

SUNDARAM BUSINESS SERVICES LIMITED

15th ANNUAL REPORT 2019-20



Board of Directors	T. T. Srinivasaraghavan M Ramaswamy T K Sundararajan S Preetha R Venkatraman	Chairman
Audit Committee	T K Sundararajan S Preetha M Ramaswamy	Chairman
Nomination & Remuneration Committee	T K Sundararajan S Preetha T .T . Srinivasaraghavan	Chairman
Corporate Social Responsibility Committee	R Venkatraman T. T. Srinivasaraghavan M Ramaswamy	Chairman
Chief Executive Officer	Manoj Arvindakshan Nair	
Chief Financial Officer	Suresh I S	
Company Secretary	S Shobana	
Bankers	HDFC Bank Limited Hongkong and Shanghai Banking Corporation Limited State Bank of India ICICI Bank Limited	
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	Virtual Office in Australia Scottish House Level 4, 90 William St, 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 Fifteenth Annual Report and Audited Accounts of the Company for the year ended 31st March 2020.

The summarised financial results of the Company are given hereunder:

(₹ in lakhs)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Total Income	4077	4189
Total Expenditure	3576	3702
Profit before Tax	501	487
Provision for Taxation (includes deferred tax)	175	127
Profit after Tax	326	360
Other Comprehensive Income	281	48
Total Comprehensive Income	607	408

REVIEW OF OPERATIONS

Your Company posted revenues of ₹4,077 lakhs during the financial year 2019-20 as against revenues of ₹4,189 lakhs for the previous year. The profit after tax for the year was at ₹607 lakhs as against ₹408 lakhs in the previous year. The profit includes incentive from SEIS and gains from our forward derivative contracts.

In International business, our revenue in terms of Australian Dollars has remained the same when compared with last year. During the year, we lost a few customers but have also onboard new customers.

We have effectively managed and reduced our overall cost of operations.

OUTLOOK

In these tough COVID pandemic period, we are proud of how all the teams have come together and worked to ensure the safety and

well-being of each other and continue to provide services to our customers.

During the lockdown period (started on 23 Mar 2020), we started delivering services through Work-From-Home (WFH) model to the customers who had given approval to us to implement WFH model.

The nationwide lockdown during the last week of March 2020 did not impact our billing for the month of March as we did 100% billing.

As next steps, we want to expand WFH post the lock down, depending on measures enforced by the government. The plan is to expand WFH to clients who gave us the approval and provide WFH closer to 100% of their processes.

As the scenarios associated with COVID 19 are constantly evolving, the impact of COVID 19 on our business for rest of the year will depend on future developments that cannot be easily predicted at this point. We will closely monitor any material changes to future economic conditions.

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 T K Sundararajan and Ms. S Preetha were appointed as Independent Directors for a further period of 5 years from 28th March 2020 to 27th March 2025.

DECLARATION OF INDEPENDENCE

The Independent Directors have submitted declarations 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, the Nomination and Remuneration Committee (NRC) met 3 times during the year and the Corporate Social Responsibility Committee met 2 times during the year.

NUMBER OF MEETINGS OF THE BOARD

During the year under review, 6 meetings of the Board of Directors were held.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company has contributed towards Education, in accordance with the CSR policy. Steps have been taken to put in place necessary infrastructure to identify worthy causes which can be supported on an ongoing basis.

The Annual Report on CSR Activities undertaken by the Company for the Financial Year 2019-20, is annexed with this report, vide Annexure I.

The composition of Corporate Social Responsibility committee is furnished below:

Sri R Venkatraman, Chairman

Sri T T Srinivasaraghavan, Member

Sri M Ramaswamy, Member

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 annexed with this report, vide Annexure II.

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.

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

There were no loans or guarantees given by the Company during the year ended 31st March 2020.

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 III

SECRETARIAL AUDIT

In compliance with Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company, being a material unlisted subsidiary of Sundaram Finance Holdings Limited, a listed company has appointed Mr. A. Kalyana Subramaniam, Practicing Company Secretary, Chennai as the Secretarial Auditor of the Company. The Secretarial Audit Report as provided by him is annexed to this Report, vide Annexure - IV.

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 2020, is enclosed vide Annexure V.

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 ₹421.77 lakhs. Foreign Currency earnings amounted to ₹2871.61 lakhs.

DEPOSITS

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

AUDITORS

M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, were appointed as Statutory Auditors of your Company to hold office for

a term of five (5) consecutive years from the conclusion of the 12th Annual General Meeting until the conclusion of 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 at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors.

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 2019-20.

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

R Venkatraman

S Preetha

Directors

Chennai 600 002

Date: 11th May 2020

Annual Report on CSR Activities for The Financial Year 2019-20

1. **A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:**

CSR Policy of the Company is available in our website under the following link:

<http://www.sundarambizserv.com/>

2. **The Composition of the CSR Committee:**

Sri R Venkatraman, Chairman

Sri T.T. Srinivasaraghavan

Sri M Ramaswamy

3. **Average net profit of the company for last three financial years:**

₹361.24 lakhs

4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):**

₹7.22 lakhs

5. **Details of CSR spent during the financial year:**

(a) Total amount to be spent for the financial year: ₹7.22 lakhs

(b) Amount unspent, if any – Nil

(c) Manner in which the amount spent during the financial year is detailed below:

(₹ in lakhs)

1	2	3	4	5	6	7	8
Sr No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programmes (1) Local area or other (2) Specify the State and district where projects or programmes were undertaken	Amount outlay (budget) project or programme-wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or program (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
(1)	Promoting Education	Education	Tamilnadu - Chennai	7.25	7.25	7.25	7.25
	TOTAL			7.25	7.25	7.25	7.25

6. **In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report:**

Not Applicable

7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company:**

We hereby state that implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

Manoj Arvindakshan Nair

Chief Executive Officer

R Venkatraman

Chairman - CSR Committee

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 Whole-time 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;
- (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.

Annexure III

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
R Venkatraman
S Preetha
 Directors

Form No. MR-3

Secretarial Audit Report

For the Financial Year Ended 31.03.2020

[Pursuant to Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,

The Members

Sundaram Business Services Limited

CIN-U74140TN2005PLC057179

21, Patullos Road,

Chennai – 600002.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Sundaram Business Services Limited (hereinafter called the Company) with CIN-U74140TN2005PLC057179. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of M/s. Sundaram Business Services Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in our opinion, the Company has, during the audit period ended on 31.03.2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

2. I have examined:

The books, papers, minute books, forms and returns filed and other records maintained by M/s. Sundaram Business Services Limited for

the period ended on 31.03.2020 according to the provisions (to the extent applicable to the Company) of:

- I. The Companies Act, 2013 (the Act) and the Rules made thereunder and the applicable provisions of the Companies Act, 1956;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company :-
 - a. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, and
 - c. The Memorandum and Articles of Association.

I have also examined compliance with the applicable clauses of the following:

Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc mentioned above and there are no other specific observations requiring any qualification on non-compliances.

3. I further report that:

- a. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no changes in the composition of the Board of Directors during the period under review.
 - b. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
 - c. Majority decision is carried through and there are no dissenting directors / members view as part of the minutes.
 - d. The Company has obtained all necessary approvals under the various provisions of the Act; and
 - e. There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Act, SEBI Act, SCRA, Depositories Act, , Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.
 - f. The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel;
4. The Company has complied with the provisions of the FEMA, 1999 and the Rules and Regulations made under that Act to the extent applicable.

I further report that:

- a. the Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
- b. the Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;

I further report that based on the information received and records maintained there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the period the company has completed the scheme of Amalgamation between this company and Sundaram BPO India Limited , wherein entire portion of the business portfolio of Sundaram BPO India Limited is transferred to this company as per the orders from NCLT.

A Kalyana Subramaniam

(ACS No.11400)

Place: Chennai

(C.P No. 16345)

Date: 11th May 2020

UDIN No:A011400B000226637

FORM NO. MGT-9**Extract of Annual Return as on the financial year ended on 31st March 2020**

[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	L65100TN1993PLC025996	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	–	2,23,67,291	2,23,67,291	100.00	–
(d)	Banks / FI	–	–	–	–	–	–	–	–	–
(e)	Any Other	–	–	–	–	–	–	–	–	–
	Sub-Total (A) (1)	–	1,50,00,000	1,50,00,000	100.00	–	2,23,67,291	2,23,67,291	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	–	2,23,67,291	2,23,67,291	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	–	–	–	–	–	–	–	–	–

Paid up share capital has been increased pursuant to the Scheme of Amalgamation

	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 ₹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	–	2,23,67,291	2,23,67,291	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 Holdings Limited	1,50,00,000	100.00	–	2,23,67,291	100.00	–	–
	Total	1,50,00,000	100.00	–	2,23,67,291	100.00	–	–

Paid up share capital has been increased pursuant to the Scheme of Amalgamation

(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 Holdings Limited*				
At the beginning of the year	1,50,00,000	100.00	1,50,00,000	67.06
Increase / Decrease in Promoters Share holding during the year [#]			73,67,291	32.94
At the end of the Year	1,50,00,000	100.00	2,23,67,291	100.00

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

Paid up share capital has been increased pursuant to the Scheme of 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	–	–	–	–
	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	–	–	–	–
	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 R Venkatraman, Director				
	At the beginning of the year	–	–	–	–
	Increase / Decrease in Share holding during the year	–	–	–	–
	At the end of the Year	–	–	–	–
6	Sri Manoj Arvindakshan Nair, Chief Executive Officer				
	At the beginning of the year	–	–	–	–
	Increase / Decrease in Share holding during the year	–	–	–	–
	At the end of the Year	–	–	–	–
7	Sri Suresh I S, Chief Financial Officer				
	At the beginning of the year	–	–	–	–
	Increase/Decrease in Shareholding during the year	–	–	–	–
	At the end of the year	–	–	–	–
8	Ms. S Shobana, Company Secretary*				
	At the beginning of the year	1	–	–	–
	Increase / Decrease in Share holding during the year	–	–	–	–
	At the end of the Year	–	–	1	–

* 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

(Amount in ₹)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	NIL			
(i) Principal Amount				
(ii) Interest due but not paid				
(iii) Interest accrued but not due				
Total (i + ii + iii)				
Change in Indebtedness during the financial year				
Addition				
Reduction				
Net Change				
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) 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		

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	0.70	–	–	0.70
Ms S Preetha	0.70	–	–	0.70
Sri R Venkatraman	0.45	–	–	0.45
Total (1)	1.85	–	–	1.85
Other Non- Executive Directors				
Sri T T Srinivasaraghavan	–	–	–	–
Sri M Ramaswamy	–	–	–	–
Total (2)	–	–	–	–
Total (B) = (1 + 2)	1.85	–	–	1.85
Total Managerial Remuneration				
Overall Ceiling as per the Act	Not Applicable			

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

(In ₹)

Sl. No.	Particulars of Remuneration	CEO	CFO	Secretary*	Total Amount
1	Gross Salary				
	a) Salary as per provisions contained in Section 17 (1) of the Income-tax Act, 1961	39,67,337	34,10,000	–	73,77,337
	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	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)	39,67,337	34,10,000	Nil	73,77,337

* Ms. S Shobana, Company Secretary 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 2020.

INDEPENDENT AUDITOR'S REPORT

To the Members of Sundaram Business Services Limited

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Sundaram Business Services Limited (“the Company”), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act 2013 (“The Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the act, read with the Companies (Indian Accounting Standards) Rules 2015 as amended (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and its profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (“SA”) specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. 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.

Emphasis of Matter

We draw attention to Note no: 24.22 on the impact of COVID 19 Pandemic in the financial statements in which the management has described the probable impact on the company and the environment in which it operates as well as the measures taken and planned to deal with these circumstances or events. This note also indicates that uncertainties exist and that currently it is not possible to reasonably estimate the future impact. Our opinion is not modified in this matter.

Information Other than the Financial Statements and Auditor’s Report Thereon

The Company’s Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board’s Report including Annexures to Board’s Report, Business Responsibility Report, Corporate Governance and Shareholder’s Information, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for Financial Statements

The Company’s Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation

of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity 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 the Companies (Indian Accounting Standards) Rules, 2015. 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibility for Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

- 1) 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" to this Report, a statement on the matters specified in para 3 and 4 of the said Order.
- 2) 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, the Statement of Changes in Equity and the Statement of Cash Flows 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 including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting

Standards) Rules, 2015;

- (e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 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) As regards Managerial Remuneration paid to Directors, refer to Note No: xi of Annexure A to this Report.
- (h) 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 impact of pending litigations on its financial position in its financial statement – Refer Note 24.15, 24.17 and 24.18 to the financial statements;
 - ii. the Company does not have any long-term contracts including derivative contracts, for which there were any material foreseeable losses;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection fund by the Company;

for **SUNDARAM AND SRINIVASAN**
Chartered Accountants
(Firm's Registration No. 004207S)

S. USHA
Partner

Place: Chennai
Date: 11th May 2020

Membership No. 211785
UDIN: 20211785AAAABR5719

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

With reference to the Annexure A referred to in paragraph 1 under the heading "Report on other Legal and Regulatory Requirements" of the Independent Auditor's report to the members of Sundaram Business Services Limited on the Financial Statements for the year ended 31 March 2020, we report that:

- (i) (a) The Company is maintaining 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.
- (ii) The Company does not have any inventory and hence reporting under Clause 3(ii) of the Order is not applicable.
- (iii) 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.
- (iv) 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. Accordingly, reporting under clause 3 (iv) of the Order does not arise.
- (v) The Company has not accepted any deposits within the meaning of sections 73 to 76 or any other relevant provisions of the

Act and the rules framed thereunder. Accordingly, reporting under clause 3 (v) of the Order does not arise.

- (vi) The Central Government has not prescribed the maintenance of cost records for the Company u/s. 148(1) of the Companies Act, 2013. Accordingly, reporting under clause 3 (vi) of the Order does not arise.
- (vii) (a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, goods and service tax duty of customs, duty of excise, value added tax, cess and other statutory dues applicable to it during the year with appropriate authorities.

There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues outstanding as at 31 March 2020 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, no amount of income tax, sales tax, service tax, duty of excise and goods & service tax as at 31 March 2020 is pending to be deposited on account of disputes
- (viii) The Company did not have any loans or borrowings from any financial institutions, bank or Government and has not issued any debentures. Accordingly, reporting under clause 3 (viii) of the Order does not arise.
- (ix) The Company did not have any term loans during the year and has not raised any money by way of initial public offer or further public offer (including debt instruments). Accordingly, reporting under clause 3 (ix) of the Order does not arise.

- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud by the Company, or any instances of frauds on the Company by its officers or employees, noticed or reported during the year, nor we have been informed of such cases by the management.
- (xi) The Managerial Remuneration has been paid in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company. Accordingly, reporting under clause 3(xii) of the Order does not arise.
- (xiii) The transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, reporting under clause 3 (xiv) of the Order does not arise.
- (xv) The Company has not entered into any non-cash transactions with directors or persons connected with the directors during the year. Accordingly, reporting under clause 3 (xv) of the Order does not arise.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clause 3 (xvi) of the Order does not arise.

for **SUNDARAM AND SRINIVASAN**
Chartered Accountants
(Firm's Registration No. 004207S)

S Usha
Partner

Place: Chennai
Date : 11th May 2020

Membership No. 211785
UDIN: 20211785AAAABR5719

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2(f) 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 (Act)

We have audited the internal financial controls over financial reporting of Sundaram Business Services Limited ("the Company") as of 31 March 2020 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

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 ("the Guidance Note") 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 ("the Act").

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 and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, 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 ICAI. 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 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.

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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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, to the best of our information and according to explanations given to us, 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 31 March 2020, 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 issued by the ICAI.

for **SUNDARAM AND SRINIVASAN**
Chartered Accountants
(Firm's Registration No. 004207S)

S Usha
Partner

Place: Chennai
Date : 11th May 2020

Membership No. 211785
UDIN: 20211785AAAABR5719

Balance Sheet

as at 31st March, 2020

(In ₹ lakhs)

	Notes	31st March 2020	31st March 2019
ASSETS			
Non-Current Assets			
(a) Property Plant and Equipment	2	148.14	101.78
(b) Other Intangible assets	3	19.04	24.06
(c) Financial assets others	4	112.10	102.13
(d) Deferred Tax assets (Net)	5	-	108.78
(e) Other non-current assets	6	322.31	314.09
Total Non - Current Assets		601.59	650.84
Current Assets			
(a) Financial Assets			
(i) Current Investments	7	540.71	329.53
(ii) Trade Receivables	8	510.14	701.75
(iii) Cash and Cash Equivalents	9	832.31	454.61
(iv) Derivatives	10	575.74	247.99
(b) Current Tax assets (Net)		3.01	68.70
(c) Other Current assets	11	399.93	377.29
Total Current Assets		2861.84	2179.87
Total Assets		3463.43	2830.71
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	12	2236.73	1500.00
(b) Other Equity	13	884.13	1014.66
Total Equity		3120.86	2514.66
Non-Current Liabilities			
(a) Provisions	14	39.07	29.67
(b) Deferred Tax Liabilities (Net)	5	35.99	-
Total Non - Current Liabilities		75.06	29.67
Current Liabilities			
(a) Financial Liabilities			
(i) Trade Payables	15	59.28	92.61
(b) Provisions	16	155.47	125.68
(c) Other Current Liabilities	17	52.76	68.09
Total Current Liabilities		267.51	286.38
Total Liabilities		342.57	316.05
Total Equity and Liabilities		3463.43	2830.71

Significant Accounting policies and Notes to the Accounts

As per our report of even date attached
For **Sundaram & Srinivasan**
Chartered Accountants
FRN 004207S
S. USHA
Partner
Membership No. : 211785
Chennai
11th May 2020

Suresh I S
Chief Financial Officer

Shobana S
Secretary

Manoj Arvindakshan Nair
Chief Executive Officer

T T Srinivasaraghavan
Director

T. K Sundararajan
Director

SUNDARAM BUSINESS SERVICES LIMITED

Statement of Profit and Loss

for the Year Ended 31st March, 2020

(In ₹ lakhs)

	Notes	31st March 2020	31st March 2019
Income			
Revenue from Operations	18	3649.74	4051.11
Other Income	19	427.49	137.65
Total Revenue		4077.23	4188.76
Expenses			
Employee Benefits	20	2140.18	2219.66
Administrative and Other Expenses	21	1093.72	1176.59
Sales & Marketing Expenses	22	280.18	228.56
Finance Costs	23	–	5.77
Depreciation	2 & 3	62.2	71.63
Total Expenses		3576.28	3702.21
Profit Before Tax		500.95	486.55
Current tax		139.46	102.88
Deferred tax		35.84	24.32
Tax Expense		175.30	127.20
Profit After Tax		325.65	359.35
Other Comprehensive Income, Net of Deferred Tax			
<i>Items that will be reclassified to Statement to Profit & Loss:</i>			
Changes in fair value of derivative instrument net of tax		263.72	63.62
<i>Items that will not be reclassified to Statement to Profit & Loss:</i>			
Remeasurement of Post Employment Benefit Obligation net of tax		(16.83)	15.48
Total Other Comprehensive Income for the year		280.55	48.14
Total Comprehensive Income for the Year		606.20	407.49
Total Profit attributable to Equity Shareholders		325.65	359.35
Earnings per Equity Share:			
Weighted Average Number of Shares considered (Face Value ₹10/- per share)		22367291	15000000
Basic and Diluted earnings per share (in Rupees)		1.46	2.40
Significant Accounting policies and Notes to the Accounts	(1 to 24)		

As per our report of even date attached
For **Sundaram & Srinivasan**
Chartered Accountants
FRN 004207S
S. USHA
Partner
Membership No. : 211785
Chennai
11th May 2020

Suresh I S
Chief Financial Officer

Shobana S
Secretary

T T Srinivasaraghavan
Director

T. K Sundararajan
Director

Manoj Arvindakshan Nair
Chief Executive Officer

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2020

(a) Equity Share Capital

	No of Shares	Amount in ₹ lakhs
AUTHORISED SHARE CAPITAL		
As at 01 April 2019	1,50,00,000	15,00.00
Increase during the year (*)	1,52,50,000	15,25.00
As at 31 March 2020	3,02,50,000	30,25.00
ISSUED, SUBSCRIBED AND FULLY PAID UP CAPITAL		
As at 01 April 2019	1,50,00,000	15,00.00
Increase during the year (*)	73,67,291	7,36.73
As at 31 March 2020	2,23,67,291	22,36.73

(*) Pursuant to the Scheme of Amalgamation. Refer Note 24.1

(b) Other equity

(₹in lakhs)

Particulars	Reserves and Surplus			OCI (**) Cash flow Hedge Reserve	Total
	Capital Reserve	General Reserve	Retained Earnings		
Balance as at 31 March 2018	–	–	(110.31)	49.08	(61.23)
Profit for the year	–	–	359.35	–	359.35
Other Comprehensive Income	–	–	(15.48)	63.62	48.14
Pursuant to Scheme of Amalgamation	210.33	27.00	(305.66)	–	(68.33)
Balance as at 31 March 2019	210.33	27.00	(72.10)	112.70	277.93
Profit for the year	–	–	325.65	–	325.65
Other Comprehensive Income	–	–	16.83	263.72	280.55
Balance as at 31 March 2020	210.33	27.00	270.38	376.42	884.13

(**) OCI - Other Comprehensive Income

As per our report of even date attached
For **Sundaram & Srinivasan**
Chartered Accountants
FRN 004207S
S. USHA
Partner
Membership No. : 211785
Chennai
11th May 2020

Suresh I S
Chief Financial Officer

Shobana S
Secretary

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

CASH FLOW STATEMENT

(In ₹ lakhs)

	31st March 2020	31st March 2019
(A) Cash Flow from Operating Activities		
Profit before Taxation	500.95	486.55
Add: Financial Cost	–	5.77
Adjustments:		
Depreciation & Amortisation	62.20	71.63
(Profit)/Loss on sale of Investments	(15.44)	(13.76)
(Profit)/Loss on sale of Fixed assets	0.01	(0.25)
Operating Profit before working capital changes	547.71	549.94
Changes in assets and liabilities		
(Increase) Decrease in Other Current Assets	(42.96)	(231.67)
(Increase) Decrease in Other Non Current Assets	41.32	(217.56)
(Increase) Decrease in Trade Receivables	191.61	(152.25)
(Increase) Decrease in Derivative Asset	(14.76)	(37.51)
Increase (Decrease) in Other Long-Term Provisions	45.39	18.36
Increase (Decrease) in Other Short-Term Provisions	29.79	32.02
Increase (Decrease) in Trade Payables	(33.33)	5.69
Increase (Decrease) in Other Current Liabilities	1.50	(16.14)
Cash Generated from Operations	766.28	(49.12)
Less: Direct Tax Paid	(89.29)	(77.60)
Net Cash from Operating Activities	676.99	(126.72)
(B) Cash Flow from Investing Activities		
(Purchase)/Sale of mutual funds units (net)	(195.74)	(160.77)
Sale of Fixed Assets	0.46	7.67
On account of Scheme of Amalgamation	–	597.05
Purchase of Fixed Assets	(104.01)	(29.18)
Net Cash from Investing Activities	(299.29)	414.77
(C) Cash Flow from Financing Activities		
Financial Cost incurred during the year	–	(5.77)
Net Cash from Financing Activities	–	(5.77)
Net Increase in Cash And Cash Equivalents (A)+(B)+(C)	377.70	282.28
Cash and Cash Equivalents at the Beginning of The Year	454.61	172.33
Cash And Cash Equivalents at the End of the Year	832.31	454.61
Components of Cash And Cash Equivalents as at the End of the Year		
Bank Balances	832.25	454.52
Cash In Hand	0.06	0.09
Total Cash And Cash Equivalents as at the End of the year	832.31	454.61

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

NOTES TO THE ACCOUNTS

Notes forming part of the Financial Statements for the period ended 31 March 2020

(All amounts are in Indian Rupees Lakhs, except share data and as otherwise stated)

NOTE 1: COMPANY OVERVIEW AND SIGNIFICANT ACCOUNTING POLICIES

Company Overview

Sundaram Business Services Ltd. (SBS) is a leading global outsourcing company incorporated in India with its registered office at #21, Patullos Road, Chennai 600 002. SBS offers accounting, tax, superannuation, mortgage, portfolio administration and other back office services to large and mid-sized accounting firms, mortgage aggregators and investment companies in Australia, New Zealand, UK and India.

SBS is a 100% subsidiary of Sundaram Finance Holdings Limited.

SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed by Ministry of Corporate Affairs under Companies (Indian Accounting Standards) Rules, 2015, provisions of the Companies Act, 2013, to the extent notified and pronouncements of the Institute of Chartered Accountants of India.

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

The financial statements have been prepared under accrual basis of accounting as a going concern and on the historical cost convention except for certain financial assets and liabilities (as per the accounting policy below), which have been measured at fair value.

1.2 Basis of measurement

The financial statements are prepared and presented under the historical cost convention and on accrual basis, except for the following material items that have been measured at fair value as required by relevant Ind AS

- i) Derivative financial instruments;
- ii) Certain financial assets and liabilities measured at fair value
- iii) Defined benefit plans and other long-term employee benefits

1.3 Operating Cycle

The assets and liabilities have been classified as current and non-current based on 12 month operating cycle.

NOTES TO THE ACCOUNTS (Contd.)

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions that affect the reported amounts of revenues and expenses, balances of assets and liabilities, and disclosure of contingent liabilities as at the date of the financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in the current and future periods.

1.5 Measurement of Fair Values

The Company's accounting policies and disclosures require the measurement of financial and non-financial assets and liabilities at fair values. The Company has established policies and procedures with respect to measurement of fair values.

The Company's policy on Fair Valuation is stated below.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole;

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price.

Level 2: The fair valuation of instruments not traded in active markets is determined using valuation techniques. These valuation techniques maximize the use of observable market data and minimize the use of entity specific estimates (All significant inputs to the fair value measurement is observable)

Level 3: Valuation techniques for one or more significant inputs to the fair value measurement is unobservable.

1.6 Revenue Recognition

The company applies the five step process given below, as prescribed in IND AS 115 in recognizing its revenue

- identify contracts with customers
- identify the separate performance obligation
- determine the transaction price of the contract
- allocate the transaction price to each of the separate performance obligations, and
- recognize the revenue as each performance obligation is satisfied.

The Company assessed the impact of Ind AS 115 and reasonably estimated that there is no material impact on the revenue recognition on its financial statement.

Revenue is measured at the fair value of the consideration received or receivable and net of returns, trade allowances, rebates and amounts collected on behalf of third parties. It excludes Value Added Tax, Central Sales Tax and Goods and Service tax.

Revenue from Services:

Revenue from Services is recognized in the accounting period in which the services are rendered and when invoices are raised.

Other income:

Other income primarily comprises of interest, Incentive from SEIS, foreign exchange gain/loss on financial assets / financial liabilities and on translation of other assets and liabilities

- i) Interest income is recognized in the Statement of Profit and Loss using effective interest method at the time of accrual.
- ii) Foreign currency gain or loss is reported on net basis and includes gain or loss in respect of concluded forward contracts.

1.7 Property, Plant and equipment

The property plant and equipment are the assets held for the use in the supply of services. Property, plant and equipment's are stated in the balance sheet at cost (net of duty/ tax credit availed) less accumulated depreciation and accumulated impairment losses.

Cost of acquisition is inclusive of freight, non-refundable duties & taxes and other directly attributable cost of bringing the asset to its working condition for the intended use.

An item is recognized as property plant and equipment if and only if it is probable that future economic benefits associated with the item will flow to the company and its costs can be measured reliably.

Subsequent expenditure is added to the carrying amount or recognized as separate asset.

Depreciation commences when the assets are ready for their intended use.

Depreciation is recognized to write off, the cost of assets less their residual values over their useful lives, using the written down value method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Estimated useful lives of the assets, based on internal assessment, which are different in certain cases from those prescribed in Schedule II to the Act, are as follows:

Computer Equipment: Servers	10 years
Computer Equipment: End User devices	7 Years
Office Equipment	8 Years
Electrical Equipment	15 Years

The property plant and equipment with definite life are reviewed for impairment whenever the events or changes indicate that their carrying value may not be recoverable.

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

An item of the property plant equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of the item of property plant equipment is determined as the difference between the sale proceeds and carrying amount of the asset and is recognized in profit and loss.

1.8 Intangible assets and amortization

Intangible assets represent Computer Software acquired / developed whose cost is amortized over 36 months (expected useful life).

Intangible assets are recognized in books only when it is probable that future economic benefits associated with the asset will flow to the company and the cost can be measured reliably.

The cost of the intangible asset shall include the purchase price, including non-refundable duties and taxes, all the directly attributable costs to bring the intangible to the present location, working condition and intended use.

1.9 Leases

The Company has adopted IND AS 116 in recognising the lease commitment.

The Company shall recognize the right to use assets on the basis of the corresponding lease liabilities upon commencement date of lease.

At the commencement date, Company shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

Short term leases with a term of less than twelve months and leases where the underlying asset has a low value will not be recognized for lease accounting. The same applies to contract with a remaining term of less than a year up on first time application of this standard.

1.10 Impairment

i) Non-financial Assets

The Company assesses at each balance sheet date whether there is any indication that a carrying amount of a non-financial asset or a group of non-financial assets may not be recoverable and hence require to be impaired. If any such indication exists, the Company estimates the recoverable amount of these assets. Recoverable amount is the higher of an asset's fair value adjusted for costs of disposal and the value in use.

ii) Financial Assets

a) Receivables

The Company recognizes impairment loss allowances based on life time expected credit loss at each reporting period from its initial recognition.

b) Other financial assets

For all other financial assets, expected credit losses (ECL) are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case the same is measured at lifetime ECL.

1.11 Investments

Investments in Mutual Funds are measured at fair value and accounted through Profit and Loss (FVTPL)

1.12 Derivative financial instruments

The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in foreign exchange rates on forecasted cash flows denominated in foreign currencies. The counterparty for these contracts is generally a bank.

Derivatives are recognized and measured at fair value. Attributable transaction costs are recognized in the Statement of Profit and Loss.

Cash flow hedges: Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized in other comprehensive income and presented within equity in the cash flow hedging reserve to the extent that the hedge is effective.

To the extent that the hedge is ineffective, changes in fair value are recognized in the statement of profit and loss.

1.13 Foreign Currency Translation

The functional currency of the Company is the Indian Rupee. These financial statements are presented in Indian Rupee.

Foreign currency transactions are translated and 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 Statement of Profit and Loss

1.14 Cash and Cash Equivalents

For the purpose of presentation in the Statement of Cash flows, cash and cash equivalents include cash on hand and highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant change in value.

Statement of cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.15 Employee benefits

i) Short term employee benefits

As per the employment policy of the company, short term employee benefits for services rendered by employees are recognized during the period when the services are rendered.

ii) Defined contribution plans

a) Superannuation:

The Company contributes to the Superannuation fund, which is managed by the Life Insurance Corporation of India (LIC). The contributions are charged to the Statement of Profit and Loss.

b) Provident Fund:

The Provident Fund contributions are made to the government administered Provident Fund and Employees' Pension Scheme under the Employees Provident Fund Act and to Employees' State Insurance Schemes on behalf of its employees. The contributions are accounted for as defined contribution plans and recognized as employee benefit expense in statement of profit and loss.

iii) Defined Benefit Plans

a) 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 actuarial valuation as at Balance Sheet date, determined every year by LIC using the projected unit credit method.

b) Leave Encashment:

The Company makes an annual contribution to a staff leave encashment scheme managed by SBI Life Insurance Company Limited. The Company accounts its liability based on actuarial valuation as at Balance Sheet date, determined every year by using the projected unit credit method.

1.16 Taxation

Income-tax expense comprises current tax and deferred tax charge or credit (reflecting the tax effects of temporary differences between tax bases of assets and liabilities and their carrying amounts in the financial statements). Taxes are recognized in the Statement of Profit and Loss except to the extent it relates to items directly recognized in equity or in the Other Comprehensive Income.

i) Current tax

Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961. Current tax comprises the tax payable on the taxable income or loss for the year and any adjustment to the tax payable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

ii) Deferred Income Tax

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences can be utilized.

Deferred tax assets are reviewed at each reporting date and based on management's judgment, are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

iii) Current and Deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

1.17 Provision and Contingent Liabilities

i) Provision

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.

ii) Contingent Liability

Contingent liabilities are disclosed when

- there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company (or)
- there is a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

1.18 Earnings per share

The basic earnings per share has been computed by dividing the net income attributable to equity shareholders by weighted average number of shares outstanding during the year.

The diluted earnings per share has been computed using weighted average number of shares adjusted for effects of all potentially dilutive equity shares.

NOTES TO THE ACCOUNTS (Contd.)

NOTE 2: PROPERTY, PLANT AND EQUIPMENT

in ₹ lakhs

Description	Gross Block				Depreciation				Net Block	
	As at 1 April 2019	Additions	Deletions	As at 31 March 2020	As at 1 April 2019	Additions	Deletions	As at 31 March 2020	As at 31 March 2020	As at 31st March 2019
IT Network, Servers	84.61	4.05	–	88.66	34.59	16.97	–	51.56	37.10	50.02
Desktops, Laptop and Printer	33.27	72.79	0.38	1,05.68	15.00	16.88	0.04	31.84	73.84	18.27
Electrical Equipment	18.43	1.56	–	19.99	4.56	1.94	–	6.50	13.49	13.87
Furniture and Fixtures	8.00	1.56	–	9.56	2.78	1.42	–	4.20	5.36	5.22
Motor Cars	2.72	–	2.72	–	2.72	–	2.72	–	–	–
Office Equipments	22.23	9.09	0.15	31.17	7.83	5.01	0.02	12.82	18.35	14.40
Total	1,69.26	89.05	3.25	2,55.06	67.48	42.22	2.78	1,06.92	1,48.14	1,01.78

in ₹ lakhs

Description	Gross Block				Depreciation				Net Block		
	As at 1 April 2018	On account of scheme of Amalga- mation	Additions	Deletions	As at 31 March 2019	As at 1 April 2018	Additions	Deletions	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018
IT Network, Servers	69.02	11.74	4.27	0.42	84.61	11.28	23.31	–	34.59	50.02	57.74
Desktops, Laptop and Printer	15.31	14.17	4.20	0.41	33.27	4.87	10.33	0.20	15.00	18.27	10.44
Electrical Equipment	17.11	1.32	–	–	18.43	2.35	2.21	–	4.56	13.87	14.76
Furniture and Fixtures	4.84	–	3.16	–	8.00	1.27	1.51	–	2.78	5.22	3.57
Motor Cars	9.17	–	–	6.45	2.72	2.29	0.43	–	2.72	–	6.88
Office Equipment	15.54	4.56	2.83	0.70	22.23	3.60	4.60	0.37	7.83	14.40	11.94
Total	1,30.99	31.79	14.46	7.98	1,69.26	25.66	42.39	0.57	67.48	1,01.78	1,05.33

NOTE 3: OTHER INTANGIBLE ASSETS

in ₹ lakhs

Description	Gross Block				Depreciation				Net Block		
	As at 1 April 2019	Additions	Deletions	As at 31 March 2020	As at 1 April 2019	Additions	Deletions	As at 31 March 2020	As at 31 March 2020	As at 31st March 2019	
Computer Software	82.60	14.96	–	97.56	58.54	19.98	–	78.52	19.04	24.06	
Total	82.60	14.96	–	97.56	58.54	19.98	–	78.52	19.04	24.06	

in ₹ lakhs

Description	Gross Block				Depreciation				Net Block		
	As at 1 April 2018	On account of scheme of Amalga- mation	Additions	Deletions	As at 31 March 2019	As at 1 April 2018	Additions	Deletions	As at 31 March 2019	As at 31 March 2019	As at 31st March 2018
Computer Software	57.85	10.03	14.72	–	82.60	29.30	29.24	–	58.54	24.06	28.55
Total	57.85	10.03	14.72	0.00	82.60	29.30	29.24	0.00	58.54	24.06	28.55

NOTES TO THE ACCOUNTS (Contd.)

NOTE 4: FINANCIALS ASSETS - OTHERS

in ₹ lakhs

	31st March 2020	31st March 2019
Rent and Other Deposits	1,12.10	1,02.13
Total	1,12.10	1,02.13

NOTE 5: DEFERRED TAX (NET)

in ₹ lakhs

	31st March 2020	31st March 2019
Provision for doubtful debts	11.50	13.37
Depreciation	13.51	8.90
Provision for employee benefits	5.15	5.15
Others	2.95	1.03
MAT Credit Entitlement	78.85	1,38.52
Deferred Tax Asset	1,11.96	1,66.97
Derivatives	1,45.08	58.01
Others	2.87	0.18
Deferred Tax Liability	1,47.95	58.19
Deferred Tax Asset / (Liability) Net	(35.99)	1,08.78

NOTE 6: OTHER NON-CURRENT ASSETS

in ₹ lakhs

	31st March 2020	31st March 2019
Prepaid Expenses	1.93	17.82
Advances to Staff	2.81	3.19
Advance Income Tax and Tax Deducted at Source	3,17.57	2,93.08
Total	3,22.31	3,14.09

NOTE 7: CURRENT INVESTMENTS

in ₹ lakhs

	31st March 2020	31st March 2019
Unquoted		
Investment in Mutual Funds		
12,91,411 units in Sundaram Money Fund	5,40.71	3,29.53
Face Value of ₹10/- per unit		
Total	5,40.71	3,29.53

NOTES TO THE ACCOUNTS (Contd.)

NOTE 8: TRADE RECEIVABLES

in ₹ lakhs

	31st March 2020	31st March 2019
Secured		
Secured Considered good	–	–
UnSecured		
Unsecured Considered good	5,10.14	7,01.75
Increase in Credit Risk	33.20	13.24
Allowance for doubtful debts - Increase in Credit Risk	(33.20)	(13.24)
Net Credit Risk	–	–
Credit Impaired	5.64	32.33
Allowance for doubtful debts - Credit Impaired	(5.64)	(32.33)
Net Credit Impaired	–	–
Total	5,10.14	7,01.75

Movement in Expected Credit Loss (ECL) Allowance

in ₹ lakhs

	31st March 2020	31st March 2019
Opening balance	45.57	5.02
Effect of Merger on 1 Apr 2018 (Sundaram BPO India Limited)	–	63.86
Change in Loss allowance (Write Back)	(29.90)	(23.41)
Allowances for Current Year ECL	19.95	9.78
Additional provision	3.22	0.81
Write off as bad debts	–	(10.48)
Closing Balance	38.84	45.57

NOTE 9: CASH AND CASH EQUIVALENTS

in ₹ lakhs

	31st March 2020	31st March 2019
Cash on hand	0.06	0.09
Balances with Scheduled Banks	8,32.25	4,54.52
Total	8,32.31	4,54.61

NOTE 10: DERIVATIVES

in ₹ lakhs

	31st March 2020	31st March 2019
Derivative asset on receivables	5,75.74	2,47.99
Total	5,75.74	2,47.99

NOTES TO THE ACCOUNTS (Contd.)

NOTE 11: OTHER CURRENT ASSETS

in ₹ lakhs

	31st March 2020	31st March 2019
Employee Advances	5.51	9.51
GST and Cenvat Input Credit	2,06.67	2,78.64
Prepaid expenses	44.64	44.99
Unbilled Revenue	25.20	29.63
SEIS Scrip Incentive	1,06.23	–
Other Advances	10.10	12.73
Other Deposits	1.58	1.79
Unsecured, Considered doubtful		
Loans due from ex-employees	2.49	2.49
Less:-Provision for Doubtful Loans and Advances	(2.49)	(2.49)
Total	3,99.93	3,77.29

NOTE 12: EQUITY

in ₹ lakhs

	31st March 2020	31st March 2019
Authorised Share Capital		
3,02,50,000 Equity Shares of ₹10/- each (*) (Previous period: 1,50,00,000 Equity Shares of ₹10 each)	3,025.00	1,500.00
Issued, Subscribed and Fully paid up capital		
2,23,67,300 Equity Shares of ₹10/- each (Previous period: 1,50,00,000 Equity Shares of ₹10 each)	2,236.73	1,500.00
Total	2,236.73	1,500.00

(*) Authorized Share Capital has been increased pursuant to the Scheme of Amalgamation

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 share in the company's residual assets. Every shareholder is entitled to one vote per share.

	31st March 2020	31st March 2019
	Number of Shares held (*)	
Details of number of shares held by		
Name : Sundaram Finance Holding Limited		
Status : Holding Company	2,23,67,291	1,50,00,000
Class of Shares : Equity Shares		

(*) Includes equity shares held by nominees

The reconciliation of the number of shares outstanding as at 31 March 2020 is set out below:

	31st March 2020	31st March 2019
Shares outstanding at the beginning of the period	1,50,00,000	1,50,00,000
Add: Shares issued during the period	73,67,291	–
Shares outstanding at the end of the period	2,23,67,291	1,50,00,000

(*) Includes equity shares held by nominees

NOTES TO THE ACCOUNTS (Contd.)

NOTE 13: OTHER EQUITY

in ₹ lakhs

	31st March 2020	31st March 2019
Capital Reserve	2,10.33	2,10.33
Amount towards allotment of Shares	–	7,36.73
General Reserve	27.00	27.00
Profit & Loss Statement		
Opening Balance	(72.10)	(1,10.31)
Less: On account of Scheme of Amalgamation	–	(3,05.66)
Add: Profit / (Loss) for the year	3,25.65	3,59.35
Add: Other Comprehensive Income (Employee Benefits)	16.83	(15.48)
Closing balance	2,70.39	(72.10)
Other Comprehensive Income (Cash Hedge Reserve)		
Opening Balance	1,12.70	49.08
Added during the year	2,63.72	63.62
Closing balance	3,76.42	1,12.70
Total	8,84.13	10,14.66

NOTE 14: NON-CURRENT LIABILITIES

in ₹ lakhs

	31st March 2020	31st March 2019
Provision for Employee Benefits	39.07	29.67
Total	39.07	29.67

NOTES TO THE ACCOUNTS (Contd.)

NOTE 15: TRADE PAYABLES

in ₹ lakhs

	31st March 2020	31st March 2019
(i) Total outstanding due to micro and small enterprises	—	—
(ii) Total outstanding due to creditors other than micro and small enterprises	59.28	92.61
Total	59.28	92.61

NOTE 16: PROVISIONS

in ₹ lakhs

	31st March 2020	31st March 2019
Provision for Employee Benefits	81.53	67.90
Provision for Expenses	73.94	57.78
Total	1,55.47	1,25.68

NOTE 17: OTHER CURRENT LIABILITIES

in ₹ lakhs

	31st March 2020	31st March 2019
TDS Payable	12.08	13.07
GST Payable	17.48	22.46
EPF Payable	17.40	20.11
ESI Payable	1.80	4.41
Professional Tax Payable	0.47	0.62
Salary Payable	3.40	1.38
Other Payable	0.13	6.04
Total	52.76	68.09

NOTES TO THE ACCOUNTS (Contd.)

NOTE 18: REVENUE FROM OPERATIONS

in ₹ lakhs

	31st March 2020	31st March 2019
Business Process Outsourcing and Related Activities	36,49.74	40,51.11
Total	36,49.74	40,51.11

NOTE 19: OTHER INCOME

in ₹ lakhs

	31st March 2020	31st March 2019
Profit / (Loss) on sale of investments	15.44	13.76
Profit / (Loss) on Investments carried at FVTPL	8.13	0.64
Profit / (Loss) on sale of Fixed Assets	(0.01)	0.25
Interest Income/Other Income	21.52	15.32
Export Incentive SEIS	1,57.28	–
Net gain/(loss) on Exchange Fluctuation	1,80.04	44.91
Profit / (Loss) on Derivative instruments	14.76	37.51
Miscellaneous Income	0.43	1.85
Provision for doubtful debts written back	29.90	23.41
Total	4,27.49	1,37.65

NOTE 20: EMPLOYEE BENEFITS

in ₹ lakhs

	31st March 2020	31st March 2019
Salaries, Allowances, Bonus etc	19,37.62	20,35.36
Contribution to Provident and other funds	1,63.01	1,44.49
Staff Welfare Expenses	39.55	39.81
Total	21,40.18	22,19.66

NOTES TO THE ACCOUNTS (Contd.)

NOTE 21: ADMINISTRATIVE AND OTHER EXPENSES

in ₹ lakhs

	31st March 2020	31st March 2019
Rent	3,50.91	3,47.64
Equipment Rent	39.92	51.84
Electricity Expenses	1,19.87	1,33.22
Security and Housekeeping Expenses	40.52	36.30
Communication expenses	35.47	45.41
Rates and Taxes	9.58	7.46
Insurance	27.98	33.92
Outsourcing Cost	1,40.31	1,51.07
Travelling and Conveyance	85.53	1,07.53
Professional Charges	49.57	41.26
Technology Expenses	45.20	56.82
Subscriptions	9.36	9.98
Repairs & Maintenance - Equipments	44.46	44.53
Repairs & Maintenance - Others	22.52	45.13
Training and Recruitment Expenses	14.59	13.73
Printing and Stationery	4.44	5.13
Bank Charges and Commission	7.35	13.37
Provision for Bad debts	23.17	10.59
CSR Donations	7.25	5.39
Miscellaneous expenses	15.72	16.28
Total	10,93.72	11,76.59

NOTE 22: SALES AND MARKETING EXPENSES

in ₹ lakhs

	31st March 2020	31st March 2019
Sales and Marketing expenses	2,80.18	2,28.56
Total	2,80.18	2,28.56

NOTE 23: FINANCE COST

in ₹ lakhs

	31st March 2020	31st March 2019
Interest Others	–	5.69
Others	–	0.08
Total	–	5.77

NOTES TO THE ACCOUNTS (Contd.)

NOTE 24 : GENERAL DISCLOSURES

NOTE 24.1 : SCHEME OF AMALGAMATION

As per the NCLT approved scheme of amalgamation vide Order No. CP/403/CAA/2019 dated 22 April 2019, the shareholders of Sundaram BPO India Limited were allotted and transferred 73,67,291 equity shares of ₹10 each in the Company.

NOTE 24.2 : DISCLOSURES AS PER IND AS 19

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	2019-20	2018-19	2017-18	2016-17	2015-16
Contribution to Provident Fund	1,07.28	1,16.96	35.55	37.65	38.35
Contribution to Employees' State Insurance	23.01	40.43	18.19	11.70	7.71
Contribution to Superannuation Fund	0.22	0.21	0.21	0.20	0.34

Employee Benefits: Defined Benefit Plan - Gratuity

A. Change in the Present Value of Defined Benefit Obligation (DBO)

in ₹ lakhs

Particulars	31st March 2020	31st March 2019
Present Value of Defined Benefit Obligation at the beginning of the Period	72.49	46.56
Service Cost		
a. Current Service Cost	29.91	21.70
b. Past Service Cost	—	—
c. (Gain)/Loss on Curtailments	—	—
d. (Gain)/Loss on Settlements	—	—
Interest Expense	4.96	2.41
Remeasurements		
a. Effect of Changes in Demographic Assumptions	—	(1.96)
b. Effect of Changes in Financial Assumptions	2.73	1.31
c. Effect of Experience Adjustments	(26.05)	18.31
Cash flows		
a. Benefit Payments		
(i) From the Plan	—	(27.31)
(ii) Directly from the Employer	—	—
b. Settlement Payments from the Plan	—	—
c. Participant Contributions	—	—
Effect of Business Combinations / Disposals		11.47
Present Value of Defined Benefit Obligation at the end of the Period	84.04	72.49

NOTES TO THE ACCOUNTS (Contd.)

B. Changes in the fair value of Plan Assets

in ₹ lakhs

Particulars	31st March 2020	31st March 2019
Fair value of plan assets as at the beginning of the period	62.55	36.38
Interest Income on Plan Assets	4.28	3.35
Cash Flows		
a. Benefit Payments		
(i) From the Plan	–	(27.31)
(ii) Directly from the Employer	–	–
b. Settlement Payments from the Plan	–	–
c. Participant Contributions	–	–
d. Total Employer Contributions		
(i) Employer Contributions	–	45.80
(ii) Employer Direct Benefit Payments	–	–
Remeasurements		
a. Actual Return on Plan Assets	–	(3.79)
Effect of Business Combinations / Disposals	–	8.12
Effect of Changes in Foreign Exchange Rates		
Fair value of plan assets as at the end of the period	66.83	62.55

C. The amounts to be recognized in the balance sheet and related analysis

in ₹ lakhs

Particulars	31st March 2020	31st March 2019
Present Value of Defined Benefit Obligation	84.04	72.49
Fair value of plan assets	66.83	62.55
Net Assets (Liability) recognized in the Balance Sheet	(17.21)	(9.94)
Effect of Asset Ceiling		
Net Assets (Liability)	(17.21)	(9.94)

NOTES TO THE ACCOUNTS (Contd.)

D. The amounts to be recognized in the Profit and Loss statement

in ₹ lakhs

Particulars	31st March 2020	31st March 2019
Service Cost		
a. Current Service Cost	29.91	21.70
b. Past Service Cost	—	—
c. (Gain)/Loss on Curtailments	—	—
d. (Gain)/Loss on Settlements	—	—
e. Total Service Cost	29.91	21.70
Net Interest Expense		
a. Interest Expense on DBO	4.96	2.41
b. Interest Income on Plan Assets	(4.28)	(3.35)
c. Interest Income on Reimbursement Rights	—	—
d. Interest Income on Asset Ceiling	—	—
e. Total Net Interest Cost	0.68	(0.94)
Remeasurements		
a. Effect of Changes in Demographic Assumptions	—	(1.96)
b. Effect of Changes in Financial Assumptions	2.73	1.31
c. Effect of Experience Adjustments	(26.05)	18.31
d. Actual Return on Plan Assets	—	3.79
e. Actual Return on Reimbursement Rights	—	—
f. Actual Change in Asset Ceiling	—	—
g. Total Remeasurements	(23.32)	23.41
Defined Benefit Cost included in Profit & Loss Account	30.59	20.76
Defined Benefit Cost included in Other Comprehensive Income	(23.32)	23.41

E. Defined Benefit Obligation

in ₹ lakhs

Particulars	31st March 2020	31st March 2019
Defined Benefit Obligation by Participant Status		
a. Actives	84.03	72.48
b. Vested Deferred	—	—
c. Retiree Beneficiaries	—	—
d. Total	84.03	72.48

NOTES TO THE ACCOUNTS (Contd.)

F. Principal Actuarial Assumptions (Expressed as weighted averages)

Particulars	31st March 2020	31st March 2019
Discount Rate	5.68%	6.84%
Salary Escalation	5.00%	5.00%
Attrition	30.00%	30.00%

G. Sensitivity Analysis

in ₹ lakhs

Particulars	31st March 2020	31st March 2019
Discount - 0.5%	85.27	73.54
Discount + 0.5%	82.82	71.46
Escalation - 0.5%	82.81	71.44
Escalation + 0.5%	85.27	73.55
Mortality x 95%	84.02	72.48
Mortality x 105%	84.03	72.49
Attrition x 95%	84.65	72.97
Attrition x 105%	83.42	72.00
₹1,000,000 Benefit Ceiling	84.03	72.48
No Benefit Ceiling	84.03	72.48

* 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 March 2020	31 March 2019	31 March 2018	31 March 2017	31 March 2016
Defined Benefit Obligation	84.04	72.49	47.25	29.48	26.56
Plan Assets	66.83	62.55	27.28	24.96	16.08
Surplus / (Deficit)	(17.21)	(9.94)	(19.97)	(4.51)	(10.48)
Experience adjustments on plan liabilities	26.05	(18.31)	2.59	(1.87)	18.91

Other Long Term Employee Benefits

The Company's liability towards other long - term benefits are provided based on actuarial valuation as at 31st March 2020. The details are given below:

in ₹ lakhs

Particulars	2019-20	2018-19	2017-18	2016-17	2015-16
Leave encashment	25.34	19.73	0.17	1.49	0.03

NOTES TO THE ACCOUNTS (Contd.)

Employee Benefits: Defined Benefit Plan - Leave Encashment

A. Change in the Present Value of Defined Benefit Obligation (DBO)

in ₹ lakhs

Particulars	31st March 2020	31st March 2019
Present Value of Defined Benefit Obligation at the beginning of the Period	29.78	12.60
Service Cost		
a. Current Service Cost	–	–
b. Past Service Cost	–	–
c. (Gain)/Loss on Curtailments	–	–
d. (Gain)/Loss on Settlements	–	–
Interest Expense	1.76	0.55
Remeasurements		
a. Effect of Changes in Demographic Assumptions	–	0.36
b. Effect of Changes in Financial Assumptions	1.05	0.40
c. Effect of Experience Adjustments	7.67	(1.60)
Cash flows		
a. Benefit Payments		
(i) From the Plan	(8.48)	(10.12)
(ii) Directly from the Employer	–	–
b. Settlement Payments from the Plan	–	–
c. Participant Contributions	–	–
Effect of Business Combinations / Disposals	–	27.59
Present Value of Defined Benefit Obligation at the end of the Period	31.78	29.78

NOTES TO THE ACCOUNTS (Contd.)

B. Changes in the fair value of Plan Assets

in ₹ lakhs

Particulars	31st March 2020	31st March 2019
Fair value of plan assets as at the beginning of the period	10.05	11.23
Interest Income on Plan Assets	0.55	0.45
Cash Flows		
a. Benefit Payments		
(i) From the Plan	(8.47)	(10.12)
(ii) Directly from the Employer	–	–
b. Settlement Payments from the Plan	–	–
c. Participant Contributions	–	–
d. Total Employer Contributions		
(i) Employer Contributions	4.30	–
(ii) Employer Direct Benefit Payments	–	–
Remeasurements		
a. Actual Return on Plan Assets	–	0.59
Effect of Business Combinations / Disposals	–	7.90
Effect of Changes in Foreign Exchange Rates	–	–
Fair value of plan assets as at the end of the period	6.43	10.05

C. The amounts to be recognized in the balance sheet and related analysis

in ₹ lakhs

Particulars	31st March 2020	31st March 2019
Present Value of Defined Benefit Obligation	31.78	29.78
Fair value of plan assets	6.43	10.05
Net Assets (Liability) recognized in the Balance Sheet	(25.34)	(19.73)
Effect of Asset Ceiling	–	–
Net Assets (Liability)	(25.34)	(19.73)

NOTES TO THE ACCOUNTS (Contd.)

D. The amounts to be recognized in the Profit and Loss statement

in ₹ lakhs

Particulars	31st March 2020	31st March 2019
Service Cost		
a. Current Service Cost	–	–
b. Past Service Cost	–	–
c. (Gain)/Loss on Curtailments	–	–
d. (Gain)/Loss on Settlements	–	–
e. Total Service Cost	–	–
Net Interest Expense		
a. Interest Expense on DBO	1.76	0.55
b. Interest Income on Plan Assets	(0.55)	(0.45)
c. Interest Income on Reimbursement Rights	–	–
d. Interest Income on Asset Ceiling	–	–
e. Total Net Interest Cost	1.21	0.10
Remeasurements		
a. Effect of Changes in Demographic Assumptions	–	0.36
b. Effect of Changes in Financial Assumptions	1.05	0.40
c. Effect of Experience Adjustments	7.67	(1.60)
d. Actual Return on Plan Assets	–	(0.59)
e. Actual Return on Reimbursement Rights	–	–
f. Actual Change in Asset Ceiling	–	–
g. Total Remeasurements	8.72	(1.79)
Defined Benefit Cost included in Profit & Loss Account	9.93	1.33
Defined Benefit Cost included in Other Comprehensive Income	–	–

NOTES TO THE ACCOUNTS (Contd.)

E. Defined Benefit Obligation

in ₹ lakhs

Particulars	31st March 2020	31st March 2019
Defined Benefit Obligation by Participant Status		
a. Actives	31.79	29.79
b. Vested Deferred	–	–
c. Retiree Beneficiaries	–	–
d. Total	31.79	29.79

F. Principal Actuarial Assumptions (Expressed as weighted averages)

Particulars	31st March 2020	31st March 2019
Discount Rate	5.51%	6.88%
Salary Escalation	5.00%	5.00%
Attrition	30.00%	30.00%

NOTE 24.3: AUDIT FEES

Miscellaneous Expenses under Administrative and Other Expenses include remuneration to auditors (excluding Service Tax) towards

in ₹ lakhs

Particulars	31st March 2020	31st March 2019
Statutory Audit	6.00	3.75
Tax Audit	1.00	1.00
Certification	9.85	3.99

NOTE 24.4 : EARNINGS PER SHARE (BASIC AND DILUTED)

in ₹ lakhs

Particulars	31st March 2020	31st March 2019
A. Loss/Profit for the year after taxation (₹ lakhs)	3,25.65	3,59.35
B. Total number of equity shares of ₹10/- each outstanding at the end of the year (in numbers)	2,23,67,291	1,50,00,000
C. Basic and diluted earnings per share (Rs) (A/B)	1.46	2.40

NOTES TO THE ACCOUNTS (Contd.)

NOTE 24.5: RELATED PARTY TRANSACTIONS

Parties	Relationship
Sundaram Finance Holding Limited	Holding Company
Sundaram Finance Limited	Company having control over the entity

Key Management Personnel:

Sri. Manoj Arvindakshan Nair	Chief Executive Officer
Sri. Suresh I S	Chief Financial Officer
Ms. S Shobana	Secretary

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	Company having control	Joint Venture/ Associates	31st March 2020	31st March 2019
Income					
Outsourcing Cost					
Sundaram Finance Holdings Ltd	1,29.62	–	–	1,29.62	1,98.93

Nature of Transactions	Holding Company	Company having control	Fellow Subsidiary	KMP	31st March 2020	31 March 2019
Expenses						
Sundaram Finance Limited						
a) Rent	–	1,10.92	–	–	1,10.92	1,10.02
b) Internal Audit	–	8.00	–	–	8.00	10.00
c) Web Hosting	–	1.03	–	–	1.03	1.03
e) ITVO Charges	–	0.06	–	–	0.06	0.51
g) Fuel Expenses	–	9.27	–	–	9.27	11.80
Sundaram Finance Holdings Limited						
a) Training Expenses	0.75	–	–	–	0.75	–
Employee Benefit Expenses	–	–	–	73.77	73.77	45.88
Liabilities						
Equity Shares						
Sundaram Finance Holdings Limited	22,36.73	–	–	–	22,36.73	22,36.73
Payables						
Remuneration Payable to KMP	–	–	–	6.85	6.85	5.15

NOTES TO THE ACCOUNTS (Contd.)

NOTE 24.6 : FOREIGN CURRENCY TRANSACTION

in ₹ lakhs

Particulars	31st March 2020	31st March 2019
Earnings in Foreign Currency		
Income from Services	28,71.61	30,20.54
Expenditure in Foreign Currency		
Salaries, Travel, Office Expenses	4,21.77	3,75.79

NOTE 24.7 : DISCLOSURE UNDER MSME DEVELOPMENT ACT, 2016

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

in ₹ lakhs

Particulars	31st March 2020	31st March 2019
a) Principal amount and the interest due to Suppliers under the Act	—	—
b) Interest paid to Suppliers in terms of Section 16 of the Act, along with payment made beyond the appointed day	—	—
c) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	—	—
d) Interest accrued and remaining unpaid at the end of the year	—	—
e) Further interest remaining due and payable even in the succeeding years, until such date, when interest dues above are actually paid in the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Act	—	—

NOTES TO THE ACCOUNTS (Contd.)

NOTE 24.8 : ACCOUNTING CLASSIFICATIONS, FAIR VALUE AND FAIR VALUE HIERARCHY

Accounting Classifications and fair values

The following table shows the carrying amount and fair value of financial assets

in ₹ lakhs

As at 31 March 2020	Carrying amount (Cost)				Fair value
	Mandatorily at FVTPL: Others	Other financial assets: amortized cost	Other financial assets: recognized through OCI	Total carrying amount (Cost)	
Financial assets					
Equity Investments	–	–	–	–	–
Mutual fund investments	5,30.37	–	–	5,30.37	5,40.71
Trade receivables	–	5,43.34	–	5,43.34	5,10.14
Derivatives	–	–	5,75.74	5,75.74	5,75.74
Cash and cash equivalents	–	8,32.31	–	8,32.31	8,32.31
Rental Deposit	–	1,21.19	–	1,21.19	1,12.10
Unbilled Revenue	–	25.20	–	25.20	25.20
Staff Loans	–	4.53	–	4.53	2.81
Financial Liabilities					
Borrowings	–	–	–	–	–
Trade payables	–	59.28	–	59.28	59.28
As at 31 March 2019	Carrying amount (Cost)				Fair value
	Mandatorily at FVTPL: Others	Other financial assets: amortized cost	Other financial assets: recognized through OCI	Total carrying amount (Cost)	
Financial assets					
Equity Investments	–	–	–	–	–
Mutual fund investments	3,27.31	–	–	3,27.31	3,29.52
Trade receivables	–	7,14.99	–	7,14.99	6,97.96
Derivatives	–	–	2,47.99	2,47.99	2,47.99
Cash and cash equivalents	–	4,54.61	–	4,54.61	4,54.61
Rental Deposit	–	1,21.18	–	1,21.18	1,02.13
Unbilled Revenue	–	29.63	–	29.63	29.63
Staff Loans	–	14.52	–	14.52	12.69
Financial Liabilities					
Borrowings	–	–	–	–	–
Trade payables	–	92.61	–	92.61	92.61

NOTES TO THE ACCOUNTS (Contd.)

Fair Value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 hierarchy - Includes Financial Instruments measured using quoted prices in the active market.

Level 2 hierarchy - The Fair value of Financial Instruments that are not traded in an active market, is determined using valuation techniques which maximize the use of observable market data.

Level 3 hierarchy - includes Financial Instruments for which one or more of the significant inputs are not based on observable market data. This is applicable for unlisted securities.

in ₹ lakhs

	Level 1	Level 2	Level 3
As at 31 March 2020			
Financial assets:			
Equity shares	–	–	–
Derivatives	5,75.74	–	–
Trade Receivable	–	–	5,10.14
Mutual fund investments	5,40.71	–	–
Unbilled Revenue	–	–	25.20
Rent Deposit	–	1,12.10	–
Staff Loans	–	2.81	–
As at 31 March 2019			
Financial assets :			
Equity shares	–	–	–
Derivatives	2,47.99	–	–
Trade Receivable	–	–	6,97.96
Mutual fund investments	3,29.52	–	–
Unbilled Revenue	–	–	29.63
Rent Deposits	–	1,02.13	–
Staff Loans	–	12.69	–

NOTES TO THE ACCOUNTS (Contd.)

NOTE 24.9: FINANCIAL RISK MANAGEMENT

The Company's business activities are exposed to liquidity risk and credit risk. The Risk management policies have been established to identify and analyze the risks faced by the Company, to set and monitor appropriate risk limits and controls, periodically review and reflect the changes in the policy accordingly.

(a) Management of Liquidity Risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities. In doing this, management considers both normal and stressed conditions.

The Company regularly monitors the rolling forecasts and the actual cash flows to service the financial liabilities on a day-to-day basis through cash generation from business and by having adequate banking facilities.

The following table shows the maturity analysis of the Company's financial assets based on contractually agreed undiscounted cash flows along with its carrying value as at the Balance sheet date.

in ₹ lakhs

	Not Due	0-60 days	60-180 days	> 180 days
Trade Receivables	415.85	93.96	19.81	19.35

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows along with its carrying value as at the Balance sheet date.

in ₹ lakhs

	31st March 2020	31st March 2019	31st March 2018
Payable within one year			
Trade payable	59.28	92.61	86.92
Borrowings	—	—	—

(b) Management of Credit Risk

Credit risk is the risk of financial loss to the Company if the other party to the financial assets fails to meet its contractual obligations.

i) Trade receivables:

Concentration of credit risk with respect to trade receivables are limited as the customers are reviewed, assessed and monitored regularly on a monthly basis with pre-determined credit limits assessed based on their payment capacity. Our historical experience of collecting receivables demonstrates that credit risk is low. Hence, trade receivables are considered to be a single class of financial assets.

ii) Other financial assets:

The Company has exposure in Cash and cash equivalents and term deposits with banks. The Company's maximum exposure to credit risk as at 31st March, 2020 is the carrying value of each class of financial assets as on that date.

(C) Management of Market Risk

Market risk is the risk the Company will face due to its exposure to market rate changes.

The Company is exposed to foreign exchange currency risk on account of having sales revenue in foreign currency.

NOTES TO THE ACCOUNTS (Contd.)

The Company has a forex policy in place whose objective is to reduce foreign exchange risk by deploying the appropriate hedging strategies (forward contracts) and also by maintaining reasonable open exposures within approved parameters depending on the future outlook on currencies.

- (a) The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities based on gross exposure at the end of the reporting period is as under:

	31st March 2020		31st March 2019	
	AUD (A\$ '000)	in ₹ lakhs	AUD (A\$ '000)	in ₹ lakhs
Monetary Assets				
Cash and Cash Equivalent	1,608.29	7,41.02	800.58	3,92.44
Trade Receivables	956.96	4,40.92	1,044.51	5,12.01
Monetary Liabilities				
Trade Payable	65.73	30.29	58.49	28.67

- (b) The foreign currency risk on above exposure is mitigated by derivative contracts. The outstanding contracts as at the Balance Sheet date are as follows:

	31st March 2020		31st March 2019	
	Buy	Sell	Buy	Sell
Forward Contract: Cashflow Hedge				
AUD/INR (in A\$ '000)	–	11,493.00	–	7,620.00
AUD/INR (in ₹ Lakhs)	–	6,221.15	–	4,135.80

NOTE 24.10: SEGMENT INFORMATION

(a) **Description of segments and principal activities**

The Company is providing Business Support Services within India and Outside India.

The Chief Operating Decision Makers (CODM) of the company i.e., Board of Directors, CEO & CFO of the Company evaluate the company's performance, allocates resources based on analysis of various performance indicators of the Company as a single unit. Therefore there is no reportable segment for the Company. The company is domiciled in India.

(b) **Entity wide disclosures**

(i) **Revenue from geographical areas**

The segment revenue is measured in the same way as in the statement of profit or loss:

	in ₹ lakhs	
	31 March 2020	31 March 2019
Segment revenue by location of Customer		
Outside India	2,830.86	2,993.36
Within India	818.88	1,057.75
Total	3,649.74	4,051.11

(ii) **information about major customers**

Revenues from major customers (more than 10% of entity's revenue) amounts to ₹1,066.20 lakhs.

NOTES TO THE ACCOUNTS (Contd.)

NOTE 24.11: INCOME TAX RECONCILIATION

Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

in ₹ lakhs

	31 March 2020	31 March 2019
Tax at the Indian Tax Rate of	27.82%	27.82%
Profit Before Income Tax	5,00.95	4,86.55
Tax at the Indian Tax Rate of	1,39.36	1,35.36
Permanent Differences		
Expenses not deductible for Tax Purposes	(0.19)	3.12
Change in effective Tax Rate	–	0.50
Setoff of Brought Forward Business Loss	–	(49.97)
Others	36.13	38.19
Income Tax Expenses	1,75.30	1,27.20

NOTE 24.12:

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

NOTE 24.13:

Directors Sitting Fees paid during the year to the Directors for attending the Board / Committee meetings is ₹1.85 lakhs (Last Year - ₹2.00 Lakhs)

NOTE 24.14:

Ms. Shobana S, Company Secretary, nominated by Sundaram Finance Limited, our earlier holding company. No remuneration is borne by the company.

NOTE 24.15:

The pending litigation as on 31st March, 2020 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.

NOTE 24.16 :

As at the Balance Sheet date, the company's net foreign exchange exposures that are not hedged by a derivative instrument or otherwise is below :

	GBP	USD	NZD	Equivalent in INR
Hedged	–	–	–	–
Unhedged	8,559	6,002	8,750	16,47,201
Total	8,559	6,002	8,750	16,47,201

NOTE 24.17:

ESI Claims against the erstwhile Professional Management Consultants Limited (PMCL) not accepted by the company - ₹2.06 lakhs (previous year – ₹2.06 lakhs). Against this claim, PMCL filed an appeal before the Employees’ Insurance (EI) Court and a stay was obtained, on a payment of 20% of the disputed amount. Accordingly, PMCL has deposited a sum of ₹ 0.41 lakhs with the EI Court. The said amount has been grouped under Loans and Advances in the Balance Sheet.

In an earlier year, the above appeal was dismissed by the ESI Court and PMCL has since filed an appeal before Hon’ble High Court of Chennai and has obtained a stay against the order of the ESI Court. The case is yet to be posted for hearing.

NOTE 24.18:

ESI Claims against the company not acknowledged as debts - ₹1.25 lakhs (Previous Year - ₹1.25 lakhs). The company has filed an appeal against the Order dated 19.02.2016 Accordingly, the Company has deposited a sum of ₹0.63 lakhs with EI Court. The said amount has been grouped under Loans and Advances in the Balance Sheet.

NOTE 24.19:

Estimated amount of contractual commitments for the acquisition of Fixed Assets - ₹ NIL (31st March 2019 is NIL).

NOTE 24.20:

Employee Benefits includes ₹73.77 lakhs paid as managerial remuneration.

NOTE 24.21:

The Company has spent an amount of ₹7.25 lakhs (2018-19 - ₹5.39 lakhs) towards Corporate Social Responsibility (CSR) under section 135 of the Companies Act 2013.

NOTE 24.22:

The Company implemented Work-From-Home (WFH) model during the nationwide lockdown in India, which started during last week of March 2020. The lockdown did not have impact on its March 2020 billing.

Based on the current evaluation and situation, the Company would be able to meet its forward derivative contract commitments during financial year 2020-21 and for the forward derivative contracts commitments in financial year FY 2021-22 and 2022-23 it will closely monitor any material changes to future economic conditions and evaluate.

NOTE 24.23 :

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 **Sundaram & Srinivasan**
Chartered Accountants
FRN 004207S
S. USHA
Partner
Membership No. : 211785
Chennai
11th May 2020

Suresh I S
Chief Financial Officer

Shobana S
Secretary

Manoj Arvindakshan Nair
Chief Executive Officer

T T Srinivasaraghavan
Director

T. K Sundararajan
Director