

SUNDARAM BPO INDIA LIMITED

6th Annual Report 2017-18

Board of Directors

T. T. Srinivasaraghavan

A. N. Raju

P. Viswanathan

S Sridhar

Rajesh Venkat

Audit Committee

A. N. Raju

P. Viswanathan

S Sridhar

Secretary

P N Srikant

Bankers

State Bank of India

HDFC Bank

Auditors

M/s. Brahmayya & Co., Chartered Accountant

48, Masilamani Road, Balaji Nagar, Royapettah, Chennai 600 014

Registered Office

21, Patullos Road

Chennai 600 002

CIN: U74900TN2012PLC087102

Corporate Office

20, Patullos Road

Chennai 600002

Tel : +91 44 2859 9900

Email : info@sundarambpo.com

SUNDARAM BPO INDIA LIMITED

A subsidiary of



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Board's Report

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

The summarised financial results of the Company are given hereunder:

Particulars	(₹ in Lakhs)	
	Year Ended March 31, 2018*	Year Ended March 31, 2017
Total Income	864.94	1710.06
Total Expenditure	1040.21	1737.19
Profit/(Loss) before Taxation	(175.27)	(27.13)
Provision for Taxation	(15.68)	15.06
Profit/(Loss) after Tax	(159.58)	(42.19)

* Post de-merger of business, with external clients only.

DE-MERGER OF SHARED SERVICES BUSINESS

The Composite Scheme of Arrangement & Amalgamation (Scheme) sanctioned by the Hon'ble National Company Law Tribunal, Division Bench, Chennai, by an Order dated 12th January 2018, provided for the demerger and vesting of the shared service business of the Company into Sundaram Finance Holdings Limited (SFHL).

In view of the above, the financials for the year ended March 31, 2018 relate to the external clients business only.

Further, as envisaged in the Scheme, the shares held by Sundaram Finance Limited (SFL) in the capital of your Company have been transferred to SFHL on 19th January 2018, as part of the demerger of the non-core business activities of SFL into SFHL. Consequent to this your company became a wholly-owned subsidiary of SFHL.

REVIEW OF OPERATIONS

Your Company posted a total revenue of ₹864.94 lakhs during the financial year 2017-18 and a loss after tax of ₹159.58 lakhs, as against revenue of ₹1710.06 lakhs and loss after tax of ₹42.19 lakhs for the previous year.

The increased loss for the year under review is primarily on account of hiving off part of the business as per the Scheme.

OUTLOOK

In 2017-18, your Company has planned to expand its presence in the areas of back office operations in finance & accounting along with voice operations.

DIVIDEND

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year, there was no change in the Board of Directors of the Company.

Sri A N Raju retires by rotation and, being eligible, offers himself for re-election. Necessary resolution is submitted for your approval.

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

Ms. S. Shobana, Company Secretary resigned on 6th October 2017 due to personal reasons.

Sri P N Sirkant, was appointed as whole time Company Secretary with effect from 28th March 2018.

COMMITTEES OF THE BOARD

The Audit Committee of the Company met 4 times during the year.

NUMBER OF MEETINGS OF THE BOARD

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

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134(5) of the Companies Act, 2013, your directors confirm:

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

The Company has made Mutual Fund investments, the balance amounted to ₹129.67 lakhs as at the end of the financial year under review. The company has not given any loans or provided any guarantees.

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 A.

EXTRACT OF ANNUAL RETURN

As required under Section 92(3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in Form MGT 9 as on 31st March 2018, is enclosed -Annexure B.

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

Your Company has no activity relating to conservation of energy or technology absorption. Your Company did not have any foreign

exchange earnings or outgo during the year ended 31st March 2018.

DEPOSITS

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

AUDITORS

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

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

The Company has in place a 'Prevention of Sexual Harassment at workplace Policy' in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. No complaints were received during the year 2017-18.

ACKNOWLEDGEMENT

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

T. T. Srinivasaraghavan
A. N. Raju
P Viswanathan
S Sridhar
Rajesh Venkat
Directors

Chennai 600002
 Date: 02.05.2018

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

A. N. Raju

P Viswanathan

S Sridhar

Rajesh Venkat

Directors

Chennai 600002

Date: 02.05.2018

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

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

I. REGISTRATION AND OTHER DETAILS

(i)	CIN	U74900TN2012PLC087102
(ii)	Registration Date	7th August 2012
(iii)	Name of the Company	Sundaram BPO India Limited
(iv)	Category / Sub-Category of the Company	Limited by Shares, Indian Non-Government Company
(v)	Address of the Registered Office and contact details	No. 21, Patullos Road, Chennai 600002 Sri P N Srikant 044 28881311 info@sundarambpo.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.	Carrying in India or elsewhere, the business of BPO (Business Process Outsourcing) and call centres, contact centres, undertake other activities relating to information technology enabled services in areas of accounting, insurance, banking, human resources, health care, legal, telecom etc and to provide all kinds of support services including without any limitations, administrative, managerial, maintenance, document processing, data entry, reconciliation, training & orientation and other support services.	63 - Data processing	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 - 600002	U65100TN1993PLC025996	Holding	100.00	2(46)

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

(i) Category-wise Share Holding

	Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoters									
(1)	Indian									
(a)	Individual/HUF	–	–	–	–	–	–	–	–	–
(b)	Central Govt	–	–	–	–	–	–	–	–	–
(c)	State Govt(s)	–	–	–	–	–	–	–	–	–
(d)	Bodies Corp.	–	89,51,259	89,51,259	100.00	–	89,51,259	89,51,259	100.00	–
(e)	Banks / FI	–	–	–	–	–	–	–	–	–
(f)	Any Other	–	–	–	–	–	–	–	–	–
	Sub-Total (A)(1)	–	89,51,259	89,51,259	100.00	–	89,51,259	89,51,259	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)	–	89,51,259	89,51,259	100.00	–	89,51,259	89,51,259	100.00	–
B.	Public Shareholding									
(1)	Institutions									
(a)	Mutual Funds	–	–	–	–	–	–	–	–	–
(b)	Banks / FI	–	–	–	–	–	–	–	–	–
(c)	Central Govt	–	–	–	–	–	–	–	–	–
(d)	State Govt(s)	–	–	–	–	–	–	–	–	–
(e)	Venture Capital Funds	–	–	–	–	–	–	–	–	–
(f)	Insurance Companies	–	–	–	–	–	–	–	–	–
(g)	FII's	–	–	–	–	–	–	–	–	–
(h)	Foreign Venture Capital Investors	–	–	–	–	–	–	–	–	–
(i)	Others (Specify)	–	–	–	–	–	–	–	–	–
	Sub-Total (B)(1)	–	–	–	–	–	–	–	–	–

	Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2.	Non-Institutions									
(a)	Bodies Corporate									
(i)	Indian	–	–	–	–	–	–	–	–	–
(ii)	Overseas	–	–	–	–	–	–	–	–	–
(b)	Individuals	–	–	–	–	–	–	–	–	–
(i)	Individual shareholders holding nominal share capital up to ₹1 lakh	–	–	–	–	–	–	–	–	–
(ii)	Individual shareholders holding nominal share 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)	–	89,51,259	89,51,259	100.00	–	89,51,259	89,51,259	100.00	–

(ii) Shareholding of promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	
1	Sundaram Finance Limited	75,41,009	84.25	-	-	-	-	-
2	Sundaram Finance Holdings Limited*	14,10,250	15.75	-	89,51,259	100.00	-	84.25
	Total	89,51,259	100.00	-	89,51,259	100.00	-	84.25

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

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

Name of the Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Sundaram Finance Limited#				
At the beginning of the year	75,41,009	84.25		
Increase / Decrease in Promoters Share holding during the year				
Transfer :19.01.2018\$	-75,41,009	-84.25	-	-
At the end of the Year			-	-
Sundaram Finance Holdings Limited				
At the beginning of the year	14,10,250	15.75		
Increase / Decrease in Promoters Share holding during the year				
Transfer :19.01.2018\$	75,41,009	84.25	89,51,259	100.00
At the end of the Year*			89,51,259	100.00

Includes 5 equity shares held by the nominees of Sundaram Finance Limited

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

\$ Pursuant to Composite Scheme of Arrangement & Amalgamation

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

Name of the Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	Not Applicable			
Increase / Decrease in Share holding during the year				
At the end of the Year (or on the date of separation, if separated during the year)				

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Sri T T Srinivasaraghavan, Director*				
	At the beginning of the year	1	–	–	–
	Increase / Decrease in Share holding during the year	–	–	–	–
	At the end of the Year	–	–	1	–
2	Sri A N Raju, 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 P Viswanathan, Director*				
	At the beginning of the year	1	–	–	–
	Increase / Decrease in Share holding during the year	–	–	–	–
	At the end of the Year	–	–	1	–
4	Sri Rajesh Venkat, Director*				
	At the beginning of the year	1	–	–	–
	Increase / Decrease in Share holding during the year	–	–	–	–
	At the end of the Year	–	–	1	–
5	Sri S Sridhar, Director				
	At the beginning of the year	–	–	–	–
	Increase / Decrease in Share holding during the year	–	–	1	–
	At the end of the Year	–	–	1	–
6	Mr P N Srikant, Company Secretary				
	At the beginning of the year	–	–	–	–
	Increase / Decrease in Share holding during the year	–	–	1	–
	At the end of the Year	–	–	1	–

*Held as nominess of Sundaram Finance Holdings Limited jointly with others

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(₹ in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(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) Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17 (3) Income-tax Act, 1961		
2	Stock Option		
3	Sweat Equity		
4	Commission		
	- as % of profit		
	- others, specify		
5	Others, please specify		
	Total (A)		
	Ceiling as per the Act		

B. Remuneration to other directors:

Sl. No.	Name of the Directors	Particulars of Remuneration			Total Amount
		Fee for attending board / committee meetings	Commission	Others, please specify	
1	Independent Directors				
	Total (1)				
2	Other Non-Executive Directors				
	Sri T T Srinivasaraghavan	Nil			
	Sri A N Raju				
	Sri P Viswanathan				
	Sri Rajesh Venkat				
	Sri S Sridhar				
	Total (2)				
	Total (B) = (1 + 2)	Nil			
	Overall Ceiling as per the Act	Not Applicable			

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

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

* The Company Secretary Mr P N Srikant has been nominated by Sundaram Finance Holdings Limited the holding Company and no remuneration is borne by this Company

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences against the Company, Directors and other Officers in Default during the year ended 31st March 2018.

INDEPENDENT AUDITOR'S REPORT

To the Members of Sundaram BPO India Limited

1. Report on the Financial Statements

We have audited the accompanying financial statements of Sundaram BPO India Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year the ended, and a summary of the significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

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

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

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

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

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

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its loss and its cash flows for the year ended 31st March 2018.

5. Report on Other Legal and Regulatory Requirements

- (i) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section 11 of section 143 of the Act, we give in the "Annexure - A" a statement on the matters specified in paragraph 3 and 4 of the Order.
- (ii) As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, as amended.

- e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the Operating Effectiveness of such controls, refer to our separate report in "Annexure - B"
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the effect of the pending legal proceedings against it in its financial statements as mentioned in Note 19.6 of the Notes to the Accounts;
 - ii. the company did not have any long term contracts including derivative contracts.
 - iii. there were no amount to be transferred to the Investor Education and Protection Fund by the Company.

Place: Chennai
Date: 02-05-2018

For **BRAHMAYYA & CO.**
Chartered Accountants
Registration Number 000511S
L.RAVI SANKAR
Partner
Membership No.25929

“ANNEXURE A” TO THE AUDITORS’ REPORT REFERRED TO IN PARAGRAPH 5 OF OUR REPORT OF EVEN DATE

1. a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

Income tax, sales tax, Service tax, Goods and Service Tax, value added tax, cess and other material statutory dues have been regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, there are no arrears of statutory dues which are outstanding as at 31st March 2018 for a period of more than six months from the date they became payable.
- b) Fixed assets have been physically verified by the Management during the year, in accordance with an annual plan of verification, which in our opinion is reasonable having regard to the size of the Company and the nature of the fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- c) The company does not have any immovable properties.
2. In our opinion and according to the information and explanations given to us, the Company has not granted any loans secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, clauses (iii)(a), (b) and (c) of paragraph 3 of the Order are not applicable to the Company for the year.
3. In our opinion and according to the information and explanations given to us, the company has not granted any loan to its directors and has not made any investment as envisaged in section 185 and 186 of the Companies Act, 2013 respectively.
4. The company has not accepted deposits from public.
5. The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act.
6. i) In our opinion and according to the information and explanations given to us, undisputed statutory dues, including Provident Fund, Employees State Insurance, ii) In our opinion and according to the information and explanations given to us, there are no dues of Income tax, Sales tax, Service tax, Goods and Service Tax, value added tax, cess which have not been deposited on account of any dispute.
7. Based on our audit procedures and the information and explanations given by the Management, the company does not have any borrowings from Banks, financial institutions, Government or by issue of debentures.
8. Based on our examination of the records and the information and explanations given to us, the company has not obtained any term loans, during the year under review.
9. To the best of our knowledge and belief and according to the information and explanations given to us, during the year, no fraud by the Company and no fraud on the Company by its officers or employees were noticed or reported by the company –during the course of our audit.
10. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with Section 177 and Section 188 of the Act where applicable

and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards

11. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
12. In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them.
13. In our opinion and according to the information and explanations given to us, the nature of the Company's business/ activities during the year has been such that clause (ii), clause (xi), clause (xii) and clause (xvi) of paragraph 3 of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the year.

For **BRAHMAYYA & CO.**
Chartered Accountants
Registration Number 000511S
L.RAVI SANKAR
Partner
Membership No.25929

Place: Chennai
Date: 02-05-2018

“ANNEXURE B” TO THE AUDITORS’ REPORT REFERRED TO IN PARAGRAPH 5 OF OUR REPORT OF EVEN DATE

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

We have audited the internal financial controls over financial reporting of Sundaram BPO India Limited (“the Company”) as of 31st March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and

deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the

reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections

of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **BRAHMAYYA & CO.**
Chartered Accountants
Registration Number 000511S
L.RAVI SANKAR
Partner
Membership No.25929

Place: Chennai
Date: 02-05-2018

Balance Sheet

as at 31st March, 2018

(₹ in Lakhs)

Particulars	Note	31 March 2018		31 March 2017	
I. EQUITY AND LIABILITIES					
1) Shareholders' Funds					
(a) Share Capital	2	895.13		895.13	
(b) Reserves and Surplus	3	(227.07)	668.06	62.02	957.15
2) Non-Current Liabilities					
(a) Long-term Liabilities		—		—	
3) Current Liabilities					
(a) Trade payables					
(i) Total Outstanding dues to micro enterprises and small enterprises		—		—	
(ii) Total Outstanding dues to creditors other than micro enterprises and small enterprises	4	27.87		19.32	
		27.87		19.32	
(b) Other Current liabilities	5	54.21		25.71	
(c) Short-term provisions	6	34.73	116.81	51.09	96.12
		784.87		1,053.27	
II ASSETS					
1) Non-current assets					
(a) Fixed Assets	7				
(i) Tangible assets		31.80		72.93	
(ii) Intangible assets		10.04		23.65	
(b) Deferred tax assets (net)	8	23.62		7.94	
(c) Long-term loans and advances	9	254.53	319.99	359.90	464.42
2) Current Assets					
(a) Current investments	10	129.67		284.14	
(b) Trade receivables	11	204.77		238.21	
(c) Cash and cash equivalents	12	29.52		26.68	
(d) Short-term loans and advances	13	100.92	464.88	39.82	588.85
		784.87		1,053.27	

Significant Accounting policies and Notes to the Accounts 1 to 19

As per our report of even date attached

For **Brahmayya & Co.**,
Chartered Accountants
FRN 000511S

I Ravi Sankar
Partner
Membership No. : 25929
Place: Chennai
Date: 02-05-2018

P.N.Srikant
Secretary

T.T. Srinivasaraghavan
Rajesh Venkat
Directors

SUNDARAM BPO INDIA LIMITED

Statement of Profit and Loss for the year ended 31st March, 2018

(₹ in Lakhs)

Particulars	Note	2017-2018	2016-2017
Income:			
Revenue from operations	14	836.46	1642.95
Other income	15	28.49	67.11
Total		864.94	1710.06
Expenses:			
Employee benefit expenses	16	607.22	1119.12
Outsourcing costs		–	15.68
Administrative and other expenses	17	411.86	527.71
Finance costs	18	1.03	8.65
Depreciation	7	20.10	66.03
Total		1040.21	1737.19
Profit (Loss) before Tax		(175.27)	(27.13)
Tax Expense:			
Current tax		–	–
Deferred Tax		(15.68)	15.06
Profit/(Loss) adjusted after Tax		(159.58)	(42.19)
Earnings per equity share			
Equity shares of par value of ₹10 each			
Basic - ₹		–1.78	–0.47
Diluted - ₹		–1.78	–0.47
Number of shares used in computing earnings per share			
Basic		89,51,259	89,51,259
Diluted		89,51,259	89,51,259
Significant Accounting policies and Notes to the Accounts 1 to 19			

As per our report of even date attached

For **Brahmayya & Co.**,
Chartered Accountants
FRN 000511S

L Ravi Sankar
Partner
Membership No. : 25929
Place: Chennai
Date: 02-05-2018

P.N.Srikant
Secretary

T.T. Srinivasaraghavan

Rajesh Venkat
Directors

Cash Flow Statement

(In ₹ Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Taxation	(175.27)	(27.13)
Adjustments		
Depreciation	20.10	66.03
Loss on sale of assets/Fixed assets written off	0.31	7.88
(Profit) / Loss on sale of Investments	(10.86)	(3.30)
Provision for doubtful debts & advances (Net)	56.33	1.22
Operating Profit before working capital changes	(109.39)	44.70
Changes in assets and liabilities		
(Increase)/Decrease in Trade Receivables	(143.45)	114.59
(Increase)/Decrease in Loans and advances and other assets	(2.56)	253.25
Increase/(Decrease) in Liabilities and provisions	104.21	(53.27)
Cash generated from operations	(151.19)	359.27
NET CASH FROM OPERATING ACTIVITIES	(151.19)	359.27
B) CASH FLOW FROM INVESTING ACTIVITIES		
(Purchase)/Sale of mutual funds units (net)	165.34	(245.25)
Purchase of Fixed Assets	(11.31)	(28.13)
Sale of assets		2.06
NET CASH FROM INVESTING ACTIVITIES	154.03	(271.32)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Changes in Borrowings	-	(100.00)
NET CASH FROM FINANCING ACTIVITIES	-	(100.00)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)	2.84	(12.05)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	26.68	38.73
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>29.52</u>	<u>26.68</u>
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Bank balances	29.45	26.61
Cash in Hand	0.07	0.07
Total Cash and Cash Equivalents at the end of the year	<u>29.52</u>	<u>26.68</u>

As per our report of even date attached

For **Brahmayya & Co.**,
Chartered Accountants
FRN 000511S

I Ravi Sankar
Partner
Membership No. : 25929
Place: Chennai
Date: 02-05-2018

P.N.Srikant
Secretary

T.T. Srinivasaraghavan
Rajesh Venkat
Directors

SUNDARAM BPO INDIA LIMITED

Notes to the Accounts

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

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

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

- 1.2 Income Recognition:

Income is recognized on accrual basis

- 1.3 Fixed Assets and Depreciation / Amortisation :

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

Depreciation on tangible assets is provided on the written-down value method over the useful life of assets estimated by the Company.

Depreciation for assets purchased/ sold during the year is charged on a pro-rata basis.

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

Computers Equipment

- Servers and Network 10 Years
- End User Devices 7 Years

Office Equipment 8 Years

Electrical installations 15 Years

For these class of assets, based on internal assessment, the Company believes that the useful life as given above represents the year over which the management expects to use these assets. Hence the useful life and residual value for these assets are different from the useful life and residual value as prescribed under Part C of Schedule II to the Companies Act, 2013.

Intangible assets represent Computer Software acquired/developed, of which cost is amortised over expected useful life via 36 months which is governed as per the Accounting Standard for Intangible Assets issued by the Institute of Chartered Accountants of India.

- 1.4 Valuation of Investments:

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

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

- 1.5 Foreign Currency Transactions:

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

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

NOTES TO THE ACCOUNTS (Contd.)

1.6 Employee Benefits:

A) Short Term Employee Benefits:

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

B) Post Employment Benefits:

Defined Contribution Plan

i) Provident Fund

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

Defined Benefit Plan

ii) Gratuity

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

iii) Leave Encashment

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

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

1.7 Taxation:

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

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

1.8 Intangible Assets:

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

1.9 Impairment of Assets:

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

1.10 Provisions:

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

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

(₹ in lakhs)

Particulars	31.03.2018	31.03.2017
Authorised		
1,52,50,000 Equity Shares of ₹10 each (Previous period:1,52,50,000 Equity Shares of ₹10 each)	1525.00	1525.00
	<u>1525.00</u>	<u>1525.00</u>
Issued, Subscribed and fully paid up:		
89,51,259 Equity Shares of ₹10 each (Previous period :89,51,259 Equity Shares of ₹10 each)	895.13	895.13
	<u>895.13</u>	<u>895.13</u>

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.

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

(₹ in lakhs)

Name	Status	Class of Share	No. of Shares #	% held as at 31.03.18	No. of Shares #	% held as at 31.03.17
Sundaram Finance Limited	Holding company	Equity shares	-		75,41,009	84%
Sundaram Finance Holdings Limited	Fellow Subsidiary	Equity shares	-		14,10,250	16%
Sundaram Finance Holdings Limited	Holding company	Equity shares	89,51,259	100%		
Total			89,51,259		89,51,259	

Including equity shares held by nominees

The reconciliation of the number of shares outstanding as at 31st March 2018 is set out below:

(₹ in lakhs)

Particulars	31.03.2018	31.03.2017
Shares outstanding at the beginning of the period	89,51,259	89,51,259
Add: Shares issued during the period	-	-
Shares outstanding at the end of the period	<u>89,51,259</u>	<u>89,51,259</u>

NOTES TO THE ACCOUNTS (Contd.)

NOTE 3

RESERVES AND SURPLUS

(₹ in lakhs)

Particulars	31.03.2018	31.03.2017
A. Capital reserve	51.93	51.93
B. General reserve	27.00	27.00
C. Profit and Loss statement		
Opening Balance in Profit and Loss statement	(16.91)	25.28
Less : Reserve adjustments on demerger	(129.52)	
Less : Loss for the current period	(159.58)	(42.19)
Closing balance in Profit and Loss statement	(306.00)	(16.91)
Total	(227.07)	62.02

NOTE 4

TRADE PAYABLES

(₹ in lakhs)

Particulars	31.03.2018	31.03.2017
Total Outstanding dues to creditors other than micro enterprises and small enterprises		
For Expenses	27.87	19.32
Total	27.87	19.32

NOTE 5

OTHER CURRENT LIABILITIES

(₹ in lakhs)

Particulars	31.03.2018	31.03.2017
TDS and GST payable	32.81	4.55
Others	21.40	21.16
Total	54.21	25.71

NOTE 6

SHORT - TERM PROVISIONS

(₹ in lakhs)

Particulars	31.03.2018	31.03.2017
Provision for Employee Benefits	34.73	51.09
Total	34.73	51.09

NOTES TO THE ACCOUNTS (Contd.)
NOTE 7
FIXED ASSETS

(₹ in lakhs)

Description	Original cost						Depreciation				Net book value	
	As at April 1st, 2017	Additions	Deletions	Demerger Transfer	As at March 31st, 2018	As at April 1st, 2017	Additions	Deletions	Demerger Transfer	As at March 31st, 2018	As at March 31st, 2017	
Tangible Assets												
Servers	40.81	—	—	—	40.81	35.94	1.53	—	—	37.47	3.34	4.87
Desktops & Printers	120.51	2.65	—	18.43	104.73	94.66	8.21	—	12.31	90.56	14.17	25.85
IT Network	30.03	1.08	—	—	31.11	18.80	3.91	—	—	22.71	8.40	11.23
Electrical Equipment	2.29	—	—	—	2.29	0.75	0.21	—	—	0.96	1.33	1.54
Furnitures and Fixtures	0.25	—	0.25	—	0.00	0.14	0.02	0.16	—	0.00	0.00	0.11
Office Equipment	20.70	0.97	1.67	5.51	14.49	12.65	1.50	1.45	2.77	9.93	4.56	8.05
Interior Assets CGR	25.36	—	—	25.36	0.00	4.10	0.00	—	4.10	0.00	0.00	21.26
Leased Assets												
Computer	27.51	—	—	—	27.51	27.51	—	—	—	27.51	—	—
SUB TOTAL (A)	267.46	4.70	1.92	49.30	220.94	194.55	15.38	1.61	19.18	189.14	31.80	72.91
Intangible assets												
Computer software	182.86	6.61	—	50.59	138.88	159.21	4.72	—	35.09	128.84	10.04	23.65
SUB TOTAL (B)	182.86	6.61	—	50.59	138.88	159.21	4.72	—	35.09	128.84	10.04	23.65
Total [A + B] (Previous Year)	450.32	11.31	1.92	99.89	359.82	353.76	20.10	1.61	54.27	317.98	41.84	96.56
	498.96	28.13	76.76	—	450.33	354.55	66.03	66.82	—	353.77	96.58	114.42

NOTES TO THE ACCOUNTS (Contd.)**NOTE 8****DEFERRED TAX ASSET (NET)**

(₹ in lakhs)

Particulars	31.03.2018	31.03.2017
Deferred Tax Asset		
Provision for doubtful debts	16.68	2.17
Depreciation	2.17	1.00
Provision for employee benefits	4.77	4.76
Sub Total	23.62	7.94
Less : Deferred Tax Liability		
Depreciation	–	–
Total	23.62	7.94

NOTE 9**LONG TERM LOAN AND ADVANCES**

(₹ in lakhs)

Particulars	31.03.2018	31.03.2017
Unsecured, Considered Good		
Prepaid Expenses	–	1.31
Advances to Staff	–	0.56
Rental and Other Deposit	121.02	146.09
Other Loans and Advances		
MAT Credit Entitlement	8.66	8.66
Advance Income Tax and Tax Deducted at Source (net of provision)	124.85	203.29
Total	254.53	359.90

Advance Income Tax and Tax Deducted at Source is net of Provision for Tax ₹33,25,843/- (31.03.17- ₹35,72,617)

NOTE 10**CURRENT INVESTMENTS**

(₹ in lakhs)

Particulars	31.03.2018	31.03.2017
Unquoted		
Investments in mutual funds at cost		
3,55,424.035 units in Sundaram Money Fund Face value ₹10 per unit (Market Value ₹1,30,13,744)	129.67	284.14
Total	129.67	284.14
Aggregate amount of unquoted investments	129.67	284.14

NOTES TO THE ACCOUNTS (Contd.)
NOTE 11
TRADE RECEIVABLES

(₹ in lakhs)

Particulars	31.03.2018	31.03.2017
Unsecured, considered good		
Outstanding for a period exceeding six months from due date	0.20	2.11
Others	204.57	236.10
Total Unsecured, considered good	204.77	238.21
Unsecured, considered doubtful		
Outstanding for a period exceeding six months from due date	61.10	7.53
Others	2.76	–
Sub-total	63.86	7.53
Less: Provision for doubtful debts	63.86	7.53
Total unsecured, considered doubtful	–	–
Total	204.77	238.21

NOTE 12
CASH AND CASH EQUIVALENTS

(₹ in lakhs)

Particulars	31.03.2018	31.03.2017
Cash on hand	0.07	0.07
Balances with banks:		
- In Current Accounts	29.45	26.61
Total	29.52	26.68

NOTE 13
SHORT TERM LOAN AND ADVANCES

(₹ in lakhs)

Particulars	31.03.2018	31.03.2017
Unsecured, Considered good		
Staff advances	0.22	1.07
Prepaid expenses	10.54	19.50
GST / Cenvat Input Credit	23.55	5.71
Rental and other deposits*	3.27	13.29
Other Advances	63.34	0.25
	100.92	39.82
Unsecured, Considered doubtful		
Advances and Deposits	–	0.92
Loans due from ex-employees	–	–
	–	0.92
Less:-Provision for Doubtful Loans and Advances	–	-0.92
	–	–
Total	100.92	39.82

* Includes deposit paid to ESI Court ₹1.04 lakhs (31.3.2017 : ₹1.04 lakhs)

NOTES TO THE ACCOUNTS (Contd.)**NOTE 14****REVENUE FROM OPERATIONS**

(₹ in lakhs)

Particulars	2017-18	2016-17
Business Process Outsourcing and Related Activities	836.46	1642.95
Total	836.46	1642.95

NOTE 15**OTHER INCOME**

(₹ in lakhs)

Particulars	2017-18	2016-17
Interest on deposits with banks and others	2.05	0.17
Profit on sale of investments	10.86	3.30
Other income	0.06	0.10
Excess provisions/liabilities written back	0.53	14.84
Interest on Income tax refund	14.99	41.51
Provision for doubtful debts written back	–	7.19
Total	28.49	67.11

NOTE 16**EMPLOYEE BENEFIT EXPENSES**

(₹ in lakhs)

Particulars	2017-18	2016-17
Salaries, Bonus and other allowances	540.88	991.15
Company's contribution to Provident and other funds	48.43	98.09
Staff Welfare Expenses	17.91	29.88
Total	607.22	1,119.12

NOTE 17**ADMINISTRATIVE AND OTHER EXPENSES**

(₹ in lakhs)

Particulars	2017-18	2016-17
Rent	206.93	242.22
Power and Fuel	16.06	95.19
Rates and Taxes	0.61	2.34
Communication expenses	36.27	53.58
Insurance	5.60	12.79
Travelling and Conveyance	17.50	22.73
Professional fees	30.70	6.56
Repairs and Maintenance - others	21.66	60.43

NOTES TO THE ACCOUNTS (Contd.)

Particulars	2017-18	2016-17
Printing and Stationery	1.77	5.02
Loss on sale of tangible assets	0.00	1.76
Fixed assets discarded	0.31	6.11
Provision for doubtful debts (Net)	56.33	1.22
Deposit written off	9.07	1.12
Miscellaneous expenses	9.05	16.64
Total	411.86	527.71

NOTE 18
FINANCE COSTS

(₹ in lakhs)

Particulars	2017-18	2016-17
Interest on Term Loan	–	8.52
Interest-others	1.03	0.13
Total	1.03	8.65

NOTE 19
GENERAL
19.1 Disclosure as per AS 15

Employee Benefits:

Defined Contribution Plan:

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

(₹ in lakhs)

Particulars	2017-18	2016-17	2015 - 2016	2014 - 2015	2013-14
Contribution to Provident Fund	23.82	49.38	47.91	56.64	52.82
Contribution to Employees' State Insurance	19.27	32.49	31.62	32.61	34.84

Gratuity:
Defined Benefit Plan
A. Reconciliation of opening and closing balances of present value of the defined benefit obligation (PVO)

Particulars	31.03.2018	31.03.2017
PVO as at the beginning of the period	47.23	35.08
Interest Cost	3.42	2.73
Current service cost	5.14	11.50
Benefits paid	(1.65)	(1.80)
Actuarial loss/(gain) on obligation (balancing figure)	1.97	(0.29)
Effect of Amalgamations	(44.64)	–
PVO as at the end of the period	11.47	47.23

NOTES TO THE ACCOUNTS (Contd.)

B. Reconciliation of opening and closing balances of changes in the fair value of Plan Assets (₹ in lakhs)

Particulars	31.03.2018	31.03.2017
Fair value of plan assets as at the beginning of the period	32.80	31.21
Expected return on plan assets	3.47	2.90
Contributions	15.38	5.48
Benefits paid	(1.65)	(1.80)
Actuarial gain/(loss) on plan assets [balancing figure]	(3.24)	(4.99)
Effect of Amalgamations	(38.64)	—
Fair value of plan assets as at the end of the period	8.12	32.80

C. The amounts to be recognized in the balance sheet and related analysis (₹ in lakhs)

Particulars	31.03.2018	31.03.2017
Present value of the obligation	11.47	47.23
Fair value of plan assets	8.12	32.80
Difference	3.35	14.43
Amount determined under para 55 of AS15R	3.35	14.43
Present value of the future reduction in contribution under para 59(b) of AS15R	(3.35)	(14.43)
Net Asset Recognized under para 59 of AS15R	(3.35)	(14.43)

D. The amounts to be recognized in the Profit and Loss statement (₹ in lakhs)

Particulars	31.03.2018	31.03.2017
Current service cost	5.14	11.50
Interest Cost	3.42	2.73
Expected return on plan assets	(3.47)	(2.90)
Net actuarial (gain)/loss recognised in the year	5.21	4.70
Expenses recognized in the profit and loss statement	10.30	16.04

E. Table showing actual return on plan assets (₹ in lakhs)

Particulars	31.03.2018	31.03.2017
Expected return on plan assets	3.47	2.90
Actuarial gain (loss) on plan assets	(3.24)	(4.99)
Actual return on plan assets	0.23	(2.09)

NOTES TO THE ACCOUNTS (Contd.)
F. Principal Actuarial Assumptions* [Expressed as weighted averages]

(₹ in lakhs)

Particulars	31.03.2018	31.03.2017
Discount Rate	6.70%	7.25%
Salary Escalation	5.00%	5.00%
Attrition	60.00%	60.00%
Expected rate of return on Plan Assets	8.75%	8.78%

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

(₹ in lakhs)

Particulars	31.03.2018	31.03.2017	31.03.2016	31.03.2015	31.03.2014
Defined Benefit Obligation	11.47	47.23	35.08	30.87	40.58
Plan Assets	8.12	32.80	31.21	33.48	45.26
Surplus / (Deficit)	(3.35)	(14.43)	(3.87)	2.61	4.68
Experience adjustments on plan liabilities	5.21	4.70	0.92	0.04	(17.61)

Other Long Term Benefits:

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

(₹ in lakhs)

Particulars	31.03.2018	31.03.2017	31.03.2016	31.03.2015	31.03.2014
Leave encashment	—	6.25	8.21	0.02	13.44

19.2.i Miscellaneous Expenses under Administrative and Other Expenses include remuneration to auditors (Excluding Service Tax) towards -

(₹ in lakhs)

Particulars	2017-18	2016-17
Statutory Audit	3.75	3.75
Tax Audit	1.00	1.00
Certification	0.80	0.80

NOTES TO THE ACCOUNTS (Contd.)

19.2.ii Earnings per Share (Basic and diluted):

(₹ in lakhs)

Particulars	31.03.2018	31.03.2017
A. Loss/Profit for the year after taxation (₹)	(159.58)	(42.19)
B. Total number of equity shares of ₹10/- each outstanding at the end of the year (in numbers)	89,51,259	89,51,259
C. Basic and diluted earnings per share (₹) (A/B)	(1.78)	(0.47)

19.3 Details of transactions with Related Parties:

Parties	Relationship
Sundaram Finance Limited	Holding Company (Before Demerger)
Sundaram BNP Paribas Home Finance Limited	Fellow subsidiary (Before Demerger)
Sundaram Asset Management Company Limited	Fellow subsidiary (Before Demerger)
Sundaram Trustee Company Limited	Fellow subsidiary (Before Demerger)
Sundaram Finance Holdings Limited*	Holding Company (After Demerger)
Sundaram Infotech Solutions Limited	Fellow subsidiary (Before Demerger)
Sundaram Insurance Broking Services Limited	Fellow subsidiary (Before Demerger)
LGF Services Limited	Fellow subsidiary (Before Demerger)
Infreight Logistics Solutions Limited	Fellow subsidiary (Before Demerger)
Sundaram BNP Paribas Fund Services Limited	Fellow subsidiary (Before Demerger)
Sundaram Asset Management Singapore Pte. Ltd.	Fellow subsidiary (Before Demerger)
Sundaram Business Services Limited	Fellow subsidiary
Royal Sundaram General Insurance Company Ltd	Fellow subsidiary (Before Demerger)
Key Management Personnel	
Ms. S. Shobana	Secretary till 06.10.2017
P.N. Srikant	Secretary from 28.03.2018

* Previously known as Sundaram Finance Distribution Limited

NOTES TO THE ACCOUNTS (Contd.)
Related Party Transactions for the year ended 31st March 2018:

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

(₹ in lakhs)

Nature of Transactions	Holding Company (Before Demerger)	Holding Company (After Demerger)	Subsidiary Company	Fellow Subsidiaries	Joint Venture/ Associates	2017-18	2016-17
Income							
Payroll Processing							
Sundaram BNP Paribas Home Finance Limited	—	—	—	—	—	—	0.00
Sundaram Infotech Solutions Limited	—	—	—	1.21	—	1.21	1.81
Sundaram Asset Management Company Limited	—	—	—	2.16	—	2.16	2.89
Sundaram BNP Paribas Fund Services Limited	—	—	—	3.33	—	3.33	5.08
Accounting Services							
Sundaram Asset Management company Limited	—	—	—	15.96	—	15.96	18.09
Data Processing							
Sundaram Finance Limited	346.73	—	—	—	—	346.73	403.94
Deposit Processing							
Sundaram BNP Paribas Home Finance Limited	—	—	—	18.42	—	18.42	25.53
Interest received SF							
Sundaram Finance Limited	—	—	—	—	—	—	—
Infrastructure charges	—	—	—	—	—	—	—
Sundaram Business Services Limited	—	—	48.90	—	—	48.90	—
Telecalling	—	—	—	—	—	—	—
Sundaram Asset Management company Limited	—	—	—	4.60	—	4.60	7.31
Sundaram Finance Limited	—	—	—	97.73	—	97.73	121.43
Sundaram BNP Paribas Fund Services Limited	—	—	—	109.76	—	—	—
Sundaram BNP Paribas Home Finance Limited	—	—	—	18.27	—	18.27	23.78
Royal Sundaram General Insurance Company Ltd	—	—	—	145.86	—	145.86	77.26
Outsourcing Cost							
Sundaram Finance Holdings Ltd	—	36.18	—	—	—	—	45.45
Expenses							
Sundaram Finance Limited	—	—	—	—	—	—	—
a) Rent	—	—	—	—	—	—	0.04
b) Internal Audit	—	—	—	—	—	—	5.00
Royal Sundaram General Insurance Company Ltd	—	—	—	—	—	—	—
Insurance Premium	—	—	—	—	—	—	2.42

NOTES TO THE ACCOUNTS (Contd.)

(₹ in lakhs)

Nature of Transactions	Holding Company (Before Demerger)	Holding Company (After Demerger)	Subsidiary Company	Fellow Subsidiaries	Joint Venture/ Associates	2017-18	2016-17
Receivables							
Sundaram Asset Management company Limited	—	—	—	—	—	—	2.42
Sundaram Infotech Solutions Limited	—	—	—	—	—	—	0.00
Sundaram BNP Paribas Fund Services Limited	—	—	—	—	—	—	1.02
Sundaram BNP Paribas Home Finance Limited	—	—	—	—	—	—	4.33
Sundaram Finance Limited	—	—	—	—	—	—	44.42
Sundaram Business Services Limited	—	—	—	4.77	—	4.77	4.05
Royal Sundaram General Insurance Company Ltd	—	—	—	—	—	—	7.92
Sundaram Finance Holdings Ltd	—	98.46	—	—	—	98.46	—
Liabilities							
Liabilities – Outstanding Balance as on 31.03.2018							
Equity Shares							
Sundaram Finance Limited	—	—	—	—	—	—	754.10
Sundaram Finance Holdings Ltd	—	—	—	—	—	—	141.03
Sundaram Finance Holdings Ltd	—	895.13	—	—	—	895.13	—
Payables							
Sundaram Finance Holdings Ltd	—	0.45	—	—	—	0.45	—

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

19.4 (a) Ms. Shobana S, Company Secretary upto 6th October 2017 was nominated by holding company Sundaram Finance Limited and no remuneration is borne by this company;

(b) Sri. P N Srikant, Company Secretary with effect from 28th March 2018 was nominated by Sundaram Finance Holdings Limited, the Holding company and no remuneration is borne by this company.

19.5 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.

NOTES TO THE ACCOUNTS (Contd.)

- 19.6 ESI Claims against the company not acknowledged as debts - ₹1.25 lakhs (Previous Year - Nil). The company has filed an appeal against the Order dated 19.02.2016 Accordingly, SBIL 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.
- 19.7 The pending litigation as on 31st March 2018 have been compiled by the company. The effect of the current position of the litigations have been evaluated and appropriately considered and disclosed in the financial statements.
- 19.8 There is no amount due to small scale industries in terms of “The Micro, Small and Medium Enterprises Development Act, 2006”
- 19.9 Previous year figures have been regrouped / reclassify wherever necessary to conform to current year’s classification.
- 19.10 Pursuant to demerger, the current year figures are not comparable with the previous year figures.
- 19.11 The Scheme of Arrangement (“the Scheme”) between the company (“Resulting Company”) and Sundaram Finance Limited (SFL) (“Demerged Company”) and their Shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, was approved by the Board of Directors of the Company on 17.02.2017 The National Company Law Tribunal, Division Bench, Chennai vide Order No. CP/210- 214/CAA/2017 dated 12th January 2018 approved the Scheme, which was received on 18th January 2018. The Scheme shall be effective from the Appointed Date, i.e. 01st April 2016, but shall be operative from the Effective Date, i.e. 18th January 2018. The scheme provides for demerger of Shared services division of Sundaram BPO India Limited (SBIL) into SFL and demerger of non-core business activities of SFL into the company.

As per our report of even date attached

For **Brahmayya & Co.,**
Chartered Accountants
FRN 000511S

L Ravi Sankar
Partner
Membership No. : 25929
Place: Chennai
Date: 02-05-2018

P.N.Srikant
Secretary

T.T. Srinivasaraghavan

Rajesh Venkat
Directors

