	24.00
e) Training						–	0.40
f) Insurance						–	
g) ITVO Charges	0.31					0.31	–
h) Vehicle Petrol	0.89					0.89	1.50
Sundaram BPO India Limited							
a) Infrastructure charges			48.90			48.90	45.45
Royal Sundaram General Insurance Co. Limited							
a) Insurance			1.74			1.74	2.34
Employee Benefit Expenses							
					55.31	55.31	77.27

(In ₹ Lakhs)

Nature of Transactions	Holding Company	Subsidiary Company	Fellow Subsidiaries	Joint venture/ Associate	KMP	Total 2017-18	Previous Year 2016-17
Asset - Outstanding Balance as on 31.03.2018							
Receivables							
Sundaram Finance Limited						–	1.35
Insurance Deposit							
Royal Sundaram General Insurance Co Limited						–	0.20
Liabilities – Outstanding Balance as on 31.03.2018							
Inter Corporate Loans							
Sundaram Finance Limited (Maximum outstanding during the year is Rs. 200 Lakhs)						–	200.00
Payables							
Remuneration payable to KMP					3.30	3.30	10
Sundaram BPO India Limited			4.78			4.78	4.25
Sundaram Finance Limited						–	10.95

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

SUNDARAM BUSINESS SERVICES LIMITED

NOTES TO THE ACCOUNTS (Contd.)

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

22.5. Earnings per Share (Basic and diluted):

(In ₹ Lakhs)

Particulars	2017-18	2016-17
A. Profit for the year after taxation	655.83	121.69
B. Total number of equity shares of Rs.10/- each outstanding at the end of the year (in numbers)	150,00,000	150,00,000
C. Basic and diluted earnings per share (₹) (A/B)	4.37	0.81

22.6. Foreign Currency Transactions: (on Accrual Basic)

(In ₹ Lakhs)

Particulars	2017-18	2016-17
Earnings in Foreign Currency		
Income from Services	2,715.11	2,658.76
Expenditure in Foreign Currency		
Salaries, travel, office expenses	434.39	409.16

22.7. Claims against the Company not acknowledged as debt:

(In ₹ Lakhs)

Particulars	2017-18	2016-17
Service Tax matters – appeal filed by the Company	2.92	4.95
Income Tax matters – appeal filed by the Company	1.38	1.08

22.8. The Liability in respect of Guarantee issued by bank amounts to ₹50 lakhs.

22.9. The Current tax of ₹4.82 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.

22.10. a) Sri T Kailashpathy, Chief Financial Officer with effect from 27th Jan 2018 was nominated by Sundaram Finance Holdings Limited, the Holding company and no remuneration is borne by this company.

b) Ms. Shobana S, Company Secretary with effect from 27th Jan 2018 was nominated by the then holding company Sundaram Finance Limited and no remuneration is borne by this company

22.11. The pending litigations as on 31st March, 2018 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.

NOTES TO THE ACCOUNTS (Contd.)

- 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 ₹9.41 Lakhs (₹15.91 Lakhs as at 31 March 2017).
- 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 - ₹ NIL (31.03.17 - ₹0.29 Lakhs)
- 22.15. Employee Benefits includes ₹40.15 lakhs paid as managerial remuneration.
- 22.16. Prior year figures have been regrouped/reclassified wherever necessary to confirm to current year's classification.

As per our report of even date attached
For **For Sundaram & Srinivasan**
Chartered Accountants
FRN 004207S
S. USHA
Partner
Membership No. : 211785
Chennai
Date: 26.04.2018

T T Srinivasaraghavan
T. K Sundararajan
Directors

T Kailashapathy
Chief Financial Officer

Shobana S
Secretary

Manoj Arvindakshan Nair
Chief Executive Officer