

SUNDARAM BUSINESS SERVICES LIMITED

5th Annual Report 2009-10



Board of Directors

T. T. Srinivasaraghavan
Srinivas Acharya
Paramesh Krishnaier
P. S. Raghavan

Audit Committee

T. T. Srinivasaraghavan Chairman
Srinivas Acharya
P. S. Raghavan

Chief Executive Officer

P. S. Raghavan

Chief Financial Officer

V. K. Raman

Secretary

Bindu Raghavan

BANKERS

State Bank of Travancore

AUDITORS

M/s. Brahmayya & Co., Chennai
Chartered Accountants

REGISTERED OFFICE

21, Patullos Road, Chennai 600 002

CORPORATE OFFICE

20, Patullos Road, Chennai 600 002
Tel: 044 2859 9900
Fax: 044 2858 7054

Website: www.sundarambizserv.com

SUBSIDIARY

Professional Management Consultants Limited

SUNDARAM BUSINESS SERVICES LIMITED

A wholly-owned subsidiary of



SUNDARAM FINANCE

Enduring values. New age thinking.

SUNDARAM FINANCE LIMITED

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Professional Management Consultants Limited	

Directors' Report

Your Directors have pleasure in presenting the Fifth Annual Report and Audited Accounts of the Company for the year ended 31st March 2010.

The summarised financial results of the Company are given hereunder:

(Rs. In lakhs)

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
Total Income	1991.12	1649.12
Total Expenditure	2300.37	1588.43
Profit before Taxation	(309.25)	60.69
Provision for Taxation	1.64	22.11
Profit after taxation	(310.89)	38.58

REVIEW OF OPERATIONS

During the Financial Year 2009-10, revenue earned was Rs.1991.12 Lakhs as against Rs.1649.12 Lakhs in the previous year. Due to the recessionary conditions, the business volumes of your Company were affected, consequent to which the revenue growth was marginal. Therefore, after absorbing the fixed expenses the operations of the year ended in a loss of Rs.310.89 Lakhs. Your Company remains focused on the Banking, Financial Services and Insurance segments and the Accounting and Payroll horizontal. During the year under review your Company decided to enter the US healthcare market and acquired new clients. The outlook for the current Financial Year 2010-11 is promising, considering the business in US Market, enhanced level of interest among the Australian clients besides signs of revival in the domestic market as evidenced by greater interest corporate clients have evinced.

SUBSIDIARY

Professional Management Consultants Limited (PMC)

PMC, a wholly owned subsidiary of your company, earned a gross income of Rs.486.51 lakhs as against Rs.886.38 lakhs in the previous year. The company reported a loss of Rs.68.98 lakhs as against profit of Rs.68.92 lakhs in the previous year.

JOINT VENTURE

BNP Paribas Sundaram Global Securities Operations Private Limited (GSO)

Consequent to the investment made by your holding Company, Sundaram Finance Limited in GSO, your Company's holdings has come down to 6.22 % in GSO.

DIRECTORS

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

Directors' Responsibility Statement

Your directors confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) they have selected such accounting policies and applied them consistently and made judgements 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;
- iii) they have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956 for safeguarding the

assets of the Company and for preventing and detecting fraud and other irregularities; and

iv) they have prepared the annual accounts on a going-concern basis.

INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956

Your Company has no activity relating to conservation of energy or technology absorption. During the year under review, expenditure in foreign currencies amounted to Rs. 131.80 Lakhs on account of remuneration paid to employee. Foreign Currency earnings amounted to Rs. 714.14 Lakhs.

PERSONNEL

Information as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, is given in an annexure forming part of this report.

DEPOSITS

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

AUDITORS

M/s Brahmayya & Co., Chartered Accountants, Chennai, retire and are eligible for reappointment. A certificate under Section 224(1B) of the Companies Act, 1956 has been received from them.

ACKNOWLEDGEMENT

Your Directors thank the holding company, Sundaram Finance Limited for its support. Your Director's also wish to place on record their appreciation of the contribution made by the management team and the employees at all levels.

T. T. Srinivasaraghavan

Srinivas Acharya

Paramesh Krishnaier

P. S. Raghavan

Directors

Chennai 600 002

Date : 05.05.2010

Auditors' Report

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

1. We have audited the attached Balance Sheet of Sundaram Business Services Limited as at 31st March 2010, the Profit and Loss Account and the Cash Flow Statement of the company for the year ended on that date, annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, (the Act) and based on the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
 - iii) the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - iv) in our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, to the extent applicable.
 - v) on the basis of written representations received from the directors, as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
 - vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2010;
 - (b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) in our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.

For BRAHMAYYA & CO.,
Chartered Accountants
Registration Number 000511S

L.RAVI SANKAR

Place : Chennai

Partner

Date : 5th May, 2010

Membership No.25929

Annexure to the Auditors' Report referred to in Paragraph 3 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. involved during the year was Rs. 1750.00 lakhs. The balance outstanding at the end of the year was Rs. 350.00 lakhs.
- 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 fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account. ii) The rate of interest and other terms and conditions of the loan are, prima facie, not prejudicial to the interest of the company.
- c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets have not been disposed off by the company during the year. iii) The payment of interest is regular.
2. a) i) The company has granted unsecured loan to two companies covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was Rs.831.00 lakhs. The balance outstanding at the end of the year was Rs. 25.00lakhs. iv) There is no amount overdue on the loans. Apart from the above, the company has not availed loans from companies, firms or other parties covered in the register maintained under section 301 of the Act.
- ii) The rate of interest and other terms and conditions of the loan are, prima facie, not prejudicial to the interest of the company.
- iii) The repayment of principal is regular.
- iv) There is no amount overdue on the loans. Apart from the above, the company has not granted loans to companies, firms or other parties covered in the register maintained under section 301 of the Act.
- b) i) The company has availed unsecured loans from one company covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was Rs. 1750.00 lakhs. The balance outstanding at the end of the year was Rs. 350.00 lakhs.
3. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets. During the course of our audit, no major weaknesses have been noticed in the internal controls and therefore the reporting of the same does not arise.
4. a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered in the register maintained under Section 301 of the Act have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under Section 301 of the Act and exceeding the value of rupees five lakhs in respect of any party during the year, prima facie, have been made at prices which are reasonable having regard to

- the nature of the services and prevailing market prices at the relevant time.
5. The company has not accepted any deposits from the Public during the year.
 6. The company has an internal audit system, which in our opinion, is commensurate with the size and the nature of its business.
 7. The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Act.
 8. According to the records of the company and the information and explanations given to us, undisputed statutory dues, including Provident Fund, Employees State Insurance, Income tax, Wealth tax and Service tax and other material statutory dues have been regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, there are no arrears of statutory dues which are outstanding as at 31st March, 2010 for a period of more than six months from the date they become payable.
 9. According to the records of the company and the information and explanations given to us, there are no dues of Income tax, Sales tax, Wealth tax, Service tax, Excise duty and Cess which have not been deposited on account of any dispute.
 10. The company has accumulated losses at the end of the financial year and has incurred cash losses during the current financial year.
 11. The company does not have any borrowings from financial institutions or on issue of debentures. The Company has not defaulted in repayment of dues to bank.
 12. According to the information and explanations given to us, the company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
 13. The provisions of any special statute applicable to chit fund /midhi / mutual benefit fund / societies are not applicable to the company.
 14. Based on our examination of the records and the information and explanations given to us, the company has not dealt / traded in shares and debentures during the year. As informed and explained to us, proper records have been maintained of the transactions and contracts relating to investment in securities and timely entries have been made therein. The securities have been held by the company in its own name.
 15. In our opinion and according to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.
 16. The company has availed a term loan during the year and applied the same for the purpose for which the loan was obtained.
 17. According to the information and explanations given to us, the company has raised funds on short term basis during the year and the same have not been used for long term investment.
 18. According to the information and explanations given to us, the company has not issued debentures during the year.
 19. The company has not raised monies by public issue during the year.
 20. To the best of our knowledge and belief and according to the information and explanations given to us, during the year no fraud by the company and no fraud on the company was noticed or reported during the course of our audit.
 21. In our opinion and according to the information and explanations given to us, the nature of the company's business/ activities during the year has been such that clause ii, xiii and xviii of paragraph 4 of the Companies (Auditors' Report) Order, 2003 is not applicable to the company for the year.

For BRAHMAYYA & CO.,
Chartered Accountants
Registration Number 000511S
L.RAVI SANKAR

Place : Chennai
Date : 5th May, 2010

Partner
Membership No.25929

Balance Sheet

as at 31st March, 2010

		31.03.2010		31.03.2009
		Rs.		Rs.
I SOURCES OF FUNDS				
1. Shareholders' Funds				
a) Capital	1	15,00,00,000		15,00,00,000
b) Reserves and Surplus	2	—		45,72,510
		15,00,00,000		15,45,72,510
2. Loan Funds	3			
a) Secured Loans		28,13,249		-
b) Unsecured Loans		3,50,00,000		17,50,00,000
		3,78,13,249		17,50,00,000
3. Deferred Tax Liability (Net)	4	2,02,540		38,779
Total		18,80,15,789		32,96,11,289
II APPLICATION OF FUNDS				
1. Fixed Assets	5			
Gross Block		33,86,415		5,99,091
Less: Depreciation		13,92,877		2,02,319
Net Block		19,93,538		3,96,772
2. Investments	6	11,24,71,516		19,25,26,659
3. Current Assets, Loans and Advances				
a) Current Assets	7	3,45,99,991		5,19,04,762
b) Loans and Advances	8	4,06,34,790		10,50,49,999
	(A)	7,52,34,781		15,69,54,761
Less: Current Liabilities and Provisions				
a) Current Liabilities	9	2,82,00,844		2,02,07,117
b) Provisions	10	-		59,786
	(B)	2,82,00,844		2,02,66,903
Net Current Assets	(A-B)	4,70,33,937		13,66,87,858
4. Debit Balance in Profit and Loss Account		2,65,16,798		—
Total		18,80,15,789		32,96,11,289
Notes to the accounts	15			

As per our report of even date attached

For **Brahmayya & Co.**,
Chartered Accountants

L. Ravi Sankar
Partner
Membership No.25929

Chennai
5th May 2010

Bindu Raghavan
Secretary

V. K. Raman
Chief Financial Officer

P. S. Raghavan
Directors

T. T. Srinivasaraghavan

Srinivas Acharya

Paramesh Krishnaier

Profit and Loss Account for the Year Ended 31st March 2010

	Schedule	2009-10 Rs.	2008-09 Rs.
<u>INCOME</u>			
Income from Operations			
- Business Process Outsourcing		19,34,43,565	15,75,50,611
Other Income	11	56,68,122	73,61,163
Total	(A)	<u>19,91,11,687</u>	<u>16,49,11,774</u>
<u>EXPENDITURE</u>			
Interest	12	94,44,544	50,60,274
Establishment expenses	13	14,84,39,098	9,78,19,794
Administrative and Other Expenses	14	7,09,63,034	5,57,73,904
Depreciation		11,90,558	1,89,282
Total	(B)	<u>23,00,37,234</u>	<u>15,88,43,254</u>
Profit / (Loss) before Tax	(A-B)	(3,09,25,547)	60,68,520
Less: Taxation			
Current Tax		-	19,00,000
Deferred Tax		1,63,761	8,345
Fringe Benefit Tax		-	3,02,613
		<u>1,63,761</u>	<u>22,10,958</u>
Profit/(Loss) after tax		(3,10,89,308)	38,57,562
Balance of Profit brought forward from the previous year		45,72,510	7,14,948
Surplus/(Deficit) carried to Balance Sheet		<u>(2,65,16,798)</u>	<u>45,72,510</u>
Notes to the accounts	15		
Earnings per Equity Share (Refer Note 4.3 Schedule 15)			
Number of Shares considered (Face Value of Rs.10/- per share)		1,50,00,000	1,42,50,000
Basic and Diluted earnings per share (in Rupees)		(2.07)	0.27

As per our report of even date attached

For **Brahmayya & Co.**,
Chartered Accountants

L. Ravi Sankar
Partner
Membership No.25929

Chennai
5th May 2010

Bindu Raghavan
Secretary

V. K. Raman
Chief Financial Officer

P. S. Raghavan
Directors

T. T. Srinivasaraghavan

Srinivas Acharya

Paramesh Krishnaier

SCHEDULES

	31.03.2010 Rs.	31.03.2009 Rs.
1. Capital		
Authorised		
1,50,00,000 Equity Shares of Rs.10/- each	<u>15,00,00,000</u>	<u>15,00,00,000</u>
Issued and Subscribed		
1,50,00,000 Equity Shares of Rs.10/- each (previous year 1,50,00,000 Equity shares of Rs.10/- each)	<u>15,00,00,000</u>	<u>15,00,00,000</u>
Fully paid-up		
1,50,00,000 Equity Shares of Rs.10/- each (previous year 1,50,00,000 Equity shares of Rs.10/- each) (The Share Capital is held by Sundaram Finance Limited the Holding Company and its nominees)	15,00,00,000	15,00,00,000
	<u>15,00,00,000</u>	<u>15,00,00,000</u>
2. Reserves and Surplus		
Surplus in Profit and Loss Account	-	45,72,510
	<u>-</u>	<u>45,72,510</u>
3. Loan Funds		
a) Secured Loans		
From Scheduled Bank	<u>28,13,249</u>	-
	<u>28,13,249</u>	-
b) Unsecured Loans		
From the Holding Company - Sundaram Finance Limited	<u>3,50,00,000</u>	17,50,00,000
	<u>3,50,00,000</u>	<u>17,50,00,000</u>
4. Deferred Tax Liability (Net)		
Deferred Tax Liabilities - Depreciation	2,02,540	40,739
Deferred Tax Assets	-	(1,960)
	<u>2,02,540</u>	<u>38,779</u>

5. Fixed Assets (in Rs.)

DESCRIPTION	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
	As at	Additions	Deductions	As at	Upto	Additions	Deductions	Upto	As at	As at
	31.03.2009			31.03.2010					31.03.2009	31.03.2010
1. Computers	4,47,275	24,95,192	-	29,42,467	1,82,483	10,55,501	-	12,37,984	17,04,483	2,64,792
2. Computer Software	30,009	2,65,232	-	2,95,241	10,003	1,16,030	-	1,26,033	1,69,208	20,006
3. Office Equipment	1,16,407	-	-	1,16,407	9,344	14,892	-	24,236	92,171	1,07,063
4. Furniture and Fittings	5,400	26,900	-	32,300	489	4,135	-	4,624	27,676	4,911
Total	5,99,091	27,87,324	-	33,86,415	2,02,319	11,90,558	-	13,92,877	19,93,538	3,96,772
Previous Year	3,95,820	2,03,271	-	5,99,091	13,037	1,89,282	-	2,02,319	3,96,772	-

SCHEDULES
6. Investments
A. Long Term Investments - At Cost
In Equity Shares - Subsidiaries - Unquoted

Professional Management Consultants Limited
2,20,600 equity shares of face value Rs.10/- each
(28,678 equity shares of face value Rs.10/- each
acquired during the year)

10,34,59,559

8,34,08,559

In Equity Shares - Others - Unquoted

Sundaram BNP Paribas Fund Services Limited
(1,50,000 equity shares of face value Rs 10 each)

15,00,000

15,00,000

Gulf Outsourcing Services Ltd (*)
(2,88,000 equity shares of face value Rs.10 each)
(*) Subject to a 'Lock in Period' till 07/08/2016

28,80,000

28,80,000

BNP Paribas Global Security Marketing Operations Pvt Ltd. (**)
(4, 63,050 equity shares of Rs. 10/- each)
(**) Subject to a lock in Period of 5 years from 6th March 2009

46,30,500

46,30,500

B. Current Investments - At Cost - Unquoted

Birla Cash Plus Retail Growth Liquid Fund
(5,994.48 units redeemed during the year)

-

1,32,185

ICICI Prudential Institutional Liquid Plan - Growth
(63,912.28 units redeemed during the year)

-

7,73,797

LIC Mutual Fund Liquid Fund
(11,275.58 units redeemed during the year)

-

1,80,533

Sundaram BNP Paribas Money Fund
(91,14,397.40 units redeemed during the year)

-

9,20,12,576

146 units of Rs 10/- each in Sundaram BNP Paribas
Ultra Short Term Funds
(Opening balance of 6,99,103 units, 3,08,15,499 units
purchased and 3,15,14,456 units redeemed during the year)

1,457

70,08,509

11,24,71,516
19,25,26,659
7. Current Assets

Sundry Debtors

Outstanding for a period exceeding six months

4,87,920

35,56,197

Others

3,12,69,059

3,17,56,979

3,70,00,406

4,05,56,603

Interest receivable

80,477

42,16,613

Cash and Bank Balances with Scheduled Banks in

- Current Account

27,62,535

71,31,546

3,45,99,991
5,19,04,762

SCHEDULES**8. Loans and Advances**

	31.03.2010	31.03.2009
	Rs.	Rs.
Unsecured Loan - to a Subsidiary Company	25,00,000	8,73,16,613
Advance Income Tax and Tax deducted at Source (Net of Provision)	1,42,96,272	75,54,381
Advance Fringe Benefit Tax (Net of Provision)	827	—
Advances and deposits recoverable in cash or kind or for value to be received	2,38,37,691	1,01,79,005
	<u>4,06,34,790</u>	<u>10,50,49,999</u>

9. Current Liabilities (*)

Sundry Creditors		
For expenses	2,54,13,961	1,07,60,356
others	27,86,883	94,46,761
	<u>2,82,00,844</u>	<u>2,02,07,117</u>
	<u>2,82,00,844</u>	<u>2,02,07,117</u>

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

10. Provisions

Provision for Fringe Benefit Tax (Net of Advance Tax)	—	59,786
	<u>—</u>	<u>59,786</u>

SCHEDULES
11. Other Income

	2009-10 Rs.	2008-09 Rs.
Interest	39,72,104	57,45,568
Profit on Sale of Current Investments	1,15,282	15,86,515
Dividend Income	15,53,306	21,085
Miscellaneous Income	27,430	7,995
	<u>56,68,122</u>	<u>73,61,163</u>

12. Interest

Interest – Fixed loans	93,52,605	50,60,274
– Others	91,939	–
	<u>94,44,544</u>	<u>50,60,274</u>

13. Establishment Expenses

Salaries, allowances, commission bonus etc	13,17,09,506	8,52,18,074
Company's contribution to Provident Fund, Gratuity, Superannuation and Employees' State Insurance Schemes	1,10,17,994	66,38,921
Staff welfare expenses	57,11,598	59,62,799
	<u>14,84,39,098</u>	<u>9,78,19,794</u>

14. Administrative and other expenses

Rent	4,31,38,527	3,23,32,688
Communication	72,74,377	50,65,531
Electricity charges	71,99,455	51,77,442
Travelling Expenses and Conveyance	56,89,768	19,89,015
Professional Charges	8,12,262	49,73,204
Repairs and Maintenance		
Building	3,58,460	2,43,570
Others	<u>9,89,497</u>	<u>5,17,616</u>
Insurance	5,49,187	2,72,915
Printing and Stationery	11,82,557	24,32,775
Rates and taxes	72,367	4,988
Audit Fees		
Statutory Audit	75,000	27,575
Tax Audit	<u>25,000</u>	<u>8,825</u>
Miscellaneous expenses	35,96,577	27,27,760
	<u>7,09,63,034</u>	<u>5,57,73,904</u>

SCHEDULES

15. NOTES TO THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

- 1.1 The financial Statements are prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the relevant provisions of the Companies Act, 1956.

The 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.

- 1.2 Income Recognition:

Income is recognized on accrual basis

- 1.3 Fixed Assets and Depreciation:

Fixed assets are stated at historical cost Less accumulated depreciation.

Depreciation on assets is provided on the Written Down Value method at rates prescribed in Schedule XIV to the Companies Act, 1956. Assets costing Rs 5,000 or less acquired during the period are fully depreciated.

- 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 account.

- 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.

SCHEDULES

15. Notes to the Accounts (Contd.)

ii) Gratuity

The company makes an annual contribution to a Gratuity Fund administered by trustees and managed by LIC. The company accounts its liability based on an actuarial valuation, as at the balance date, determined every year by LIC using the Projected unit credit method

iii) Superannuation

The Company makes fixed contributions as a percentage on salary to a Super Annuation Fund, which is administered by trustees and managed by the Life Insurance Corporation of India (LIC).

The above contributions are charged to Profit and Loss Account.

iv) Leave Encashment

Liability on account of encashment of leave to employees is provided on the basis of an actuarial valuation.

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

C) Other Long Term Employee Benefits:

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

1.7 Taxation:

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

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

1.8 Intangible Assets:

Items of Computer software acquired /developed are recorded as intangible assets and their cost is amortized over their expected 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 recognised when there is existence of present legal or constructive obligations, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of obligation

SCHEDULES

15. Notes to the Accounts (Contd.)

2) BALANCE SHEET

2.1 Secured Loan:

The company has availed a working capital limit with a scheduled bank secured by hypothecation of receivables.

2.2 Sundry Debtors under current assets includes balances due from the companies under the same management.

Name of the Company	Balance as on 31.03.10 Rs.	Maximum amount outstanding during the year Rs.	Balance as on 31.03.09 Rs.	Maximum amount outstanding during 2008-09 Rs.
Sundaram BNP Paribas Home Finance Limited	23,163	5,75,154	4,82,282	7,06,044
Sundaram BNP Paribas Asset Management Company Limited	26,472	26,972	26,472	27,216
Sundaram Infotech Solutions Limited	20,736	20,736	8,769	16,858
Infreight Logistics Solutions Limited	33,090	66,445	33,355	33,355
Sundaram BNP Paribas Fund Services Limited	2,72,867	4,85,320	—	—
BNP Paribas Sundaram Global Securities Operations P Ltd	1,10,300	4,13,625	—	—
Professional Management Consultants Limited	9,20,889	9,20,889	—	—

3) PROFIT AND LOSS ACCOUNT

3.1 Employee Benefits:

Defined Contribution Plan:

During the year, the Company has recognized the following amounts in the Profit and Loss Account, which are included in Establishment Expenses in Schedule 13:

	2009-10 Rs	2008-09 Rs
Contribution to Provident Fund	56,50,209	42,03,596
Contribution to Employees' State Insurance	22,22,889	19,46,206
Contribution to Superannuation Fund	4,39,115	—

SCHEDULES
15. Notes to the Accounts (Contd.)
Defined Benefit Plan

	31.03.2010 (Rs.)	31.03.2009 (Rs.)
A. Reconciliation of opening and closing balances of present value of the defined benefit obligation		
Present value of obligations at the beginning of the year	30,04,393	1,99,938
Interest cost	2,40,351	14,995
Current service cost	12,44,597	96,377
Benefits paid	(80,653)	0
Actuarial (gain) / loss on obligation	(31,894)	26,93,083
Present value of obligations at the end of the year	44,40,582	30,04,393
B. Reconciliation of opening and closing balances of fair value of Plan Assets Fund Maintained by LIC		
Fair value of plan assets at the beginning of the year	37,64,121	3,27,837
Expected return on plan assets	4,28,095	1,48,572
Contributions	14,19,403	33,06,242
Benefits paid	(80,653)	0
Actuarial loss/gain on plan assets	Nil	18,530
Fair value of plan assets at the end of the year	55,30,966	37,64,121
C. Table showing fair value of plan assets		
Fair Value of plan assets at beginning of year	37,64,121	3,27,837
Actual return on plan assets	4,28,095	1,30,042
Contributions	14,19,403	33,06,242
Benefits Paid	80,653	0
Fair Value of plan assets at end of year	55,30,966	37,64,121
Funded Status	10,90,384	7,59,728
D. Actuarial Gain/Loss recognized		
Actuarial (gain)/loss on obligations	(31,894)	26,93,083
Actuarial (gain)/loss for the year – plan assets	Nil	18,530
Actuarial (gain)/loss on obligations	31,894	27,11,613
Actuarial (gain) / loss recognized in the year	31,894	27,11,613

SCHEDULES

15. Notes to the Accounts (Contd.)

	31.03.2010 (Rs.)	31.03.2009 (Rs.)
E. The amounts to be recognized in the balance sheet		
Present value of obligations as at the end of year	44,40,582	30,04,393
Fair value of plan assets as at the end of the year	55,30,966	37,64,121
Funded status	10,90,384	7,59,728
Net assets/(liability) recognized in balance sheet	(10,90,384)	7,59,728
F. The amounts to be recognized in the statement of profit or loss		
Current Service cost	12,44,597	96,377
Interest Cost	2,40,351	14,995
Expected return on plan assets	(4,28,095)	1,48,572
Net Actuarial(gain)/loss recognized in the year	31,894	(27,11,613)
Expenses recognized in statement of Profit and loss	10,88,747	26,74,413
G. Actuarial Assumptions		
Discount Rate	8%	8%
Expected return on plan assets	8%	8%
Rate of increase in compensation levels	5%	6%

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.

- 3.2 Exchange difference amounting to Rs. 20,640/- (Net Gain) (Previous year Rs. 3,91,706/- (Net Loss)) arising on account of Foreign Currency Transactions has been accounted in the Profit and Loss Account in accordance with Accounting Standard AS -11 - Accounting for Effects of changes in Foreign Exchange rates.

SCHEDULES

15. Notes to the Accounts (Contd.)

4) GENERAL

4.1 In accordance with Accounting Standard 18 “Related Parties”, the details of Related Parties are as follows:

Details of Related Parties:

Holding Company:

Sundaram Finance Limited

Subsidiary Company:

Professional Management Consultants Limited

Fellow Subsidiaries:

Sundaram BNP Paribas Home Finance Limited

Associate:

Sundaram BNP Paribas Mutual Fund

Sundaram BNP Paribas Asset Management Company Limited

Joint Ventures:

Gulf Outsourcing Services Limited

Sundaram BNP Paribas Trustee Company Limited

BNP Paribas Sundaram Global Securities Operations Pvt Ltd

Sundaram Finance Distribution Limited

Sundaram Infotech Solutions Limited

LGF Services Limited

Infreight Logistics Solutions Ltd

Sundaram BNP Paribas Fund Services Ltd

Key Management Personnel

Director and Chief Executive Officer

Mr. P.S. Raghavan

SCHEDULES

15. Notes to the Accounts (Contd.)

Related Party Transactions for the year ended 31st March 2010

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

Nature of Transactions	Holding Company (Rs.)	Subsidiary Company (Rs.)	Fellow Subsidiary Companies (Rs.)	Joint Ventures (Rs.)	Previous year (Rs.)
Income:					
Sundaram BNP Paribas Home Finance Ltd – Payroll and Deposit Processing			31,52,081		11,59,378
Sundaram BNP Paribas Asset Management Company Ltd – Payroll Processing			2,88,000		1,39,700
Sundaram Infotech Solutions Ltd – Payroll processing			1,10,500		47,550
Infreight Logistics Solutions Limited – Payroll processing			1,80,000		90,000
Professional Management Consultants Limited – Accounting		24,90,374			900,000
Sundaram BNP Paribas Fund Services Ltd – Accounting			39,91,056		54,52,045
BNP Paribas Sundaram Global Securities Operations Pvt Ltd - Accounting				9,75,000	-
Sundaram Finance Ltd – Data processing	31,21,424				
Expenses:					
Sundaram Finance Ltd					
a) Rent	4,25,21,309				3,21,17,703
b) Internal Audit Fee	1,20,000				-
c) Interest on Loan	93,52,605				50,60,274
d) Training Expenses	4,000				-
Assets:					
Investments in Equity Shares					
Professional Management Consultants Ltd		10,34,59,599			8,34,08,559
Investment in Mutual Fund Outstanding as on 31.03.10					
Sundaram BNP Paribas Mutual Fund			1,457		9,90,21,085
Loans to Companies					
Professional Management Consultants Ltd		25,00,000			-
Liabilities:					
Loans Outstanding as on 31.03.10					
Sundaram Finance Limited	3,50,00,000				17,50,00,000

SCHEDULES

15. Notes to the Accounts (Contd.)

4.2 There is no amount due to Small Scale Industries in terms of “The Micro, Small and Medium Enterprises Development Act, 2006”

4.3 Earnings per Share (Basic and diluted)

	2009-10	2008-09
A Profit/(Loss) for the year after taxation (Rs)	(3,10,58,518)	38,57,562
B Total number of equity shares of Rs.10/- each outstanding at the end of the year (in numbers) (1,50,00,000 equity shares at Rs.10/- per share for full year)	1,50,00,000	1,50,00,000
C Basic and diluted earnings per share (Rs) (A/B)	(2.07)	0.27

4.4 Earnings in Foreign currency amounts to Rs.7, 14, 13,982/-

4.5 Expenses incurred in foreign currency - Salary, Travel and office expenses etc. amounts to Rs.1, 31, 80,095/-.

4.6 Previous year figures have been regrouped wherever necessary to conform to the current year's classification.

4.7 Figures have been rounded off to the nearest rupee.

As per our report of even date attached

For **Brahmayya & Co.,**
Chartered Accountants

L. Ravi Sankar
Partner
Membership No.25929

Chennai
5th May 2010

Bindu Raghavan
Secretary

V. K. Raman
Chief Financial Officer

P. S. Raghavan
Directors

T. T. Srinivasaraghavan

Srinivas Acharya

Paramesh Krishnaier

Balance Sheet Abstract and Company's General Business Profile

Information as required under part IV of the Schedule VI of the Companies Act, 1956

I Registration Details

Registration No. State Code

Balance Sheet Date

Date Month Year

II Capital Raised during the Year (Amount in Rs. Thousands)

Public Issue	Rights Issue
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>
Bonus Issue	Private Placement
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	Total Assets
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="6"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="6"/>
Sources of Funds	Reserves & Surplus
Paid up Capital	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>	Unsecured Loans
Secured Loans	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="3"/>	Investments
Deferred Tax Liability	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="1"/>
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="3"/>	Misc. Expenditure
Applications of Funds	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>
Net Fixed Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="4"/>
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="9"/> <input type="text" value="4"/>	Accumulated Loss
Net Current Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="7"/>
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="4"/>	

IV Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenditure
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="2"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="7"/>
+ - Profit / (Loss) Before Tax	+ - Profit / (Loss) After Tax
<input checked="" type="checkbox"/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="5"/>	<input checked="" type="checkbox"/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="8"/> <input type="text" value="9"/>

(Please tick appropriate box + for profit, - for loss)

Earnings Per Share	Rs.	Ps.	Dividend Rate %
	<input type="text" value="-"/> <input type="text" value="2"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="7"/>		<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

V Generic Names of Three Principal Products / Services of Company (As per monetary terms)

Item Code No. (ITC Code)

Product / Service Description

SUNDARAM BUSINESS SERVICES LIMITED

Statement Pursuant to Section 212 (1) (e) of The Companies Act, 1956, relating to Subsidiary Companies

(Rs. in lakhs)

1 Name of the Subsidiary Company	Professional Management Consultants Ltd.
2 Financial year of the Subsidiary ended on	31.03.2010
3 Holding Company's interest in the Subsidiary	2,20,600 Equity Shares of Rs. 10/- each (100%)
4 Net aggregate amount of the profit/(loss) of the subsidiary not dealt with in the the Holding Company's accounts	
a) For the financial year of the Subsidiary Company	(68.98)
b) For the Previous financial years Since it became a Subsidiary Company	275.36
5 Net aggregate amount of the profit/(loss) of the subsidiary dealt with in the the Holding Company's accounts by way of dividends on the shares held in Subsidiary Company	
a) For the financial year of the Subsidiary Company	Nil
b) For the Previous financial years Since it became a Subsidiary Company	Nil

T. T. Srinivasaraghavan

Srinivas Acharya

Paramesh Krishnaier

Bindu Raghavan
Secretary

V. K. Raman
Chief Financial Officer

P. S. Raghavan
Directors

CASH FLOW STATEMENT

	2009-10 (Rs.)	2008-09 (Rs.)
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit	(3,10,89,308)	38,57,562
Add:		
Provision for Taxation	1,63,761	22,10,958
Depreciation	11,90,558	1,89,282
Interest	94,44,544	50,60,274
Dividend Received	(15,53,306)	(21,085)
(Profit) loss on sale of Investments	(1,15,282)	(15,86,515)
Interest income from loan to subsidiary	(29,87,371)	(57,45,568)
Exchange Fluctuation (Gain)/Loss	(20,640)	3,91,706
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>(2,49,67,044)</u>	<u>43,56,614</u>
(Increase) Decrease in Loans and Advances	(1,60,65,820)	(2,28,28,938)
(Increase) Decrease in Other Receivables	1,29,35,761	(3,36,68,605)
Increase (Decrease) in Current Liabilities	<u>79,33,941</u>	<u>1,48,31,529</u>
	48,03,882	(4,16,66,014)
Cash generated from Operations	<u>(2,01,63,162)</u>	<u>(3,73,09,400)</u>
Direct Taxes Paid	(1,13,493)	(13,47,112)
NET CASH FROM OPERATING ACTIVITIES (A)	<u>(2,02,76,655)</u>	<u>(3,86,56,512)</u>
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(27,87,324)	(2,03,271)
Purchase of Investments	(31,41,11,083)	(23,30,21,084)
Purchase of Investments in Subsidiaries/Joint Venture	(2,00,51,000)	(2,61,81,500)
Sale of Investments	41,42,17,226	13,79,13,485
Profit from realised gain on Investment	1,15,282	15,86,515
Dividend Received	15,53,306	21,085
NET CASH FROM INVESTING ACTIVITIES (B)	<u>7,89,36,407</u>	<u>(11,98,84,770)</u>
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Equity Shares	-	6,50,00,000
Loan From Holding Company	3,50,00,000	17,50,00,000
Loan to Subsidiary Company	(4,10,00,000)	(17,50,00,000)
Repayment of Loan by Subsidiary Company	12,16,00,000	9,19,00,000
Repayment of Loan to Holding Company	(17,50,00,000)	-
Increase in long term borrowings	28,13,249	-
Interest paid	(94,44,544)	(50,60,274)
Interest received from subsidiary	29,81,892	57,45,568
NET CASH FROM FINANCING ACTIVITIES (C)	<u>(6,30,49,403)</u>	<u>15,75,85,294</u>
D) EFFECT OF FOREIGN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS, NET (D)	20,640	(3,91,706)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A) + (B) + (C) + (D)	(43,69,011)	(13,47,694)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	71,31,546	84,79,240
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>2,762,535</u>	<u>71,31,546</u>
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Current Account with Banks	27,62,535	71,31,546
Cash, Stamps and Stamp Papers on Hand	-	-
	<u>27,62,535</u>	<u>71,31,546</u>

As per our report of even date attached

For **Brahmayya & Co.,**
Chartered Accountants

L. Ravi Sankar

Partner

Membership No.25929

Chennai

5th May 2010

Bindu Raghavan

Secretary

V. K. Raman

Chief Financial Officer

P. S. Raghavan

Directors

T. T. Srinivasaraghavan

Srinivas Acharya

Paramesh Krishnaier

SUNDARAM BUSINESS SERVICES LIMITED

PROFESSIONAL MANAGEMENT CONSULTANTS LIMITED

15th Annual Report 2009-10



Board of Directors

P S Raghavan

Harsha Viji

S Sivakumar

Bankers

Canara Bank

Auditors

M/s. Brahmaya & Co., Chennai

Chartered Accountants

Registered Office

21, Patullos Road,

Chennai 600 002

Tel: 044 28599900

Fax: 044 2858 7054

Website: www.pmcindia.com

Professional Management Consultants Limited
Subsidiary of
SUNDARAM BUSINESS SERVICES LIMITED

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Directors' Report

Your Directors have pleasure in presenting the 15th Annual Report with audited accounts of the Company for the year ended 31st March 2010.

The summarised financial results of the Company are given hereunder:

(Rs in lakhs)

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
Total Income	486.51	886.38
Total Expenditure	556.29	776.34
Profit before Taxation	(69.79)	110.05
Provision for Taxation	(0.81)	41.13
Profit after Taxation	(68.98)	68.92

REVIEW OF OPERATIONS

During the financial year 2009-10, revenue earned was Rs. 486.51 lakhs as against Rs.886.38 lakhs in the Previous Year. Due to recessionary conditions, the "revenue earned" of your Company was significantly affected. Although your Company has successfully retained all the clients, the business written was lower on account of lower business volume reported by the clients.

For financial year 2010-11, it is envisaged that your Company will adopt a new business strategy with the support of the Holding Company apart from continuing to focus on opportunities in the Banking and Financial Services space.

DIRECTORS

Sri S Sivakumar has been co-opted as additional director of your Company on 30.07.2009. Under Section 260 of the Companies Act, 1956, he holds office upto the date of the ensuing Annual General Meeting. The Company has received due notice from a member proposing his appointment as Director of the Company.

Sri S V Krishnamurthy has relinquished the office of Directorship with effect from 30.07.2009. The Directors wish to place on record their appreciation for his service.

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

DIRECTORS' RESPONSIBILITY STATEMENT

Your directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- they have selected such accounting policies and applied them consistently and made judgements 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;

- they have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- they have prepared the annual accounts on a going-concern basis.

SECRETARIAL COMPLIANCE CERTIFICATE

In accordance with Section 383A of the Companies Act 1956, the Secretarial Compliance Certificate is attached with this report.

INFORMATION AS PER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956

Your Company has no activity relating to conservation of energy or technology absorption. Your Company did not have any foreign exchange earnings or outgo during the year.

PERSONNEL

None of the employees of the Company is in receipt of remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956.

DEPOSITS

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

AUDITORS

M/s Brahmayya & Co, Chartered Accountants, Chennai, retire and are eligible for reappointment. A certificate under Section 224(1B) of the Companies Act, 1956 has been received from them.

ACKNOWLEDGMENT

Your Directors thank the holding Company, SBSL for its support. Your directors also wish to place on record their appreciation for the contribution made by the employees at all levels.

P S Raghavan

Harsha Viji

S Sivakumar

Directors

Chennai 600 006

Date: 05.05.2010

Secretarial Compliance Certificate

CIN : U74140TN1995PLC032521

To
The Members
Professional Management Consultants Limited
21, Patullos Road, Chennai 600 002

I have examined the registers, records, books and papers of **PROFESSIONAL MANAGEMENT CONSULTANTS LIMITED** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2010. In my opinion and to the best of information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company is a Public Limited Company and has the minimum prescribed paid up capital.
4. The Board of Directors duly met Five (5) times on 15th May 2009, 16th May 2009, 30th July 2009, 30th December 2009 and 24th February 2010, in respect of which meetings proper notices were given and proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members during the financial year ended 31st March 2010.
6. The Annual General Meeting for the financial year ended 31st March, 2009 was held on 26th June 2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No Extra-Ordinary General Meeting was held during the financial year ended 31st March 2010.
8. The Company has not advanced any loans or given any guarantees or provided any securities to its directors or persons or firms or companies referred to under Section 295 of the Act during the financial year ended 31st March 2010.
9. The Company has not entered into any contract falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of directors, members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year ended 31st March 2010.
13. The Company:
 - i) has delivered the certificate on allotment of securities and on lodgement thereof for transfer / transmission or any other purpose in accordance with the provisions of the Act.
 - ii) has not deposited any amount in a separate bank account as no dividend was declared during the year ended 31st March 2010.
 - iii) was not required to post warrants to any member of the Company as no dividend was declared during the year ended 31st March 2010.
 - iv) has not declared any dividend, issued any shares or debentures and has not accepted any deposits. Hence, the question of transfer of dividend to unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund does not arise.
 - v) has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment to the Board has been duly made and registered.

PROFESSIONAL MANAGEMENT CONSULTANTS LIMITED

15. The Company has appointed an Additional Director during the year under review. The Company has not appointed any Managing Director / Whole-time Director / Manager during the financial year under review.
16. The Company has not appointed any sole selling agent during the financial year ended 31st March 2010.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director and / or such authorities prescribed under the various provisions of the Act during the financial year ended 31st March 2010.
18. The Directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares, debentures or other securities during the financial year ended 31st March 2010.
20. The Company has not bought back any shares during the financial year and hence the question of complying with the buy back provisions does not arise.
21. There was no redemption of preference shares / debentures during the financial year ended 31st March 2010.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares during the financial year ended 31st March 2010.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year ended 31st March 2010.
24. The Company has made borrowings during the financial year ended 31st March 2010 from its holding Company and transaction has been duly recorded as required under Section 301 of the Companies Act.
25. The Company has not made loans and investments or given guarantees or provided securities to other body corporate and consequently no entries have been made in the Register kept for the purpose.
26. During the year under review, the Company has altered the provisions of its Memorandum of Association with respect to name of the Company consequent to conversion into a public limited Company under Section 44 of the Companies Act, 1956 and complied with the provisions of the Act.
27. During the year under review, the Company has altered the provisions of its Articles of Association by removing the restrictive clauses of a private limited Company after obtaining approval of members in the Annual General Meeting held on 26th June 2009 and the amendments to the Articles of Association have been duly registered with the Registrar of Companies.
28. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
29. The Company has not received any money as security from its employees during the financial year ended 31st March 2010.
30. During the year under review, the Company was regular in depositing Provident Fund with statutory authorities. It has no PF Trust on its own as envisaged under Section 418 of the Act.

Place: Chennai

Date: 27th April 2010

Malini Seshadri, ACS

No. 5493 CP 1323

Annexure A to Secretarial Compliance Certificate

Registers as maintained by the Company during the financial year ended 31st March, 2010

Sl. No.	Section Number	Name of the Register
1.	-	Share Transfer Register
2.	150	Register of Members
3.	193	Minutes of the meetings of Board of Directors
4.	193	Minutes of the meetings of the Members
5.	303	Register of Directors
6.	307	Register of Directors' Shareholding
7.	372A	Register of Investments/Loans /Guarantees and Securities
8.	-	Board Meeting Attendance Register
9.	-	General Meeting Attendance Register
10.	-	Common Seal Register

Annexure B to Secretarial Compliance Certificate

**Returns/Documents/Forms filed with the Registrar of Companies, Regional Director,
Central Government or other authorities during the financial year ended 31st March 2010**

REGISTRAR OF COMPANIES

Sl.No.	Form No.	Relevant Section	Description
1.	18	146	Shifting the registered office within the local limits of the city filed on 06.06.09
2.	22B	187-C	Filing of Form 22B together with Form I and Form II received from the nominees and beneficiary filed on 04.07.09.
3.	22B	187-C	Filing of Form 22B together with Form I and Form II received from the nominees and beneficiary filed on 04.07.09.
4.	66	383A	Compliance Certificate issued by Ms. Malini Seshadri, Practising Company Secretary, for the financial year ended 31st March 2009 filed on 06.07.09.
5.	23AC & 23ACA	220	Balance Sheet and Profit & Loss Account for the financial year ended 31st March 2009 filed on 25.07.09.
6.	20 B	159	Annual Return made upto 26th June 2009 (Date of AGM) filed on 18.08.09.
7.	23	192	Special Resolution under Section 44 of the Companies Act, 1956 for converting the Company into a Public Limited Company and consequential amendment in the Memorandum and Articles of Association filed on 25.07.09.
8.	62	44	Statement in lieu of Prospectus as per Schedule IV filed on 25.07.09.
9.	32	303	Appointment of Sri S Sivakumar as Additional Director and resignation of Sri S V Krishnamurthy from the directorship of the Company filed on 20.08.09.
10.	32	303	Appointment of Sri S V Krishnamurthy filed on 26.08.09
11.	32	303	Resignation of Sri S.V.Krishnamurthy from the directorship of the Company filed on 28.08.09

Regional Director

Nil

Central Government & other Authorities

Nil

PROFESSIONAL MANAGEMENT CONSULTANTS LIMITED

Auditors' Report

To The Members of Professional Management Consultants Limited

1. We have audited the attached Balance Sheet of Professional Management Consultants Limited as at 31st March 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, (the Act) and based on the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - iii) the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - iv) in our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, to the extent applicable.
 - v) on the basis of written representations received from the directors, as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
 - vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
 - b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **BRAHMAYYA & CO.**,
Chartered Accountants
Registration No. 00511S

P BABU
Partner

Place : Chennai
Date : 5th May, 2010

Membership No. 203358

Annexure To The Auditors' Report referred to in Paragraph 3 of Our Report of Even Date

1. a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) Fixed assets are being physically verified by the management in accordance with a plan of verification which in our opinion is reasonable having regard to the size of the Company and the nature of fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
 - c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets have not been disposed off by the Company during the year.
 2. a) i) The Company has availed an unsecured loan from a Company covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was Rs.25.00 lakhs. The balance outstanding at the end of the year was Rs.25.00 lakhs.
 - ii) The rate of interest and other terms and conditions of the loan are, prima facie, not prejudicial to the interest of the Company.
 - iii) The repayment of principal is regular.
 - iv) There is no amount overdue on the loans.
- Apart from the above, the Company has not availed loans from companies, firms or other parties covered in the register maintained under section 301 of the Act.
3. In our opinion and according to the information and explanations given to us, the Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, clauses (iii)c and (iii)d of paragraph 4 of the Order are not applicable to the Company for the year.
 4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets. During the course of our audit, no major weaknesses have been noticed in the internal controls and therefore the reporting of the same does not arise.
 5. a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered in the register maintained under Section 301 of the Act have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under Section 301 of the Act and exceeding the value of rupees five lakhs in respect of any party during the year, prima facie, have been made at prices which are reasonable having regard to the nature of the services and prevailing market prices at the relevant time.
 6. The Company has not accepted any deposits from the Public during the year.
 7. The Company has an internal audit system, which in our opinion, is commensurate with the size and the nature of its business.
 8. The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Act.
 9. According to the records of the Company and the information and explanations given to us, undisputed statutory dues, including Provident Fund, Employees State Insurance, Income tax, Wealth tax and Service tax and other material statutory dues have been regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, there are no arrears of statutory dues which are outstanding as at 31st March, 2010 for a period of more than six months from the date they become payable.

10. According to the records of the Company and the information and explanations given to us, there are no dues of Income tax, Sales tax, Wealth tax, Service tax, Excise duty and Cess which have not been deposited on account of any dispute.
11. The Company does not have accumulated losses at the end of the financial year and has incurred cash losses during the current financial year.
12. Based on our audit procedures and the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
13. According to the information and explanations given to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
14. The provisions of any special statute applicable to chit fund /nidhi / mutual benefit fund / societies are not applicable to the Company.
15. Based on our examination of the records and the information and explanations given to us, the Company has not dealt / traded in shares and debentures during the year. As informed and explained to us, proper records have been maintained of the transactions and contracts relating to investment in securities and timely entries have been made therein. The securities have been held by the Company in its own name.
16. In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
17. The Company has availed a term loan during the year and applied the same for the purposes for which the loan was obtained.
18. According to the information and explanations given to us, the Company has raised funds on short term basis during the year and the same have not been used for long term investments.
19. According to the information and explanations given to us, the Company has not issued debentures during the year.
20. The Company has not raised monies by public issue during the year.
21. 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 material fraud on the Company was noticed or reported during the course of our audit.
22. 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, xiii and xviii of paragraph 4 of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company for the year.

For **BRAHMAYYA & CO.**,
Chartered Accountants
Registration No. 00511S

P BABU
Partner

Place : Chennai
Date : 5th May, 2010

Membership No. 203358

Balance Sheet

as at 31st March, 2010

	Schedule	31.03.2010		31.03.2009	
		Rs.	Rs.	Rs.	Rs.
I SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Capital	1	22,06,000		22,06,000	
b) Reserves and Surplus	2	<u>2,06,38,184</u>	2,28,44,184	<u>2,75,35,973</u>	2,97,41,973
2. Loan Funds					
Secured Loans	3		7,07,482		36,87,575
Unsecured loan	4		25,00,000		-
3. Deferred Tax Liability (Net)			2,09,950		2,90,778
Total			<u>2,62,61,616</u>		<u>3,37,20,326</u>
II APPLICATION OF FUNDS					
1. Fixed Assets	5				
a) Gross Block		1,65,00,936		1,65,06,116	
b) Less: Depreciation		<u>98,20,640</u>		<u>69,50,197</u>	
c) Net Block			66,80,296		95,55,919
2. Current Assets, Loans and Advances					
a) Current Assets	6	1,00,88,770		2,51,07,816	
b) Loans and Advances	7	<u>1,56,92,072</u>		<u>1,19,29,868</u>	
(A)		<u>2,57,80,842</u>		<u>3,70,37,684</u>	
Less: Current Liabilities and Provisions					
a) Current Liabilities	8	60,77,458		1,27,51,213	
b) Provisions	9	<u>1,22,064</u>		<u>1,22,064</u>	
(B)		<u>61,99,522</u>		<u>1,28,73,277</u>	
Net Current Assets	(A-B)		1,95,81,320		2,41,64,407
Total			<u>2,62,61,616</u>		<u>3,37,20,326</u>
Notes to the Accounts	14				

As per our report of even date attached

For **Brahmayya & Co.**,
Chartered Accountants

P Babu
Partner
Membership No. 203358
Chennai,
05th May, 2010

P S Raghavan

Harsha Viji

S Sivakumar

Directors

PROFESSIONAL MANAGEMENT CONSULTANTS LIMITED

Profit and Loss Account

for the Year Ended 31st March 2010

	Schedule	2009-10 Rs.	2008-09 Rs.
<u>INCOME</u>			
Income from Services - Business Process Outsourcing		4,83,94,087	8,85,90,961
Other Income	10	2,55,987	47,468
Total	(A)	<u>4,86,50,074</u>	<u>8,86,38,429</u>
<u>EXPENDITURE</u>			
Establishment Expenses	11	4,23,32,343	5,50,06,708
Administrative and Other expenses	12	99,21,757	1,94,75,793
Financial Expenses	13	3,94,128	1,79,391
Depreciation		29,80,463	29,71,634
Total	(B)	<u>5,56,28,691</u>	<u>7,76,33,526</u>
Profit / (Loss) before Tax	(A-B)	(69,78,617)	1,10,04,903
Taxation			
- Current		-	39,20,000
- Deferred Tax		(80,828)	71,324
- Fringe Benefit Tax		-	1,22,064
Profit / (Loss) after Tax		<u>(68,97,789)</u>	<u>68,91,515</u>
Add : Income Tax provision relating to earlier years written back		-	23,557
Balance brought forward from Previous Year		2,48,35,973	1,79,20,901
		<u>1,79,38,184</u>	<u>2,48,35,973</u>
<u>APPROPRIATIONS</u>			
Surplus carried to Balance Sheet		1,79,38,184	2,48,35,973
		<u>1,79,38,184</u>	<u>2,48,35,973</u>
Notes to the Accounts	14		
Earnings per Equity Share (Refer Note No.4.2 Schedule 14)			
Number of Shares considered (Face value Rs.10/- per share)		2,20,600	2,20,600
Basic and Diluted earnings per Share (in Rupees)		(31.27)	31.24

As per our report of even date attached

For **Brahmayya & Co.,**
Chartered Accountants

P Babu
Partner
Membership No. 203358
Chennai,
05th May, 2010

P S Raghavan

Harsha Viji

S Sivakumar

Directors

SCHEDULES

	31.03.2010		31.03.2009	
	Rs.	Rs.	Rs.	Rs.
1 Share Capital				
Authorised Capital				
375000 Equity shares of Rs.10/- each	37,50,000		37,50,000	
125000 Preference shares of Rs.10/- each	<u>12,50,000</u>	50,00,000	<u>12,50,000</u>	50,00,000
Issued, Subscribed and Paid up		<u>22,06,000</u>		<u>22,06,000</u>
220600 Equity Shares of Rs.10/- each (Includes 210300 Equity shares issued as fully paid Bonus shares by way of Capitalisation of Reserves)				
2 Reserves and Surplus				
General Reserve				
Per Last Balance Sheet	27,00,000		27,00,000	
Add: Transfer from Profit and Loss account	-	27,00,000	-	27,00,000
Surplus in Profit and Loss account				
Per Last Balance Sheet	2,48,35,973		1,79,20,901	
Balance Carried from Profit and Loss account	<u>(68,97,789)</u>		<u>69,15,072</u>	
		<u>1,79,38,184</u>		<u>2,48,35,973</u>
		<u>2,06,38,184</u>		<u>2,75,35,973</u>
3 Secured Loans				
Overdraft facility with Scheduled bank		7,07,482		36,87,575
		<u>7,07,482</u>		<u>36,87,575</u>
4 Unsecured Loans				
Holding Company - Sundaram Business Services Limited		25,00,000		-
		<u>25,00,000</u>		<u>-</u>

in Rs.

5. Fixed Assets

Particulars	GROSS BLOCK			DEPRECIATION BLOCK			WDV BLOCK		
	As at 31.03.2009	Additions	Deductions	As at 31.03.2010	As at 31.03.2009	Additions	Deductions	As at 31.03.2010	As at 31.03.2009
Owned Assets									
1. Computers and Accessories	44,09,658	750	-	44,10,408	27,26,030	6,74,201	-	10,10,177	28,37,004
2. Computer - Software	12,32,347	-	-	12,32,347	3,80,474	4,10,741	-	4,41,131	3,71,175
3. Plant and Machinery	29,88,728	-	215,000	27,73,728	14,07,207	2,96,834	1,10,021	11,79,707	23,16,469
4. Office Equipment	5,37,416	48,938	-	5,86,354	1,52,210	60,389	-	3,73,754	4,65,872
5. Furnitures and Fixtures	22,31,712	-	-	22,31,712	8,83,495	2,44,027	-	11,04,190	13,73,066
6. Temporary Partitions	23,53,840	160,132	-	25,14,972	10,24,633	2,52,845	-	12,37,497	34,132
Leased Assets									
7. Computer	27,51,415	-	-	27,51,415	5,93,214	8,24,361	-	13,33,840	21,58,201
Total	1,65,06,116	2,09,820	2,15,000	1,65,00,936	71,67,263	27,63,398	1,10,021	66,80,296	95,55,919
Previous Year	1,03,41,956	61,64,160	-	1,65,06,116	39,78,563	29,71,634	-	95,55,919	63,63,393

	31.03.2010		31.03.2009	
	Rs.	Rs.	Rs.	Rs.
6 Current Assets				
a) Sundry Debtors				
Unsecured, considered Good				
Exceeding Six Months	6,74,097		11,32,590	
Less than Six months	<u>74,31,900</u>	81,05,997	<u>1,40,85,807</u>	1,52,18,397
b) Cash and bank balances				
Cash on hand	4,668		28,282	
Balance with Scheduled Banks in				
Current account	<u>19,78,105</u>	19,82,773	<u>98,61,137</u>	
				98,89,419
		<u>1,00,88,770</u>		<u>2,51,07,816</u>
7 Loans and Advances				
Advances and deposits recoverable in cash or kind or for value to be received		26,91,274		49,33,415
Advance Income Tax and Tax Deducted at Source (Net of Provision for Taxation)		1,30,00,798		69,96,453
		<u>1,56,92,072</u>		<u>1,19,29,868</u>
8 Current Liabilities *				
Sundry Creditors				
- For Expenses		45,50,798		76,51,167
- For Others		1,76,605		21,75,931
Advances received from Customers		-		5,01,000
- Liability for Leased Assets		13,50,055		24,23,115
(* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund)		<u>60,77,458</u>		<u>1,27,51,213</u>
9 Provisions				
- Fringe Benefit Tax		1,22,064		1,22,064
		<u>1,22,064</u>		<u>1,22,064</u>

	31.03.2010		31.03.2009	
	Rs.	Rs.	Rs.	Rs.
10 Other Income				
Dividend		-		42,774
Other Income		12,834		-
Profit on Sale of Assets		45,021		-
Provision no longer required		1,98,132		-
Interest		-		4,694
		<u>2,55,987</u>		<u>47,468</u>
11 Establishment Expenses				
Salaries, Wages and Bonus		3,78,24,646		4,94,27,400
Contribution to Provident Fund, Gratuity and Employees State Insurance Scheme		39,30,847		49,13,853
Staff Welfare Expenses		5,76,850		6,65,455
		<u>4,23,32,343</u>		<u>5,50,06,708</u>
12 Administrative and Other expenses				
Rent		29,95,009		51,26,932
Lease Charges		2,48,699		2,02,851
Professional Fees		24,50,147		46,53,402
Rates and Taxes		-		2,583
Electricity Charges		11,34,316		22,97,768
Insurance		89,548		1,13,151
Printing and Stationery		5,42,849		11,28,102
Filing fees		6,954		5,500
Repairs - Buildings		-		3,41,782
Repairs - Others		4,92,643		15,27,134
Miscellaneous Expenses		19,61,592		40,73,272
Loss on redemption of investments		-		3,316
		<u>99,21,757</u>		<u>1,94,75,793</u>
13 Financial Expenses				
Interest		3,66,151		1,26,797
Bank Charges		27,977		52,594
		<u>3,94,128</u>		<u>1,79,391</u>

SCHEDULES

14. NOTES TO THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

- 1.1 The financial statements are prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the provisions of The Companies Act, 1956.

The preparation of 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 Balance Sheet date, reported amounts of revenues 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.

- 1.2 Income recognition:

Income from Services is recognised on accrual basis.

- 1.3 Fixed Assets and Depreciation

Fixed Assets are stated at historical cost less accumulated depreciation.

The Company has during the year, changed the method of depreciation from the Straight Line Method to the written Down Value method. Assets costing Rs.5000 or less acquired are depreciated at 100 per cent on a pro rata basis from the date of their acquisition.

- 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 Employee Benefits

- A) Short Term Employee Benefits:

Short Term Employee Benefits expected to be paid for the 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

- (i) 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 for future gratuity benefits based on actuarial valuation, as at Balance Sheet date, determined every year by LIC using the Projected Unit Credit method.

SCHEDULES

14. NOTES TO THE ACCOUNTS (Contd.)

(ii) Leave Encashment

Liability on account of encashment of leave to employees is provided on actuarial basis.

The actuarial gain/ loss arising in the above benefit plans has been duly recognised in the profit and loss account.

1.6 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 recognised on the consideration of prudence.

1.7 Intangible Assets:

Items of Computer software acquired are recorded as intangible assets and their cost is amortized over their expected useful life.

1.8 Impairment of Assets:

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

1.9 Provisions:

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

2. BALANCE SHEET

2.1 Overdraft facility with Scheduled Bank is secured by hypothecation of Receivables.

2.2 Deferred Tax Liability

The details of Deferred Tax Liability are as follows:

		31.03.2010 (Rs.)	31.03.2009 (Rs.)
1	Deferred Tax Liability		
	Depreciation	(a) 3,46,977	6,56,131
2	Deferred Tax Assets		
	Others – Employee Benefits	(b) 1,37,027	3,65,353
	Total	(a) – (b) 2,09,950	2,90,778

SCHEDULES

14. NOTES TO THE ACCOUNTS (Contd.)

2.3 Loans and Advances

Advance Income Tax and Tax Deducted at Source is net of Provision for Tax of Rs.1,43,30,000 (Previous Year Rs.1,43,30,000/)

2.4 Current Liabilities

Amount due to Directors as at 31st March 2010 was Rs.NIL/- (Previous Year Rs. 11,915/-)

2.5 In accordance with Accounting Standard – AS 19 – Leases, the reconciliation between the total of minimum lease payments and the present value of minimum lease payments (MLP) as on 31-03-10 is as follows :

Maturity pattern of total/present minimum lease payments

(Amount in Rs.)

	31-03-10	31-03-09
Total of minimum lease payments	13,50,055	24,23,135
Present value of minimum lease payments	12,72,757	21,58,200

(Amount in Rs.)

Period	31st March, 2010		31st March, 2009	
	MLP	Present value	MLP	Present value
Not later than one year	10,73,056	10,03,913	10,73,060	9,21,465
Later than 1 year and not later than 5 years	2,77,013	12,36,735	14,50,075	12,36,735
Later than five years	-	-	-	-

3. PROFIT & LOSS ACCOUNT

3.1 Details of payments to Auditors are as follows:

	31.03.2010 (Rs.)	31.03.2009 (Rs.)
a) Statutory Audit	75,000	75,000
b) Tax Audit	25,000	25,000
Service Tax on Audit fees	10,300	10,300

3.2 Employee Benefits :

i) Defined Contribution Plan :

	Rs.
Company Contribution to	
a) Provident fund	20,91,328
b) Employees State Insurance	13,62,180

SCHEDULES

14. NOTES TO THE ACCOUNTS (Contd.)

ii) Defined Benefit Plan :

Gratuity	31.03.2010	31.03.2009
	(Rs.)	(Rs.)
A. Reconciliation of opening and closing balances of present value of the defined benefit obligation		
Present value of obligations at the beginning of the year	26,54,032	21,35,854
Interest cost	2,12,323	1,60,385
Current service cost	4,90,826	3,59,774
Benefits paid	(4,78,511)	2,62,087
Actuarial (gain) / loss on obligation	(2,75,677)	2,60,106
Present value of obligations at the end of the year	26,02,993	26,54,032
B. Reconciliation of opening and closing balances of fair value of Plan Assets Fund Maintained by LIC		
Fair value of plan assets at the beginning of the year	26,46,889	21,22,704
Expected return on plan assets	2,39,987	1,83,151
Contributions	4,00,289	5,95,460
Benefits paid	(4,78,511)	2,62,087
Actuarial gain on plan assets	Nil	7,661
Fair value of plan assets at the end of the year	28,08,654	26,46,889
C. Reconciliation of present value of defined benefit obligation and fair value of plan assets to the assets and liabilities		
Present value of obligations at the end of the year	26,02,993	26,54,032
Fair value of plan assets at the end of the year	28,08,654	26,46,889
Net (Asset) / liability recognized in the balance sheet	(2,05,661)	7,143
D. Expenses recognised in the profit and loss statement		
Current Service cost	4,90,826	3,59,774
Interest Cost	2,12,323	1,60,385
Expected return on plan assets	(2,39,987)	1,83,151
Net Actuarial (gain) / loss recognized in the year	(2,75,677)	2,52,445
Expenses to be recognized in the profit and loss account	1,87,485	5,89,453

SCHEDULES

14. NOTES TO THE ACCOUNTS (Contd.)

	31.03.2010	31.03.2009
E. Details showing fair value of plan assets		
Fair value of plan assets at the beginning of the year	26,46,889	21,22,704
Actual return on plan assets	2,39,987	1,90,812
Contributions	4,00,289	5,95,460
Benefit Paid	(4,78,511)	2,62,087
Fair value of plan assets at the end of the year	28,08,654	26,46,889
F. Actuarial Gain / Loss recognized		
Actuarial (gain) / loss on obligation	(2,75,677)	2,60,106
Actuarial gain on plan assets	Nil	7,661
Total (gain) / loss for the year	(2,75,677)	2,52,445
Actuarial (gain) / loss recognized in the year	(2,75,677)	2,52,445
G. Actuarial assumption		
Discount Rate	8.00%	8.00%
Salary Increment	6.50%	7.00%
Mortality rates		Based on LIC (1994-1996)

3.3 The Present value of obligation towards Compensated absences as per actuarial certificate as on 31st march 2010 was Rs. 4,43,452.00 and is provided for in the books of account.

3.4 Consequent to the change in the method of depreciation from the Straight Line Method to the Written Down Value method, depreciation for the year and the loss for the year are higher by Rs.2,17,065/-

4. GENERAL

4.1 Related Parties

4.1.1 Related party disclosures:

Related Party	Nature of Relation
Sundaram Finance Limited	Ultimate Holding Company
Sundaram Business Services Limited	Holding Company

Related party Transactions For the Year Ended 31st March 2010

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

Related Party Transaction	Nature of Amount Received (Rs.)	Amount Paid (Rs.)	Amount Payable / Receivable at the end of the year	As at 31.03.09
Sundaram Finance Limited	Processing charges	10,19,144	Nil	Nil
Sundaram Business Services Limited	Processing charges	23,76,424	Nil	Nil
Sundaram Finance Limited	Lease Rental Paid	10,73,060	Nil	7,96,045
Sundaram Finance Limited	Internal Audit fees	80,000	80,000	Nil
Sundaram Finance Limited	Web Maintenance Charges	5,30,752	Nil	Nil
Sundaram Business Services Limited	Professional charges Paid	18,00,000	1,65,450	10,07,708

4.2 Earnings per Share (Basic and diluted)

	31.03.2010	31.03.2009
A Profit/(Loss) after Tax (Rs.)	(68,97,788)	68,91,515
B No of Equity Shares	2,20,600	2,20,600
C Basic and diluted Earnings per Share A/ B	(31.27)	31.24

4.3 Contingent Liabilities :

ESI Claims against the Company not accepted by the Company Rs.2,06,900/- (Previous Year Rs.2,06,900/-) Against the above claim, the Company filed an appeal before the EI Court. Petition for stay of collection of the demand was also filed before the said Court. The EI Court has passed as order dated 14th June 2004, granting stay of collection of the demand on payment of 20% of the disputed amount Accordingly, the Company has deposited a sum of Rs.41,400/- with the Court. The said amount has been grouped under Loans and Advances in the Balance Sheet.

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

4.5 Expenditure in Foreign Currency Rs.NIL (31.03.2009 – Rs. 1,45,195)

4.6 Previous year's figures have been regrouped / reclassified wherever necessary to conform to current year's classification.

4.7 Figures are rounded off to the nearest rupee.

As per our report of even date attached

For **Brahmayya & Co.**,
Chartered Accountants

P Babu
Partner
Membership No. 203358

Chennai,
05th May, 2010

P S Raghavan

Harsha Viji

S Sivakumar

Directors

Balance Sheet Abstract and Company's General Business Profile

Information as required under part IV of the Schedule VI of the Companies Act, 1956

I Registration Details

Registration No. State Code

Balance Sheet Date

Date Month Year

II Capital Raised during the Year (Amount in Rs. Thousands)

Public Issue	Rights Issue
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>
Bonus Issue	Private Placement
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

	Total Liabilities		Total Assets
Sources of Funds	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="2"/>	Paid up Capital	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="2"/>
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="6"/>	Reserves & Surplus	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="8"/>
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="7"/>	Unsecured Loans	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/>
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="0"/>	Investments	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>
Applications of Funds	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="0"/>	Net Current Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="1"/>
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>	Accumulated Loss	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>		

IV Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenditure
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="4"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="9"/>
+ - Profit / (Loss) Before Tax	+ - Profit / (Loss) After Tax
<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="9"/>	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="8"/>

(Please tick appropriate box + for profit, - for loss)

Earnings Per Share	Rs.	Ps.	Dividend Rate %
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="7"/>			<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

V Generic Names of Three Principal Products / Services of Company (As per monetary terms)

Item Code No. (ITC Code) Not Applicable

Product / Service Description

CASH FLOW STATEMENT

	2009-10 (Rs.)	2008-09 (Rs.)	
A) CASH FLOW FROM OPERATING ACTIVITIES			
Net (Loss) / Profit	(68,97,789)	69,15,072	
Add:			
Provision for Taxation	(80,828)	40,89,831	
	(69,78,617)	1,10,04,903	
Add: Financial Expenses	3,94,128	1,79,391	1,11,84,294
Depreciation	29,80,463	29,71,634	
Diminution - Value of investments			
(Profit) / Loss on sale of assets	(45,021)	-	
Interest / Dividend Income	-	(47,468)	
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(36,49,047)	1,41,08,460	
Decrease / (Increase) in Sundry Debtor	71,12,400	(15,90,120)	
(Increase) / Decrease in Loans and Advances	(37,62,204)	(88,08,829)	
(Increase) Decrease in Other Receivables			
(Increase) Decrease in Bank Deposits (net)	-	25,00,000	
(Increase) Decrease in SLR Investments - net of sales			
(Decrease) / Increase in Current Liabilities	(66,73,754)	3,47,698	(75,51,251)
Cash generated from Operations	(69,72,605)	65,57,209	
Direct Taxes Paid	-	(41,15,229)	
NET CASH FROM OPERATING ACTIVITIES (A)	(69,72,605)	24,41,980	
B) CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	(2,09,820)	(61,64,160)	
Sale of Fixed Assets	1,04,979	-	
Sale of Investments	-	45,51,344	
Interest Received	-	4,694	
Dividend Received	-	42,774	
NET CASH FROM INVESTING ACTIVITIES (B)	(1,04,841)	(15,65,348)	
C) CASH FLOW FROM FINANCIAL EXPENSES			
Financial Expenses Paid	(3,94,128)	(1,79,391)	
Profit on sale of fixed asset	45,021	-	
Loan from holding Company	25,00,000	-	
Loans Secured	(29,80,093)	3,398,300	
NET CASH FROM FINANCIAL EXPENSES (C)	(8,29,200)	32,18,909	
NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)	(79,06,646)	40,95,541	
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	98,89,419	57,93,878	
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	19,82,773	98,89,419	
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR			
Current Account with Banks	19,78,105	98,61,137	
Cash, Stamps and Stamp Papers on Hand	4,668	28,282	
	19,82,773	98,89,419	

As per our report of even date attached

For **Brahmayya & Co.**,
Chartered Accountants

P Babu
Partner
Membership No. 203358
Chennai,
05th May, 2010

P S Raghavan

Harsha Viji

S Sivakumar

Directors