

SUNDARAM INFOTECH SOLUTIONS LIMITED

***12th Annual Report
2016-17***

Board of Directors	Srinivas Acharya K Swaminathan T K Sundararajan S Preetha
Audit Committee	T K Sundararajan S Preetha Srinivas Acharya
Nomination and Remuneration Committee	T K Sundararajan S Preetha Srinivas Acharya
Chief Executive Officer	Deepa Ramesh
Chief Financial Officer	M Ramaswamy
Senior Executives	S. Krishnan Delivery Head – Enterprise Solutions Practice T.R. Venkatesh Delivery Head – Enterprise Solutions Practice V. Latha Head – Business Transformation Services P. Samuel Dayanidhi Head – Australia S. Seshanarayanan Head – Strategy & Marketing
Company Secretary	K Rajagopal
Bankers	State Bank of India Hongkong and Shanghai Banking Corporation Ltd. HDFC Bank Ltd.
Auditors	M/s. Brahmayya & Co., Chennai, Chartered Accountants 48, Masilamani Road, Balaji Nagar, Royapettah, Chennai 6000 014
Registered Office	21, Patullos Road, Chennai 600 002
CIN	U72200TN2005PLC056969
Corporate Office	Desabandhu Plaza, 2nd Floor, 47, Whites Road, Chennai 600 014 Tel : 044 28514066 Fax : 044 28412171 Email : info@sundaraminfotech.in Website : www.sundaraminfotech.in
Overseas Branches	Australia, Singapore, USA, UAE

SUNDARAM INFOTECH SOLUTIONS LIMITED

A wholly-owned subsidiary of



SUNDARAM FINANCE LIMITED

Contents

Board's Report	3
Independent Auditors' Report	14
Balance Sheet	20
Statement of Profit and Loss	21
Cash Flow Statement	22
Notes to the Accounts	23

Board's Report

Your Directors have pleasure in presenting the Twelfth Annual Report and Audited Accounts of the Company for the year ended 31st March, 2017.

The summarized financial results of the Company are given hereunder:

(₹ in lakhs)

Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
Total Revenue	1517.11	1619.39
Total Expenses	1670.87	1703.15
Profit / (Loss) before Tax	(153.76)	(83.76)
Less: Taxation	5.79	(2.01)
Profit/(Loss) after Tax	(159.54)	(81.75)

REVIEW OF OPERATIONS

During the year under review, your Company earned total revenue of ₹1517.11 lakhs as against ₹1619.39 lakhs in the previous year. The loss after tax for the year was at ₹159.54 lakhs as against loss after tax of ₹81.75 lakhs in the previous year.

Your company's Indian operations turned profitable this year. However, the Australia and UAE markets were sluggish during the year. The company has taken steps to close down offices in Australia and UAE.

OUTLOOK

While your company expects to do better in its Indian operations, it expects the Australian and Middle East markets also to pick up this year and the company hopes to tap into those markets to the extent it would be possible remotely from India. It is hoped that businesses will look at modernising their IT infrastructure, which will create opportunities for your company to grow. The ongoing internal cost control measures will further help your company to grow profitably.

DIVIDEND

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

DECLARATION OF INDEPENDENCE BY INDEPENDENT DIRECTORS

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

COMMITTEES OF THE BOARD

The Audit Committee of the Company met 5 times during the year and the Nomination and Remuneration Committee (NRC) met 2 times during the year.

NUMBER OF MEETINGS OF THE BOARD

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

REMUNERATION POLICY

Company continues to follow the policy on remuneration formulated last year. It is the endeavor of your company to attract suitable people at all levels. (Policy annexed vide Annexure A)

RISK MANAGEMENT

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

DIRECTORS' RESPONSIBILITY STATEMENT

Your directors confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. The Company has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
3. Proper and sufficient care has been exercised for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. The annual accounts have been prepared on a going concern basis; and

5. Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

AMALGAMATION OF THE COMPANY

As you are aware, the Board of Directors of your Company at their meeting held on 25th November 2016, have decided to amalgamate your Company with the holding company Sundaram Finance Limited w.e.f. April 1, 2016 being the Appointed Date fixed for the Scheme of Amalgamation ('Scheme') under Sections 230 to 232 of the Companies Act, 2013, subject to necessary approvals.

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

The Company has invested its surplus in Mutual Funds during the year. The value of these amounted to ₹105.37 lakhs as at the end of the financial year under review. The Company has not given any loans or provided any guarantees.

RELATED PARTY TRANSACTIONS

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

EXTRACT OF ANNUAL RETURN

As required pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in MGT-9 is annexed as a part of this report vide Annexure C.

INFORMATION AS PER SECTION 134 (3) (m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014

Your Company has no activity relating to conservation of energy or technology absorption. During 2016-17, expenditure in foreign currencies amounted to ₹481.04 lakhs and foreign currency earnings amounted to ₹853.45 lakhs.

DEPOSITS

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

AUDITORS

M/s Brahmaya & Co., Chartered Accountants, Chennai, Statutory Auditors of your Company shall hold office up to the conclusion of the 12th Annual General Meeting in accordance with the provisions of Section 139 of the Companies Act, 2013 read with Rule 6 of the Companies (Audit and Auditors) Rules, 2014. Your Directors place on record the significant contribution made by M/s Brahmaya & Co., Chartered Accountants, Chennai as Statutory Auditors since the inception of the Company.

Your Directors recommend the appointment of, M/s Sundaram & Srinivasan, Chartered Accountants, 23, C.P. Ramaswamy Road, Alwarpet, Chennai - 600018 (Registration Number 004207S), as Statutory Auditors of the Company, in accordance with the provisions of Sections 139, 141 and other applicable provisions of the Companies Act, 2013, to hold office from the conclusion of 12th Annual General Meeting until the conclusion of 17th Annual General Meeting, subject to the approval of the shareholders at the 12th Annual General Meeting and ratification at every Annual General Meeting thereafter.

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

The Company has in place a 'Prevention of Sexual Harassment at workplace Policy' in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. No complaints were received during the year 2016-17.

ACKNOWLEDGEMENT

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

Srinivas Acharya
K Swaminathan
T K Sundararajan
S Preetha
Directors

Chennai 600 002
Date: 29th April 2017

REMUNERATION POLICY
(as amended on 29th April 2017)

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

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

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

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

- a) the level and composition of remuneration to non-executive directors is reasonable and appropriate to attract the right talent;
- b) relationship of remuneration to performance of the Wholetime Directors is clear and meets appropriate performance benchmarks; and
- c) remuneration to key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

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

I Definitions

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

II Remuneration Pattern

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

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

2. The remuneration payable to Chief Executive Officer shall consist of:

- (a) Salary, allowances and perquisites;
- (b) Bonus for each financial year as may be decided by the Board of Directors, based on the performance;

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

3. The remuneration payable to Key Managerial Personnel, Senior Management and other employees of the company shall consist of salary, allowances, perquisites and variable components reflecting the short and long term performance

objectives appropriate to the working of the Company, which are aligned to industry standards.

III Implementation of the Remuneration Policy

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

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

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

Annexure - B

Form No. AOC-2

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

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

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

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

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

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

**Srinivas Acharya
K Swaminathan
T K Sundararajan
S Preetha
Directors**

Chennai 600 002
Date: 29th April 2017

Form No.MGT - 9
Extract Of Annual Return
as on the financial year ended on 31st March 2017

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

I. REGISTRATION AND OTHER DETAILS

(i)	CIN	U72200TN2005PLC056969
(ii)	Registration Date	19th July 2005
(iii)	Name of the Company	Sundaram Infotech Solutions Limited
(iv)	Category / Sub-Category of the Company	Public Company - Limited by shares
(v)	Address of the Registered Office and contact details	21, Patullos Road, Chennai 600 002. Tel: 044 2851 4066 Fax: 044 2841 2171 Email: info@sundaraminfotech.in Website: www.sundaraminfotech.in
(vi)	Whether Listed Company Yes / No	No
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the company
1	Enterprise Solutions Practice	As per National Industrial Classification – 2008: Section J-Information and communication Division 62 – Computer programming, consultancy and related activities	64.26%
2	Business Transformation Services		18.90%
3	Financial Services		12.50%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN / GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1	Sundaram Finance Limited 21, Patullos Road, Chennai 600 002.	L65191TN1954PLC002429	Holding	100.00	2 (46)

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

(i) Category-wise Share Holding

	Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoters									
(1)	Indian									
(a)	Individual/HUF	-	-	-	-	-	-	-	-	-
(b)	Central Govt	-	-	-	-	-	-	-	-	-
(c)	State Govt(s)	-	-	-	-	-	-	-	-	-
(d)	Bodies Corp.*	-	164,00,000	164,00,000	100.00	-	164,00,000	164,00,000	100.00	-
(e)	Banks / FI	-	-	-	-	-	-	-	-	-
(f)	Any Other	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(1)	-	164,00,000	164,00,000	100.00	-	164,00,000	164,00,000	100.00	-
(2)	Foreign									
(a)	NRIs - Individuals	-	-	-	-	-	-	-	-	-
(b)	Other - Individuals	-	-	-	-	-	-	-	-	-
(c)	Bodies Corp.	-	-	-	-	-	-	-	-	-
(d)	Banks / FI	-	-	-	-	-	-	-	-	-
(e)	Any Other	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(2)	-	-	-	-	-	-	-	-	-
	Total shareholding of Promoter (A)= (A)(1)+(A)(2)	-	164,00,000	164,00,000	100.00	-	164,00,000	164,00,000	100.00	-
B.	Public Shareholding									
(1)	Institutions									
(a)	Mutual Funds	-	-	-	-	-	-	-	-	-
(b)	Banks / FI	-	-	-	-	-	-	-	-	-
(c)	Central Govt	-	-	-	-	-	-	-	-	-
(d)	State Govt(s)	-	-	-	-	-	-	-	-	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f)	Insurance Companies	-	-	-	-	-	-	-	-	-
(g)	FII's & FPIs	-	-	-	-	-	-	-	-	-
(h)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(i)	Any Other	-	-	-	-	-	-	-	-	-
	Sub - Total (B)(1)	-	-	-	-	-	-	-	-	-
2.	Non- Institutions									
(a)	Bodies Corporate									
(i)	Indian	-	-	-	-	-	-	-	-	-
(ii)	Overseas	-	-	-	-	-	-	-	-	-
(b)	Individuals									

SUNDARAM INFOTECH SOLUTIONS LIMITED

	Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i	Individual shareholders holding nominal shares capital up to ₹1 lakh	-	-	-	-	-	-	-	-	-
ii	Individual shareholders holding nominal shares capital in excess of ₹1 lakh	-	-	-	-	-	-	-	-	-
(c)	Others (specify)									
	Sub- Total (B) (2)	-	-	-	-	-	-	-	-	-
	Total Public Shareholding (B) = (B)(1)+(B) (2)	-	-	-	-	-	-	-	-	-
(C)	Shares held by Custodian for GDRs and ADRs	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	-	1,64,00,000	1,64,00,000	100.00	-	1,64,00,000	1,64,00,000	100.00	-

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

(ii) Shareholding of promoters

Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
	No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	
Sundaram Finance Limited *	1,64,00,000	100.00	-	1,64,00,000	100.00	-	-
Total	1,64,00,000	100.00	-	1,64,00,000	100.00	-	-

* Includes 6 equity shares held by nominees of Sundaram Finance Ltd.

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

Name of the Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Sundaram Finance Limited:				
At the beginning of the year *	1,64,00,000	100		
Date wise Increase / Decrease	-	-	-	-
At the end of the Year	-	-	1,64,00,000	100

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

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

Name of the Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	Not Applicable			
Date wise Increase / Decrease				
At the end of the Year				

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Sri Srinivas Acharya*				
	At the beginning of the year	1	-	-	-
	Date wise Increase / Decrease	-	-	-	-
	At the end of the Year	-	-	1	-
2	Sri K Swaminathan*				
	At the beginning of the year	1	-		
	Date wise Increase / Decrease	-	-	-	-
	At the end of the Year	-	-	1	-
3	Sri T K Sundararajan				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease	-	-	-	-
	At the end of the Year	-	-	-	-
4	Ms S Preetha				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease	-	-	-	-
	At the end of the Year	-	-	-	-
5	Ms Deepa Ramesh, Chief Executive Officer				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease	-	-	-	-
	At the end of the Year	-	-	-	-
6	Ms M Ramaswamy, Chief Financial Officer*				
	At the beginning of the year	1	-	-	-
	Date wise Increase / Decrease	-	-	-	-
	At the end of the Year	-	-	1	-
7	Mr K Rajagopal, Company Secretary				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease	-	-	-	-
	At the end of the Year	-	-	-	-

* Holding share jointly with others as nominee of Sundaram Finance Limited.

V. INDEBTEDNESS

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Directors and / or Manager:**

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

B. Remuneration to other directors:

(In ₹)

Particulars of Remuneration	Name of Directors		Total Amount
Independent Directors	Sri T K Sundararajan	Ms S Preetha	
Fee for attending board / committee meetings	70,000	70,000	1,40,000
Commission	Nil	Nil	Nil
Others, please specify	Nil	Nil	Nil
Total (1)	70,000	70,000	1,40,000
Other Non-Executive Directors	Sri Srinivas Acharya	Sri K Swaminathan	
Fee for attending board / committee meetings	Nil	Nil	Nil
Commission	Nil	Nil	Nil
Others, please specify	Nil	Nil	Nil
Total (2)	Nil	Nil	Nil
Total (B) = (1 + 2)	70,000	70,000	1,40,000
Total Managerial Remuneration			Nil
Overall Ceiling as per the Act			Not Applicable

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

(In ₹)

Sl. No.	Particulars of Remuneration	CEO	Company Secretary*	CFO*	Total Amount
1	Gross Salary				
	(a) Salary as per provisions contained in Section 17 (1) of the Income-tax Act, 1961	3153263	Nil	Nil	3153263
	(b) Value of perquisites u/s 17 (2) of the Income-tax Act, 1961	295669	Nil	Nil	295669
	(c) Profits in lieu of salary under Section 17 (3) of the Income-tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock Option	Not Applicable	Not Applicable	Not Applicable	Not Applicable
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission				
	- as % of profit	Not Applicable	Not Applicable	Not Applicable	Not Applicable
5	Others, please specify	Not Applicable	Not Applicable	Not Applicable	Not Applicable
	Total (A)	3448932	Nil	Nil	3448932

PS: Sri M Ramaswamy, Chief Financial Officer and Sri K Rajagopal, Company Secretary have been nominated by Sundaram Finance Limited, the Holding Company and no remuneration is borne by this Company.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

There were no penalties / punishment / compounding of offences against the Company, Directors and other Officers in Default during the year ended 31st March 2017.

Independent Auditor's Report

To the Members of Sundaram Infotech Solutions Limited

1. Report on the Financial Statements

We have audited the accompanying financial statements of Sundaram Infotech Solutions Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

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

3. Auditor's Responsibility

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

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

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

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

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

4. Opinion

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- b) in the case of the Statement of Profit and Loss, 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.

5. Emphasis of Matter

We draw attention to the financial statements being prepared on a “going concern” basis despite accumulated losses being more than 50% of the net worth of the company and in view of the measures contemplated by the company, as mentioned in Note no. 23.5 to the financial statements.

Our opinion is not qualified in respect of this matter.

6. Report on Other Legal and Regulatory Requirements

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

- (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the Operating Effectiveness of such controls, refer to our separate report in “Annexure - B”
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the effect of the pending legal proceedings against it in its financial statements as mentioned in Note 23.6 of the Notes to the Accounts;
 - ii. the company did not have any long term contracts including derivative contracts.
 - iii. there was no amount to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. the company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December, 2016 as mentioned in Note 23.11 to the financial statements and the details are in accordance with the books of account maintained by the company.

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

L. RAVI SANKAR

Partner

Membership No.25929

Place: Chennai

Date : 29-04-2017

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

1. a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) Fixed assets have been physically verified by the Management during the year, in accordance with an annual plan of verification, which in our opinion is reasonable having regard to the size of the Company and the nature of the fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- c) The company does not have any immovable properties.
2. Inventories have been physically verified by the Management during the year, in accordance with an plan of verification. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
3. In our opinion and according to the information and explanations given to us, the Company has not granted any loans secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, clauses (iii)(a), (b) and (c) of paragraph 3 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, the company has not granted any loan to its directors and has not made any investment, provided any guarantee or security as envisaged in Section 185 and 186 of the Companies Act, 2013 respectively.
5. The company has not accepted deposits from public.
6. The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act.
7. i) In our opinion and according to the information and explanations given to us, undisputed statutory dues, including Provident Fund, Employees State Insurance, Income tax, sales tax, Service tax, value added tax, cess and other material statutory dues have been regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, there are no arrears of statutory dues which are outstanding as at 31st March 2017 for a period of more than six months from the date they became payable.
- ii) In our opinion and according to the information and explanations given to us, there are no statutory dues, including Provident Fund, Employees State Insurance, Income tax, sales tax, Service tax, value added tax, cess which have not been deposited on account of any dispute.
8. Based on our audit procedures and the information and explanations given by the Management, we are of the opinion that the Company does not have borrowings from banks, financial institutions, Government or by issue of debentures.
9. Based on our examination of the records and the information and explanations given to us, the company has not raised money by way of initial public offer or further public offer.
10. To the best of our knowledge and belief and according to the information and explanations given to us, during the year, no fraud by the Company and no fraud on the Company by its officers or employees were noticed or reported by the company during the course of our audit.
11. The Company has paid/provided for managerial remuneration within the limits of Section 197 read with Schedule V to the Act.

12. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with Section 177 and Section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards
13. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
14. In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them.
15. 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 (xii) and clause (xvi) of paragraph 3 of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the year.

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

L. RAVI SANKAR

Partner

Membership No.25929

Place: Chennai

Date : 29-04-2017

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

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

We have audited the internal financial controls over financial reporting of Sundaram Infotech Solutions Limited (“the Company”) as of 31st March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

L. RAVI SANKAR

Partner

Place: Chennai

Date : 29-04-2017

Membership No.25929

Balance Sheet

as at 31st March, 2017

(In ₹)

Particulars	Note	As at 31st March 2017		As at 31st March 2016	
I. EQUITY AND LIABILITIES					
1 Shareholders' funds					
(a) Share Capital	2	16,40,00,000		16,40,00,000	
(b) Reserves and Surplus	3	(10,08,28,639)		(8,48,74,278)	
(c) Money received against share warrants		-	6,31,71,361	-	7,91,25,722
2 Share application money pending allotment			-		-
3 Non-current liabilities					
Long-term borrowings	4	29,20,165		42,52,355	
Deferred tax liabilities (Net)		-		-	
Other Long term liabilities		-		-	
Long-term provisions	5	11,01,704	40,21,869	33,54,770	76,07,125
4 Current liabilities					
Short-term borrowings					
Trade payables					
(A) Total outstanding dues to micro enterprises and small enterprises		-		-	
(B) Total outstanding dues to creditors other than micro enterprises and small enterprises	6	44,96,130		44,98,076	
Other current liabilities	7	1,91,36,688		1,45,46,938	
Short-term provisions	8	23,23,366	2,59,56,183	18,71,414	2,09,16,428
TOTAL			9,31,49,413		10,76,49,275
II. ASSETS					
1 Non-current assets					
(a) Fixed assets					
(i) Tangible assets	9	45,26,009		58,13,135	
(ii) Intangible assets		-		-	
(iii) Capital work-in-progress		-		-	
(iv) Intangible assets under development		-		-	
(b) Non-current investments		-		-	
(c) Deferred tax assets (net)	10	9,69,920		15,48,648	
(d) Long-term loans and advances	11	4,67,18,186		4,50,11,908	
(e) Other non-current assets	12	3,20,292	5,25,34,406	5,94,373	5,29,68,064
2 Current assets					
(a) Current investments	13	1,05,37,568		2,08,56,599	
(b) Inventories		-		-	
(c) Trade receivables	14	1,93,94,804		2,20,64,546	
(d) Cash and cash equivalents	15	51,32,714		56,97,878	
(e) Short-term loans and advances	16	51,56,786		55,49,981	
(f) Other current assets	17	3,93,136	4,06,15,007	5,12,207	5,46,81,211
TOTAL			9,31,49,413		10,76,49,275

Significant Accounting Policies and Notes to the Accounts 1 to 23

As per our report of even date attached

For **Brahmayya & Co.,**
Chartered Accountants
Registration Number: 000511S

L Ravi Sankar
Partner
Membership No. 25929
Chennai

Dated: 29th April 2017

SUNDARAM INFOTECH SOLUTIONS LIMITED

Deepa Ramesh
Chief Executive Officer

M Ramaswamy
Chief Financial Officer

K Rajagopal
Secretary

Srinivas Acharya

T K Sundararajan

Directors

Statement of Profit and Loss

for the Year Ended 31st March, 2017

(In ₹)

Particulars	Note	2016-17	2015-16
REVENUE:			
Revenue From Operations	18	14,69,80,889	15,87,39,056
Other income	19	47,30,212	31,99,567
Total Revenue		15,17,11,102	16,19,38,623
EXPENSES:			
Cost of purchases	20	4,43,77,499	5,45,72,627
Employee benefits expenses	21	9,57,14,582	8,84,60,440
Administrative and other expenses	22	2,53,06,499	2,55,51,619
Depreciation and amortization expenses	9	16,88,154	17,29,717
Total Expenses		16,70,86,734	17,03,14,404
Profit before tax		(1,53,75,633)	(83,75,781)
Tax expense:			
Minimum Alternate Tax		-	-
Deferred tax		5,78,729	(2,00,905)
		5,78,729	(2,00,905)
Less: MAT Credit Entitlement		-	(2,00,905)
Profit after tax for the year from continuing operations		(1,59,54,361)	(81,74,876)
Earnings per equity share:			
Face Value per Equity Share (in Rupees)		10	10
Number of Equity Shares		16400000	16400000
Weighted Average Number of Equity Shares		16400000	16400000
Basic and Diluted Earnings per share (in Rupees)		(0.97)	(0.5)
Significant Accounting Policies and Notes to the Accounts	1 to 23		

As per our report of even date attached
For **Brahmayya & Co.**,
Chartered Accountants
Registration Number: 000511S
L Ravi Sankar
Partner
Membership No. 25929
Chennai
Dated: 29th April 2017

Deepa Ramesh
Chief Executive Officer

M Ramaswamy
Chief Financial Officer

K Rajagopal
Secretary

Srinivas Acharya

T K Sundararajan

Directors

Cash Flow Statement

(In ₹)

	2016 - 2017	2015 - 2016
(A) CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit	(1,59,54,361)	(81,74,876)
Provision for Taxation	5,78,729	(2,00,905)
	<u>(1,53,75,633)</u>	<u>(83,75,781)</u>
Add: Provision for doubtful debts	(5,30,019)	(10,44,391)
Depreciation	16,88,154	17,29,717
Interest Received	-	11,19,240
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(1,42,17,498)	(88,09,695)
(Increase) Decrease in other non-current assets	2,74,081	(1,19,845)
(Increase) Decrease in Inventories	-	-
(Increase) Decrease in Trade Receivables	31,99,761	79,47,310
(Increase) Decrease in short-term loans and advances	3,93,195	9,20,541
(Increase) Decrease in Long-term loans and advances	(17,06,278)	43,76,099
(Increase) Decrease in other current assets	1,19,071	(1,21,896)
Increase (Decrease) in Long-term borrowings	(13,32,190)	9,91,915
Increase (Decrease) in Long-term provisions	(22,53,066)	37,118
Increase (Decrease) in Trade payable	(1,946)	(64,08,101)
Increase (Decrease) in other current liabilities	45,89,749	68,50,124
Increase (Decrease) in Short-term provisions	4,51,952	37,34,330
Cash generated from Operations	<u>(1,04,83,168)</u>	<u>61,18,897</u>
Direct Taxes Paid	-	-
NET CASH FROM OPERATING ACTIVITIES (A)	(1,04,83,168)	61,18,897
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(5,66,943)	(26,24,416)
Sale of Fixed Asset	1,65,915	-
Purchase / Sale of Investments (Net)	1,03,19,032	(49,03,573)
Interest Received	-	11,19,240
NET CASH FROM INVESTING ACTIVITIES (B)	99,18,004	(64,08,749)
(C) CASH FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity Shares	-	-
Increase (Decrease) in short term borrowings	-	-
NET CASH FROM FINANCING ACTIVITIES (C)	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)	(5,65,164)	(2,89,851)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	56,97,878	59,87,729
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	51,32,714	56,97,878
1) COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Current Account with Banks	52,06,673	57,69,359
Effect of Foreign Exchange rates on Cash and Cash Equivalents	(77,959)	(75,481)
Cash, Stamps and Stamp Papers on Hand	4,000	4,000
	<u>51,32,714</u>	<u>56,97,878</u>

As per our report of even date attached

For **Brahmayya & Co.,**
Chartered Accountants
Registration Number: 000511S

I Ravi Sankar
Partner
Membership No. 25929
Chennai

Dated: 29th April 2017

SUNDARAM INFOTECH SOLUTIONS LIMITED

Deepa Ramesh
Chief Executive Officer

M Ramaswamy
Chief Financial Officer

K Rajagopal
Secretary

Srinivas Acharya

T K Sundararajan

Directors

Notes to the Accounts

1. SIGNIFICANT ACCOUNTING POLICIES

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

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

- 1.2 Income Recognition:

Income from sales and services is accounted on accrual basis.

- 1.3 Inventory

Stock-in-trade is valued at lower of cost and net realisable value.

- 1.4 Fixed Assets and Depreciation:

Fixed assets other than assets taken on lease are stated at historical cost less accumulated depreciation. Depreciation on assets is provided on the Written Down Value Method as per Schedule II of the Companies Act, 2013 considering the estimated useful life time of the assets.

In accordance with AS 19 'Leases', Computer System and Office Equipment taken on finance lease are capitalised and depreciated over the lease period.

- 1.5 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.

- 1.6 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 are accounted for in the Profit and Loss statement.

- 1.7 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

NOTES TO THE ACCOUNTS (Contd.)

(i) Provident Fund

The Company contributes to a Government administered Provident Fund.

The company also contributes to a government administered Employees Pension Scheme under the Employees Provident Fund Act and Employee's State Insurance schemes on behalf of its employees.

(ii) Superannuation

The Company makes fixed contribution as a percentage on salary to the superannuation fund, which is administered by trustees and managed by the Life Insurance Corporation of India (LIC). The above contribution are charged to the Profit and Loss statement.

Defined Benefit Plan

(i) Gratuity

The Company makes an annual contribution to a Gratuity Fund administered by trustees and managed by LIC. The company accounts its liability for future gratuity benefits based on actuarial valuation, as at balance sheet date, determined every year by Actuary using the Projected Unit Credit method.

(ii) Leave Encashment

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

The actuarial gain/loss arising in the above benefit plans has been duly recognized in the Profit and loss statement.

1.8 Taxation:

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

Deferred Tax Liabilities on the timing difference are fully provided for. Deferred Tax Assets are recognised on the consideration of prudence.

1.9 Intangible Assets:

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

1.10 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 higher of the net selling price of the assets and their value in use.

1.11 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.

NOTES TO THE ACCOUNTS (Contd.)

Note 2

SHARE CAPITAL

(In ₹)

Particulars	31.03.2017	31.03.2016
Authorised 1,70,00,000 Equity Shares of ₹ 10/- each	17,00,00,000	17,00,00,000
Issued, Subscribed and fully paid up capital 1,64,00,000 Equity Shares of ₹ 10/- each	16,40,00,000	16,40,00,000

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

(In ₹)

Particulars	31.03.2017	31.03.2016
Opening number of shares outstanding	1,64,00,000	1,64,00,000
Add: Shares issued	-	-
Less: Shares bought back	-	-
Closing number of shares outstanding	1,64,00,000	1,64,00,000

Note 3

RESERVES AND SURPLUS

(In ₹)

Particulars	31.03.2017	31.03.2016
Opening balance	(8,48,74,278)	(7,66,99,403)
Add: Transfer from Surplus in the Profit and Loss statement	(1,59,54,361)	(81,74,875)
	<u>(10,08,28,639)</u>	<u>(8,48,74,278)</u>

Note 4

LONG TERM BORROWINGS

(In ₹)

Particulars	31.03.2017	31.03.2016
Long term maturities of finance lease obligations	29,20,165	42,52,355

Disclosure in respect of finance lease contracts as per Accounting Standard - AS 19 - Leases:

(In ₹)

Period	31.03.2017		31.03.2016	
	Future Lease payments	Principal Outstanding	Future Lease payments	Principal Outstanding
Not later than 1 year	19,18,740	15,25,604	19,70,760	14,58,553
2 to 5 years	29,20,165	25,99,873	42,52,355	36,57,982
Above 5 years	Nil	Nil	Nil	Nil

NOTES TO THE ACCOUNTS (Contd.)

Note 5

LONG TERM PROVISIONS

(In ₹)

Particulars	31.03.2017	31.03.2016
Provision for employee benefits	11,01,704	33,54,770
	<u>11,01,704</u>	<u>33,54,770</u>

Note 6

TRADE PAYABLES

(In ₹)

Particulars	31.03.2017	31.03.2016
Total outstanding dues to creditors other than micro enterprises and small enterprises:		
For expenses	41,77,066	41,98,646
For others	3,19,064	2,99,430
	<u>44,96,130</u>	<u>44,98,076</u>

Note 7

OTHER CURRENT LIABILITIES

(In ₹)

Particulars	31.03.2017	31.03.2016
Income received in advance	39,40,541	48,54,084
Current Maturities of Finance Lease Obligations	19,18,740	19,70,760
Statutory dues payable	80,30,036	39,27,578
Advance received from customers	-	9,48,046
Others	52,47,371	28,46,470
	<u>1,91,36,688</u>	<u>1,45,46,938</u>

Note 8

SHORT TERM PROVISIONS

(In ₹)

Particulars	31.03.2017	31.03.2016
Provision for employee benefits	23,23,366	18,71,414
	<u>23,23,366</u>	<u>18,71,414</u>

NOTES TO THE ACCOUNTS (Contd.)

NOTE 9

FIXED ASSETS

Description	Gross Block at cost						Depreciation			Net Block	
	Cost As at 31.03.2016	Additions	Deductions	Cost As at 31.03.2017	Upto 31.03.2016	Additions	Deductions	Upto 31.03.2017	As at 31.03.2017	As at 31.03.2016	
	(In ₹)										
Tangible Assets											
Computer System	12,57,150 (12,36,257)	- (20,893)	-	12,57,150 (12,57,150)	10,44,726 (9,17,867)	62,624 (1,26,859)	-	11,07,350 (10,44,726)	1,49,800 (2,12,424)	2,12,424 (3,18,390)	
Office Equipment	7,44,072 (7,15,153)	27,293 (28,919)	-	7,71,365 (7,44,072)	5,44,625 (4,72,913)	45,023 (71,712)	-	5,89,648 (5,44,625)	1,81,717 (1,99,447)	1,99,447 (2,42,240)	
Furniture and Fixtures	8,02,737 (8,02,737)	-	5,08,501	2,94,236 (8,02,737)	5,84,313 (5,02,836)	42,408 (81,477)	3,42,586	2,84,135 (5,84,313)	10,101 (2,18,424)	2,18,424 (2,99,901)	
Plant and Machinery	1,96,239 (1,96,239)	-	-	1,96,239 (1,96,239)	1,29,931 (1,19,279)	7,392 (10,652)	-	1,37,323 (1,29,931)	58,916 (66,308)	66,308 (76,960)	
Total	30,00,198 (29,50,386)	27,293 (49,812)	5,08,501	25,18,990 (30,00,198)	23,03,595 (20,12,895)	1,57,447 (2,90,700)	3,42,586	21,18,456 (23,03,595)	4,00,534 (6,96,603)	6,96,603 (9,37,491)	
Tangible Assets (Under Lease)											
Computers	69,33,774 (64,52,001)	5,39,650 (25,74,604)	-	74,73,424 (69,33,774)	20,93,571 (29,46,699)	13,12,647 (12,39,702)	-	34,06,218 (20,93,571)	40,67,206 (48,40,203)	48,40,203 (35,05,302)	
Vehicle	7,89,851 (7,89,851)	-	-	7,89,851 (7,89,851)	5,13,522 (3,14,207)	2,18,060 (1,99,315)	-	7,31,582 (5,13,522)	58,269 (2,76,329)	2,76,329 (4,75,644)	
Total	77,23,625 (72,41,852)	5,39,650 (25,74,604)	-	82,63,275 (77,23,625)	26,07,093 (32,60,906)	15,30,707 (14,39,017)	-	41,37,800 (26,07,093)	41,25,475 (51,16,532)	51,16,532 (39,80,946)	
Intangible Assets											
Computer Software	12,81,835 (12,81,835)	-	-	12,81,835 (12,81,835)	12,81,835 (12,81,835)	-	-	12,81,835 (12,81,835)	-	-	
Total	12,81,835 (12,81,835)	-	-	12,81,835 (12,81,835)	12,81,835 (12,81,835)	-	-	12,81,835 (12,81,835)	-	-	
Grand Total	1,20,05,658	5,66,943	5,08,501	1,20,64,100	61,92,523	16,88,154	3,42,586	75,38,091	45,26,009	58,13,135	
Previous year											
Tangible Assets	1,01,92,238	26,24,416	20,92,831	1,07,23,823	52,73,801	17,29,717	20,92,830	49,10,688	58,13,135	49,18,437	
Intangible Assets	12,81,835	-	-	12,81,835	12,81,835	-	-	12,81,835	-	-	
Total	1,14,74,073	26,24,416	20,92,831	1,20,05,658	65,55,636	17,29,717	20,92,830	61,92,523	58,13,135	49,18,437	

Figures in brackets relate to previous year.

NOTES TO THE ACCOUNTS (Contd.)**Note 10****DEFERRED TAX ASSET (NET)**

(In ₹)

Particulars	31.03.2017	31.03.2016
Employee Benefits	8,63,516	14,56,886
Depreciation	1,06,404	91,762
	<u>9,69,920</u>	<u>15,48,648</u>

Note 11**LONG-TERM LOANS AND ADVANCES**

(In ₹)

Particulars	31.03.2017	31.03.2016
Advance Tax and Tax Deducted At Source (Net of provision for Taxation)#	3,11,17,659	2,88,26,328
Advance Fringe Benefit Tax (Net of provision) *	13,842	13,842
MAT Credit Entitlement	1,55,86,685	1,55,86,685
Staff Advance	-	5,85,053
	<u>4,67,18,186</u>	<u>4,50,11,908</u>

Advance Tax and TDS receivable is net off of provision for Taxation of ₹1,66,59,457/- (31.03.2015 - ₹1,66,59,457/-)

* Advance Fringe Benefit tax is net off of provision for tax of ₹7,25,158/- (31.03.2015 - ₹7,25,158/-)

Note 12**OTHER NON - CURRENT ASSETS**

(In ₹)

Particulars	31.03.2017	31.03.2016
Unamortised future finance charges	3,20,292	5,94,373
	<u>3,20,292</u>	<u>5,94,373</u>

Note 13**CURRENT INVESTMENTS**

(In ₹)

Particulars	31.03.2017	31.03.2016
Investments in Mutual Fund	1,05,37,568	2,08,56,599
	<u>1,05,37,568</u>	<u>2,08,56,599</u>

Aggregated value of quoted investment - ₹ 10537568

NOTES TO THE ACCOUNTS (Contd.)

Note 14

TRADE RECEIVABLES

(In ₹)

Particulars	31.03.2017	31.03.2016
Unsecured, considered good		
Outstanding for a period exceeding six months from due date	-	-
Others	1,93,94,804	2,20,64,547
Unsecured, considered Doubtful		
Outstanding for a period exceeding six months from due date	-	1,73,975
Others	-	3,75,919
Less: Provision for doubtful debts	-	5,49,895
	<u>1,93,94,804</u>	<u>2,20,64,546</u>

Note 15

CASH AND CASH EQUIVALENTS

(In ₹)

Particulars	31.03.2017	31.03.2016
Cash on Hand	4,000	4,000
Balances with Banks		
In Current Account	51,28,714	56,93,878
	<u>51,32,714</u>	<u>56,97,878</u>

Note 16

SHORT TERM LOANS AND ADVANCES

(In ₹)

Particulars	31.03.2017	31.03.2016
Unsecured, considered good		
Rental Deposit	3,08,692	3,73,855
Advance to Staff	7,72,553	1,50,043
Input credit - Unutilised	22,49,010	14,58,636
Prepaid Expenses	10,73,422	13,84,991
Others	7,53,109	21,82,456
	<u>51,56,786</u>	<u>55,49,981</u>

Note 17

OTHER CURRENT ASSETS

(In ₹)

Particulars	31.03.2017	31.03.2016
Unamortised future finance charges	3,93,136	5,12,207
	<u>3,93,136</u>	<u>5,12,207</u>

NOTES TO THE ACCOUNTS (Contd.)

Note 18

REVENUE FROM OPERATIONS

(In ₹)

Particulars	2016 - 17	2015 - 16
Sale of		
Software Licenses	3,67,65,163	4,82,59,888
Software Services rendered	11,02,15,726	11,04,79,168
	<u>14,69,80,889</u>	<u>15,87,39,056</u>

(In ₹)

Revenue from operations includes -	2016 - 17	2015 - 16
Net (loss)/gain on foreign currency transaction and translation	(6,67,616)	1,08,683
Earnings in Foreign Currency (on actual basis)		
Sale of Software License and Services rendered	8,53,45,361	7,58,57,767

Note 19

OTHER INCOME

(In ₹)

Particulars	2016 - 17	2015 - 16
Interest Income	38,548	11,949
Interest on Income Tax Refund	-	11,19,240
Profit on sale of investment	31,80,968	13,03,573
Notice pay received	3,86,272	6,26,470
Provision no longer required written back	11,24,424	-
Miscellaneous Income	-	1,38,335
Total	<u>47,30,212</u>	<u>31,99,567</u>

NOTES TO THE ACCOUNTS (Contd.)

Note 20

COST OF PURCHASES

(In ₹)

Particulars	2016 - 17	2015 - 16
Software Licenses		
Opening Stock	-	-
Add: Purchase	3,00,27,784	3,82,25,963
Less: Closing Stock	-	-
Total Software License purchases (A)	<u>3,00,27,784</u>	<u>3,82,25,963</u>
Hardware Products		
Opening Stock	-	-
Add: Purchase	-	-
Less: Closing Stock	-	-
Total Hardware Product purchases (B)	<u>-</u>	<u>-</u>
Cost of services	1,43,49,714	1,63,46,665
Total Cost of services (C)	<u>1,43,49,714</u>	<u>1,63,46,665</u>
Total Cost of Purchases (A + B + C)	<u>4,43,77,499</u>	<u>5,45,72,627</u>

Note 21

EMPLOYEE BENEFIT EXPENSES

(In ₹)

Particulars	2016 - 17	2015 - 16
Salaries, allowances and bonus	8,93,87,592	8,26,37,669
Companies contribution to Provident Fund, Employees' State Insurance scheme, Gratuity Fund	57,94,708	51,71,192
Staff welfare expenses	5,32,282	6,51,579
	<u>9,57,14,582</u>	<u>8,84,60,440</u>

NOTES TO THE ACCOUNTS (Contd.)

Note 22

ADMINISTRATIVE AND OTHER EXPENSES

(In ₹)

Particulars	2016 - 17	2015 - 16
Rent	54,08,583	63,60,428
Lease Rent	5,68,478	6,12,612
Communication expenses	6,18,165	9,17,622
Electricity expenses	8,92,089	9,01,106
Travelling and conveyance	83,58,393	58,78,560
Insurance	3,77,878	5,45,617
Repairs and Maintenance	42,45,326	42,03,520
Professional fees	10,98,599	15,85,286
Rates and Taxes	6,48,535	4,54,343
Provision for doubtful debts (Net)	(5,30,019)	(10,44,391)
Bad Debts	1,51,582	19,33,927
Miscellaneous expenses	34,68,891	32,02,988
	<u>2,53,06,499</u>	<u>2,55,51,619</u>

NOTE 23

GENERAL

23.1 Employee Benefits:

i) Defined Contribution Plan:

(In ₹)

Company Contribution to	2016-17	2015 - 16	2014 - 15	2013 - 14	2012 - 13
a) Provident Fund	7,98,282	7,16,875	9,11,761	13,35,551	14,15,791
b) Pension Fund	10,54,656	10,15,821	8,95,309	7,96,236	10,55,719
c) Employees' State Insurance	23,852	-	-	50,427	1,01,920
d) Superannuation Fund	1,75,996	1,90,091	2,08,914	2,52,231	45,365

NOTES TO THE ACCOUNTS (Contd.)

ii) Defined Benefit Plan:

Gratuity

A. Reconciliation of opening and closing balances of present value of the defined behind benefit obligation. (In ₹)

Particulars	2016 - 17	2015 - 16
Present value of obligations as at beginning of the year	22,22,821	17,85,713
Interest cost	1,73,365	1,42,857
Current service cost	6,05,596	4,63,149
Benefits paid	(1,11,519)	(7,34,746)
Actuarial (gain)/loss on obligations	7,15,511	5,65,848
Present value of obligations as at the end of the year	<u>36,05,774</u>	<u>22,22,821</u>

B. Reconciliation of opening and closing balances of fair value of Plan Assets Fund maintained by LIC (In ₹)

Particulars	2016 - 17	2015 - 16
Fair value of plan assets as at beginning of the year	31,40,897	32,08,476
Expected return on plan assets	2,78,464	2,69,486
Contributions	7,91,326	3,97,681
Benefits paid	(1,11,519)	(7,34,746)
Actuarial gain on plan assets	(46,977)	-
Fair value of plan assets as at the end of the year	<u>40,52,191</u>	<u>31,40,897</u>

C. Reconciliation of present value of defined benefit obligation and fair value of plan assets to the assets and liabilities (In ₹)

Particulars	2016 - 17	2015 - 16
Present value of obligations as at the end of the year	36,05,774	22,22,821
Fair value of plan assets as at the end of the year	40,52,191	31,40,897
Net asset/(liability) recognised in the balance sheet	<u>4,46,417</u>	<u>9,18,076</u>

D. Expenses recognised in the profit and loss statement (In ₹)

Particulars	2016 - 17	2015 - 16
Current Service cost	6,05,596	4,63,149
Interest Cost	1,73,365	1,42,857
Expected return of plan assets	(2,78,464)	(2,69,486)
Net Actuarial (Gain)/loss recognized in the year	7,62,488	5,65,848
Expenses to be recognized in the profit and loss	<u>12,62,985</u>	<u>9,02,368</u>

NOTES TO THE ACCOUNTS (Contd.)

E. Details showing fair value of plan assets

(In ₹)

Particulars	2016 - 17	2015 - 16
Fair value of plan assets as at beginning of the year	8,26,764	8,94,344
Actual return on plan assets	2,78,464	2,69,485
Contributions	7,91,326	3,97,681
Benefits paid	(1,11,519)	(7,34,746)
Fair value of plan assets as at the end of the year	17,85,035	8,26,764

F. Actuarial gain/(Loss) recognised

(In ₹)

Particulars	2016 - 17	2015 - 16
Actuarial gain/(loss) on obligation	(7,62,488)	(5,65,848)
Actuarial gain/(loss) on plan assets	-	-
Total gain/(loss) for the year	(7,62,488)	(5,65,848)
Actuarial gain/(loss) recognised in the year	(7,62,488)	(5,65,848)

G. Actuarial assumptions

Particulars	2016 - 17	2015 - 16
Discount Rate	7.25%	8.0%
Salary Increment	7.0%	7.0%
Return on plan assets	8.0%	8.8%
Attrition rate	3.0%	1-3%

Mortality rates

Based on LIC (1994-1996)

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 the employment market.

Amount for the current and previous four years as follows:

(In ₹)

Particulars	2016 - 17	2015 - 16	2014 - 15	2013 - 14	2012 - 13
Defined Benefit Obligation	36,05,774	22,22,821	17,85,713	16,76,766	28,52,748
Plan Assets	40,52,191	31,40,897	32,08,476	23,14,132	35,88,372
Surplus/(Deficit)	4,46,417	9,18,076	14,22,763	6,37,366	7,35,624
Experience adjustments on plan liabilities	-	-	-	11,57,018	-
Experience adjustments on plan assets	(7,62,488)	(5,65,848)	226	-	9,47,246

The actuarial value of leave entitlement as on 31.03.2017 is ₹11,15,650/- (31.03.2016 - ₹33,43,005/-) and is provided for in the books of accounts

NOTES TO THE ACCOUNTS (Contd.)

23.2 Miscellaneous expenses include Remuneration to Auditors towards:

(In ₹)

Particulars	2016-17	2015 - 16
Statutory Audit	3,00,000	3,00,000
Tax Audit	75,000	75,000
Certification	1,65,000	1,10,000

23.3 Related Party disclosures: In accordance with the AS 18 - 'Related Party Disclosures', the details of related parties and the transactions with related parties are given below.

Holding Company:

Sundaram Finance Limited

Fellow Subsidiaries:

Sundaram Finance Holdings Limited (Formerly Sundaram Finance Distribution Limited)

Sundaram BNP Paribas Home Finance Limited

Sundaram Asset Management Company Limited

Sundaram Trustee Company Limited

LGF Services Ltd.

Infreight Logistics Solutions Limited

Sundaram Business Services Limited

Sundaram BNP Paribas Fund Services Limited

Sundaram Insurance Broking Services Limited

Sundaram Asset Management Singapore Pte Limited

Sundaram BPO India Limited

Royal Sundaram General Insurance Co. Limited

Key Management Personnel:

Deepa Ramesh - Chief Executive Officer

Ramaswamy M - Chief Financial Officer

Rajagopal K - Secretary

23.4 The nature and volume of transactions of the company for the year ended 31.03.2017, with the related parties are as follows.

(in ₹)

Nature of Transactions	Holding Company		Fellow Subsidiaries		Total	
	31-03-2017	31-03-2016	31-03-2017	31-03-2016	31-03-2017	31-03-2016
INCOME						
Revenue from Operations						
Sundaram Finance Limited	23,01,988	40,27,647	-	-	23,01,988	40,27,647
Sundaram BNP Paribas Fund Services Limited	-	-	15,29,244	38,11,919	15,29,244	38,11,919
Sundaram BNP Paribas Home Finance Limited	-	-	39,18,206	44,33,999	39,18,206	44,33,999
Sundaram BPO India Limited	-	-	-	-	-	-
Total	23,01,988	40,27,647	54,47,450	82,45,918	77,49,438	1,22,73,565
EXPENSES						
Lease Rent, Office Rent						
Sundaram Finance Limited	60,34,258	61,70,227	-	-	60,34,258	61,70,227
Internal Audit fee, other expenses						
Sundaram Finance Limited	53,61,465	51,00,000	-	-	53,61,465	51,00,000
Implementation charges - S3G						
Sundaram Finance Limited	1,41,71,502	1,48,01,956	-	-	1,41,71,502	1,48,01,956
Payroll Processing						
Sundaram BPO India Limited	-	-	1,80,814	1,80,000	1,80,814	1,80,000
Insurance						
Royal Sundaram General Insurance Co Ltd	-	-	1,40,336	37,648	1,40,336	37,648
Total	2,55,67,225	2,60,72,183	3,21,150	2,17,648	2,58,88,375	2,62,89,831
ASSETS						
Income Receivables as on 31.03.2017						
Sundaram Finance Limited	6,31,775	11,516	-	-	6,31,775	11,516
Sundaram BNP Paribas Fund Services Limited	-	-	1,42,592	7,39,608	1,42,592	7,39,608
Sundaram BNP Paribas Home Finance Limited	-	-	-	7,55,357	-	7,55,357
Sundaram BPO India Limited	-	-	-	-	-	-
Advance						
Royal Sundaram General Insurance Co Ltd	-	-	38,671	39,058	38,671	39,058
Total	6,31,775	11,516	1,81,263	15,34,023	8,13,038	15,45,539
LIABILITIES						
Internal Audit Fees, Payroll Processing charges Outstanding as on 31.03.2017						
Sundaram Finance Limited	19,74,580	18,42,502	-	-	19,74,580	18,42,502
Sundaram BPO India Limited	-	-	-	34,200	-	34,200
Total	19,74,580	18,42,502	-	34,200	19,74,580	18,76,702

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

NOTES TO THE ACCOUNTS (Contd.)

- 23.5 The Chief Financial Officer Mr. M Ramaswamy and The Company Secretary Mr. K Rajagopal have been nominated by M/s. Sundaram Finance Limited the Holding company and no remuneration is borne by this company.
- 23.6 The Accounts of the Company have been prepared on a “going concern” basis notwithstanding the company having accumulated losses and having incurred loss for the year, the company is contemplating measures such as productivity improvement, pricing, cost control measures and client on board which are likely to have a favorable impact on the financial position of the company.
- 23.7 The list of pending litigations as on 31st March 2017 have been compiled by the company and reviewed by the Statutory Auditors. The effect of the current position of the litigations has been evaluated and appropriately considered and disclosed in the financial statements.”
- 23.8 There is no amount due to Small Scale Industries in terms of “The Micro, Small and Medium Enterprises Development Act, 2006”.
- 23.9 Earnings per share (Basic and Diluted): (In ₹)

Particulars	2016 - 17	2015 - 16
A. Profit for the year after taxation (In ₹)	(1,59,54,361)	(81,74,876)
B. Total weighted average number of equity shares of ₹ 10/- each outstanding at the end of the year (in numbers)	1,64,00,000	1,64,00,000
C. Basic and diluted earnings per share (A/B)	(0.97)	(0.50)

- 23.10 Expenditure in Foreign currency (on accrual basis): (In ₹)

Particulars	2016 - 17	2015 - 16
Professional and Consultancy fee	7,83,516	10,78,317
Subscription to Association	1,93,198	53,387
Other matters - Purchase of Software, Marketing, travelling etc.	4,71,27,688	4,75,77,277

- 23.11 The Board of Directors have approved a Scheme of Amalgamation for the merger of the Company with Sundaram Finance Limited, effective from 1st April 2016, subject to approval of various statutory and regulatory authorities and shareholders / creditors as directed by the regulatory authorities.
- Sundaram Finance Limited have obtained the no objection of the National Stock Exchange of India Limited and an application has been filed by the Company with the National Company Law Tribunal for the approval of the transaction contemplated in the Scheme of Amalgamation.
- Pending approvals from statutory and regulatory authorities, the financial statements have not been adjusted to give effect to the Scheme of Amalgamation. Once the requisite approvals are obtained, the Scheme Amalgamation would be given effect to the financial statements of the Company in accordance with the said Scheme.

23.12 Specified Bank Note (SBN) Disclosure

Particulars	SBN's (₹)	Other Denomination Notes (₹)	Total (₹)
Closing cash in hand as on 08.11.2016	500	1814	2314
Add: Receipts for permitted transactions		5608	5608
Less : Paid for permitted transaction		3422	3422
Less: Deposited in bank account	500		500
Closing cash in hand as on 30.12.2016	-	4000	4000

23.13 Previous year's figures have been regrouped/reclassified wherever necessary to conform to the current year's presentation.

As per our report of even date attached
For **Brahmayya & Co.,**
Chartered Accountants
Registration Number: 000511S
L Ravi Sankar
Partner
Membership No. 25929
Chennai
Dated: 29th April 2017

Deepa Ramesh
Chief Executive Officer

M Ramaswamy
Chief Financial Officer

K Rajagopal
Secretary

Srinivas Acharya
T K Sundararajan
Directors