

SUNDARAM BPO INDIA LIMITED

1st Annual Report 2012-13

(7th August 2012 – 31st March 2013)

Board of Directors

T. T. Srinivasaraghavan

A. N. Raju

P. Viswanathan

Bankers

State Bank of Travancore

HDFC Bank

Auditors

M/s. Brahmayya & Co., Chennai

Chartered Accountants

Registered Office

21, Patullos Road

Chennai 600 002

SUNDARAM BPO INDIA LIMITED

A subsidiary of



SUNDARAM FINANCE LIMITED

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Directors' Report

Your Directors have pleasure in presenting the First Annual Report and Audited Accounts of the Company for the period ending 31st March, 2013.

The summarised financial results of the Company are given hereunder:

	(₹ in Lakhs)
Particulars	Period ended March 31, 2013
Total Income	11,07.00
Total Expenditure	11,01.26
Profit/(Loss) before Taxation	5.74
Provision for Taxation	(8.31)
Profit/(Loss) after Tax	14.05
Transfer to General Reserve	–
Surplus carried to Balance Sheet	14.05

INCORPORATION

In order to centralise the domestic BPO operations under one umbrella, Sundaram BPO India Limited was incorporated as a subsidiary of Sundaram Finance Limited on 7th August 2012.

REVIEW OF OPERATIONS

Sundaram Business Services Limited moved its India-centric business to your Company with effect from 1st October 2012.

Further, the other fellow subsidiaries which were engaged in India-centric business, Professional Management Consultants Limited and Caltec Servicez Private Limited, were merged with your company with effect from 1st October 2012, pursuant to the Order passed by the Honourable High Court of Judicature at Madras on 26th April 2013.

Your company earned a gross income of ₹ 1107 lakhs for the period 7th August 2012 to 31st March 2013 and posted profit before tax of ₹5.74 lakhs.

DIRECTORS

The First Directors of the Company, namely, Sri T. T. Srinivasaraghavan, Sri A.N. Raju and Sri P Viswanathan retire at the ensuing Annual General Meeting and are eligible for appointment. Notices under Section 257 of the Companies Act, 1956, proposing the appointment of the said Directors have been received from a member.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies Act, 1956, your directors confirm:

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed;

- ii) that they had 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 loss of the Company for that period;
- iii) that they had 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) that they had 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 period ended 31st March 2013.

PERSONNEL

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

DEPOSITS

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

AUDITORS

M/s Brahmayya & Co, Chartered Accountants, Chennai, Statutory Auditors of your Company, hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. The Company has received a certificate from them to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

ACKNOWLEDGEMENT

Your Directors thank the holding company, Sundaram Finance Limited for its support.

Chennai 600 002
Date: 20.05.2013

T. T. Srinivasaraghavan
A.N. Raju
P Viswanathan
Directors

Secretarial Compliance Certificate

Name of the Company : SUNDARAM BPO INDIA LIMITED
Registration No. : U74900TN2012PLC087102
Authorized Capital : ₹ 15,25,00,000/-
Paid-up Capital : ₹ 3,00,00,000/-

To
The Members
Sundaram BPO India Ltd.
21, Patullos Road,
Chennai – 600 002.

I have examined the registers, records, books and papers of **Sundaram BPO India Limited** (the Company), which was incorporated on 7th August 2012, as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the period ended **31st March 2013**. In my opinion and to the best of my 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 period:

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 Eight (8) times on 17th August 2012, 29th August 2012, 29th September 2012, 26th October 2012, 18th December 2012, 11th January 2013, 14th February 2013 and 20th March 2013 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 period ended 31st March 2013.
6. Since the Company was incorporated on 7th August 2012, no annual general meeting was held during the period ended 31st March 2013.
7. One Extra-Ordinary General Meeting was held on 29th August 2012 during the financial year ended 31st March 2013, after giving shorter notice to the members of the Company and the resolution passed thereat was duly recorded in the Minutes Book maintained for the purpose.
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.
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 period ended 31st March 2013.
13. The Company:
 - i) has delivered all the certificates 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 period ended 31st March 2013.

SUNDARAM BPO INDIA LIMITED

- iii) was not required to post warrants to any member of the Company as no dividend was declared during the period ended 31st March 2013.
- iv) has issued shares for the first time during the period ended 31st March 2013 and has not declared any dividend, issued any 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.
15. The Company has not appointed any Managing Director / Whole-time Director / Manager during the period under review.
16. The Company has not appointed any sole selling agent during the period ended 31st March 2013.
17. The Company was incorporated on 7th August 2012 after following the procedures laid down under the Companies Act, 1956. Thereafter, 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 period ended 31st March 2013.
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 thereunder.
19. The Company has issued 30,00,000 equity shares during the period ended 31st March 2013.
20. The Company has not bought back any shares during the period under review and hence the question of complying with the buy back provisions does not arise.
21. The Company has no preference share capital and has not issued debentures and hence the question of redemption of preference shares/ debentures during the period under review does not arise.
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.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A during the period ended 31st March 2013.
24. The Company has not made any borrowings during the period ended 31st March 2013.
25. The Company has made loans and investments or given guarantees or provided securities to other bodies corporate and necessary entries have been made in the Register kept for the purpose.
26. During the period under review, the Company has not altered the provisions of its Memorandum and its Articles of Association.
27. 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 period ended 31st March 2013, for offences under the Act.
28. The Company has not received any money as security from its employees during the period ended 31st March 2013.
29. In respect of remittance of Provident Fund, the Company has applied for registration with the authorities on 1st November 2012 and the registration is awaited as on 31st March 2013. The Company has no PF Trust of its own as envisaged under Section 418 of the Act.

Place: Chennai
Date: 16th May, 2013

Malini Seshadri A.C.S.,
No.5493 CP1323

Annexure A to Secretarial Compliance Certificate

Registers as maintained by the Company during the period ended 31st March, 2013

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

Place: Chennai

Date: 16th May, 2013

Malini Seshadri A.C.S.,

No.5493 CP1323

Annexure B to Secretarial Compliance Certificate

Returns/Documents/forms filed with the Registrar of Companies, Regional Director,
Central Government or other authorities during the period ended 31st March 2013

REGISTRAR OF COMPANIES

Sl. No	Form No.	Relevant Section	Description
1.	1	–	Declaration of compliance with the requirements of the Companies Act, 1956 on application for registration of a Company.
2.	18	146	Notice of situation of Registered Office of the Company
3.	32	303	Appointment of Sri T. T. Srinivasaraghavan, Sri A. N. Raju and Sri P. Viswanathan as First Directors of the Company.
4.	20	70 & 149(2)(c)	Declaration of Compliance with the provisions of Section 149(2)(b) of the Companies Act, 1956 along with Statement in lieu of prospectus
5.	22B	187C	Filing of Form III together with Form I and Form II received from the nominees and beneficiary.
6.	22	165	Certified copy of the Statutory Report.
7.	23	372A	To make Inter corporate investments in excess of the prescribed limits
8.	61	391-394	Application for Amalgamation

REGIONAL DIRECTOR

NIL

CENTRAL GOVERNMENT & OTHER AUTHORITIES

NIL

Place: Chennai
Date: 16th May, 2013

Malini Seshadri A.C.S.,
No.5493 CP1323

Annual Report
2012-13

INDEPENDENT AUDITORS' REPORT

To the Members of Sundaram BPO India Limited

1) Report on the Financial Statements

We have audited the accompanying financial statements of Sundaram BPO India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the period pertaining from the date of incorporation i.e. 7th August, 2012 to 31st March 2013 and comprising of the accounts of Professional Management Consultants Limited and Caltec Servicez Private Limited merged with the company with effect from 1st October, 2012 as per the order of the Hon'ble High Court of Judicature of Madras.

2) Management's Responsibility for the Financial Statements

Management is responsible for 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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

- a) Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.
- b) An audit involves performing procedures to obtain audit evidence about the amounts and 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

- c) We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2013;
- b) in the case of the Statement of Profit and Loss, of the profit for the period ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

5) Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:
- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. 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.
 - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **BRAHMAYYA & CO.**

Chartered Accountants

Registration Number 000511S

L.RAVI SANKAR

Partner

Membership No.25929

Place: Chennai

Date: 20th May, 2013

ANNEXURE TO THE AUDITORS' REPORT REFERRED TO IN PARAGRAPH 5 OF OUR REPORT OF EVEN DATE

1. a) We have been informed that the fixed asset register is under updataion.
b) Fixed assets have been physically verified by the management during the period, 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.
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 period.
2. a) i) The Company has granted unsecured loan to one company covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was ₹ 296 lakhs. The balance outstanding at the end of the year was Nil.
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 an unsecured loan from a company covered in the register maintained under section 301 of the Act. The maximum amount involved during the period was ₹ 50 lakhs. The balance outstanding at the end of the period was ₹ 50 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) 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, 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 and sale of services. 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 period, 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 period.
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 Employees State Insurance, Income tax and Service tax and other material statutory dues have been regularly deposited during the period with the appropriate authorities. In respect of remittance of Provident Fund, the company applied for registration with the authorities on 1st November, 2012 and the company received the registration code on 25th April, 2013. Thereafter, on 14th May, 2013, the company remitted the contribution from the date of incorporation i.e. 1st October 2012 to 31st March 2013. According to the information and explanations given to us, there are no arrears of statutory dues which are outstanding as at 31st March, 2013 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, Excise duty and Cess which have not been deposited on account of any dispute.
10. 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.
11. 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.
12. The provisions of any special statute applicable to chit fund /nidhi / mutual benefit fund / societies are not applicable to the company.
13. Based on our examination of the records and the information and explanations given to us, the company has not dealt / traded in debentures and other securities during the period.
- As informed and explained to us, proper records have been maintained in respect of shares held by the company The shares have been held by the company in its own name.
14. 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.
15. The company has not availed term loans during the period.
16. According to the information and explanations given to us, the company has not raised funds on short term basis during the period.
17. According to the information and explanations given to us, the company has not issued debentures during the period.
18. The company has not raised monies by public issue during the period.
19. To the best of our knowledge and belief and according to the information and explanations given to us, during the period no fraud by the company and no fraud on the company was noticed or reported during the course of our audit.
20. In our opinion and according to the information and explanations given to us, the nature of the company's business/ activities during the period has been such that clause ii, x, xiii, and xviii of paragraph 4 of the Companies (Auditors' Report) Order, 2003 is not applicable to the company for the period.

For **BRAHMAYYA & CO.**

Chartered Accountants

Registration Number 000511S

L.RAVI SANKAR

Partner

Place: Chennai

Date: 20th May, 2013

Membership No.25929

Balance Sheet

as at 31st March, 2013

(In ₹)

Particulars	Note	March 31, 2013	
<u>I EQUITY AND LIABILITIES</u>			
1. Shareholders' Funds			
a) Share Capital	2 (a)	3,00,00,000	
b) Equity share capital suspense	2 (b)	5,95,12,590	
c) Reserves and Surplus	3	14,51,273	9,09,63,863
2. Non-Current Liabilities			
a) Long-term borrowing	4	50,00,000	
b) Deferred Tax Liabilities (Net)	5	7,35,235	
c) Long-term provisions	6	17,06,259	74,41,494
3. Current Liabilities			
a) Trade payables	7	57,30,837	
b) Other Current liabilities	8	42,19,836	
c) Short-term provisions	9	62,40,766	1,61,91,439
			11,45,96,796
<u>II ASSETS</u>			
1. Non-current assets			
a) Fixed Assets	10		
i) Tangible assets		1,52,95,981	
b) Deferred tax assets (net)		-	
c) Long-term loans and advances	11	2,91,14,122	4,44,10,103
2. Current Assets			
a) Current investments	12	50,000	
b) Trade receivables	13	4,35,88,960	
c) Cash and cash equivalents	14	1,66,12,416	
d) Short-term loans and advances	15	99,35,317	7,01,86,693
			11,45,96,796
Significant Accounting policies and Notes to the Accounts 1 to 21			

As per our report on even date attached
For **Brahmayya & Co.**,
Chartered Accountants
FRN 000511S
L Ravi Sankar
Partner
Membership No. : 25929
Place: Chennai
Date: 20th May 2013

T T Srinivasaraghavan

A N Raju

P Viswanathan

Directors

SUNDARAM BPO INDIA LIMITED

Statement of Profit and Loss

for the period August 7, 2012 (date of incorporation) to March 31, 2013 (In ₹)

Particulars	Note	Period ended March 31, 2013
INCOME		
Revenue from operations	16	10,97,27,013
Other income	17	9,72,515
Total	A	<u>11,06,99,528</u>
EXPENSES:		
Employee benefit expenses	18	6,78,83,475
Outsourcing costs		95,93,098
Administrative and other expenses	19	2,73,28,095
Finance costs	20	5,68,691
Preliminary expenses written off		3,82,489
Depreciation		43,69,870
Total	B	<u>11,01,25,718</u>
Profit before Tax (A-B)		5,73,810
Tax Expense:		
Current Tax		-
Deferred Tax		(8,31,251)
Profit after Tax		<u>14,05,061</u>
Earnings per equity share		
Equity shares of par value of ₹ 10 each		
Basic - ₹		0.47
Diluted - ₹		0.16
Number of shares used in computing earnings per share		
Basic		30,00,000
Diluted (Includes 59,51,259 Equity Shares to be issued pursuant to Scheme of Amalgamation)		89,51,259
Significant Accounting policies and Notes to the Accounts 1 to 21		

As per our report on even date attached
For **Brahmayya & Co.**,
Chartered Accountants
FRN 000511S
L Ravi Sankar
Partner
Membership No. : 25929
Place: Chennai
Date: 20th May 2013

T T Srinivasaraghavan
A N Raju
P Viswanathan
Directors

NOTES TO THE ACCOUNTS

SCHEDULE 1: SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

I. 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. The assets and liabilities have been classified as non current and current based on a twelve month operating cycle.

- 1.2 Income Recognition:

Income is recognized on accrual basis

- 1.3 Fixed Assets and Depreciation:

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.

- ii) Superannuation

The Company makes fixed contributions as a percentage on salary to a Superannuation Fund, which is administered by trustees and managed by the Life Insurance Corporation of India Limited.

The above contributions are charged to Profit and Loss Account.

NOTES TO THE ACCOUNTS (Contd.)

Defined Benefit Plan

iii) Gratuity

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

iv) Leave Encashment

The Company accounts its Liability based on Actuarial Valuation, as at the Balance sheet date, determined every year, using projected unit credit method.

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

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

1.9 Impairment of Assets:

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

1.10 Provisions:

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

1.11 Preliminary Expenses:

Preliminary Expenses incurred for the incorporation of the company are written off during the Period.

NOTES TO THE ACCOUNTS (Contd.)

NOTE 2 (a)

(In ₹)

SHARE CAPITAL

Authorised

50,00,000 Equity Shares of ₹ 10 each

Authorised Capital of transferor companies (refer note below)

1,02,50,000 Equity Shares of ₹ 10 each

Issued, Subscribed and fully paid up:

30,00,000 Equity Shares of ₹ 10 each

31.03.2013
5,00,00,000
10,25,00,000
15,25,00,000
3,00,00,000
3,00,00,000

As per the Scheme of Amalgamation of Caltec Servicez Private Limited and Professional Management Consultants Limited with the Company, the authorised share capital of (i) Caltec Servicez Private Limited of 2,50,000 equity shares of ₹ 10 each amounting to ₹ 25,00,000 and (ii) Professional Management Consultants Limited of 98,75,000 equity shares of ₹ 10 each amounting to ₹ 9,87,50,000 and of 1,25,000 preference shares of ₹ 10 each amounting to ₹ 12,50,000 have been added to the Authorised Share Capital of the Company as 102,50,000 equity shares of ₹ 10 each amounting to ₹ 10,25,00,000.

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

The details of shareholder holding more than 5% shares as at 31 March 2013 is set out below:

Name of the shareholder	Status	Class of Share	No. of shares #	Percentage of shares held
Sundaram Finance Limited, holding company	Holding Company	Equity shares	30,00,000	100%

Including Equity shares held by nominees

The reconciliation of the number of shares outstanding as at 31 March 2013 is set out below:

(In ₹)

Particulars	31.03.2013
Shares outstanding at the beginning of the period	—
Add: Shares issued during the period	30,00,000
Shares outstanding at the end of the period	30,00,000

NOTE 2 (b) SHARE CAPITAL SUSPENSE

Particulars	31.03.2013
Equity share capital suspense	5,95,12,590
	5,95,12,590

The outstanding equity shares to be issued aggregating to ₹ 5,95,12,590 representing 59,51,259 equity shares of ₹ 10 each of the Company under the Scheme of Amalgamation of Caltec Servicez Private Limited and Professional Management Consultants Limited with the Company represent Equity share capital suspense account.

NOTES TO THE ACCOUNTS (Contd.)
NOTE 3
RESERVES AND SURPLUS

(In ₹)

Capital Reserve	31.03.2013
Opening balance in Capital reserve	-
Add: Difference due to amalgamation	51,93,009
Closing balance in Capital reserve	51,93,009

General reserve	31.03.2013
Opening balance in General reserve	-
Add : Balance in General reserve of transferor companies	27,00,000
Closing balance in General reserve	27,00,000

Surplus in Profit and loss account	31.03.2013
Opening balance in Profit and loss account	-
Add : Profit for the current period	14,05,061
Add : Debit balance in Profit and loss account of transferor companies	(78,46,797)
Closing balance in Profit and loss account	(64,41,736)
Total	14,51,273

NOTE 4
LONG TERM BORROWINGS

(In ₹)

Particulars	31.03.2013
Unsecured	
Loan from Related Party - Sundaram Finance Distribution Limited	50,00,000
Total	50,00,000

The loan is due for repayment by 14 December 2014. Interest on the loan is payable @12% per annum with quarterly rests.

NOTE 5
DEFERRED TAX LIABILITIES (NET)

(In ₹)

Particulars	31.03.2013
Deferred Tax Asset	
Provision for Employee Benefits	5,86,791
Sub Total	5,86,791
Deferred Tax Liability	
Depreciation	13,22,026
Total	7,35,235

NOTES TO THE ACCOUNTS (Contd.)**NOTE 6****LONG TERM PROVISIONS**

(In ₹)

Particulars	31.03.2013
Provision for Employee Benefits	17,06,259
Total	17,06,259

NOTE 7**TRADE PAYABLES**

(In ₹)

Particulars	31.03.2013
For Expenses	57,30,837
Total	57,30,837

NOTE 8**OTHER CURRENT LIABILITIES**

(In ₹)

Particulars	31.03.2013
Interest accrued and due on borrowings	1,33,150
Accrued salaries and other benefits	19,00,985
Withholding and other taxes payable	21,85,701
Total	42,19,836

NOTE 9**SHORT TERM PROVISIONS**

(In ₹)

Particulars	31.03.2013
Provision for Employee Benefits	62,40,766
Total	62,40,766

NOTE 10
FIXED ASSETS

Description	Original cost				Depreciaton				Net book value As at March 31, 2013
	Additions		Deletions	As at March 31, 2013	Additions		Deletions	As at March 31, 2013	
	on purchase	on merger			on purchase	on merger			
Tangible Assets									
Computer	21,450	1,72,30,667	20,18,180	1,52,33,937	13,40,470	1,12,79,367	16,45,970	1,09,73,867	42,60,070
Office Equipment	8,38,110	75,36,199	—	83,74,309	4,92,336	33,53,443	—	38,45,779	45,28,531
Furnitures and Fixtures	45,000	43,32,795	—	43,77,795	1,46,482	28,81,180	—	30,27,662	13,50,132
Leased Assets									
Computer	—	27,51,415	—	27,51,415	62,507	26,34,737	—	26,97,244	54,171
Intangible Assets									
Computer software	1,72,500	1,45,03,618	—	1,46,76,118	23,28,075	72,44,965	—	95,73,040	51,03,078
	10,77,060	4,63,54,693	20,18,180	4,54,13,573	43,69,870	2,73,93,691	16,45,970	3,01,17,591	1,52,95,981

NOTES TO THE ACCOUNTS (Contd.)

NOTE 11

LONG TERM LOAN AND ADVANCES

(In ₹)

Particulars	31.03.2013
Advances to Staff	19,31,673
Advance income-tax, including tax deducted at source, net of provisions	2,71,82,449
Total	2,91,14,122

NOTE 12

CURRENT INVESTMENTS

(In ₹)

Particulars	31.03.2013
Unquoted	
Investment in 2,000 shares of Shamrao Vithal Cooperative Bank Limited of ₹ 25 each	50,000
Total	50,000

NOTE 13

TRADE RECEIVABLES

(In ₹)

Particulars	31.03.2013
Unsecured, Considered Good	
Outstanding for a period exceeding six months from due date	35,57,913
Others	4,00,31,047
Total	4,35,88,960

NOTE 14

CASH & CASH EQUIVALENTS

(In ₹)

Particulars	31.03.2013
Cash on hand	25,235
Balances with banks:	
- In Current Accounts	1,55,03,859
- In Deposit Accounts #	10,83,323
Total	1,66,12,416

Under lien in favour of a bank for bank guarantee issued

NOTES TO THE ACCOUNTS (Contd.)
NOTE 15
SHORT TERM LOANS AND ADVANCES

(In ₹)

Particulars	31.03.2013
Unsecured, Considered Good	
Loans and advances to employees	6,90,100
Prepaid Expenses	6,75,426
Advance for expenses	4,98,893
Service tax Input	10,76,948
Rental Deposits	6,39,250
Others	63,54,701
Total	99,35,317

NOTE 16
REVENUE FROM OPERATIONS

(In ₹)

Particulars	07.08.2012 to 31.03.2013
Business Process Outsourcing and Related Activities	10,97,27,013
Total	10,97,27,013

NOTE 17
OTHER INCOME

(In ₹)

Particulars	07.08.2012 to 31.03.2013
Interest on deposits with banks and others	8,98,860
Profit on Sale of Investments	73,655
Total	9,72,515

NOTE 18
EMPLOYEE BENEFIT EXPENSES

(In ₹)

Particulars	07.08.2012 to 31.03.2013
Salaries, Allowances, Commission, Bonus	6,20,25,700
Company's contribution to Provident Fund, Gratuity, Superannuation	28,64,370
Staff Welfare Expenses	29,93,405
Total	6,78,83,475

NOTES TO THE ACCOUNTS (Contd.)

NOTE 19

ADMINISTRATIVE AND OTHER EXPENSES

(In ₹)

Particulars	07.08.2012 to 31.03.2013
Power and Fuel	24,84,353
Rent	89,81,100
Rates and Taxes	72,676
Communication expenses	40,50,711
Insurance	1,87,546
Travelling and Conveyance	34,04,591
Professional fees	12,59,704
Repairs and Maintenance - others	44,32,261
Loss on sale of tangible assets	38,381
Miscellaneous expenses	24,16,772
Total	2,73,28,095

Miscellaneous expenses under "Administrative and other expenses" includes remuneration to auditors (Excluding Service Tax) towards:

Particulars	07.08.2012 to 31.03.2013
Statutory Audit	1,15,000
Tax Audit	15,000
Certification	1,15,000

NOTE 20

FINANCE COST

Particulars	07.08.2012 to 31.03.2013
Interest expenses	5,17,051
Bank charges	51,640
Total	5,68,691

NOTES TO THE ACCOUNTS (Contd.)

NOTE 21

GENERAL

21.1 Scheme of Amalgamation Caltec Servicez Private Limited and Professional Management Consultants Limited with the Company under sections 391 and 394 of the Companies Act, 1956

On 18th December 2012, the Board of Directors approved a Scheme of Amalgamation ('Scheme') of Caltec Servicez Private Limited ('Caltec') and Professional Management Consultants Limited ('PMCL') ('Transferor Companies') with the Company ('Transferee Company') under sections 391 and 394 of the Companies Act, 1956. In December 2012, the Company filed a petition for approvals of the Scheme with the Hon'ble High Court of Madras ('the Court'). The Court approved the Scheme vide its order dated 26th April 2013 with the appointed date as 1 October 2012. The Scheme will be effective from the date on which the certified true copy of the scheme is filed with the Registrar Of Companies. The certified true copy of the scheme was filed with the Registrar of Companies on 15th May 2013 and accordingly the effective date is 15th May 2013. The salient features of the Scheme are as follows:

The Transferee Company shall, upon the Scheme coming into effect, record the assets and liabilities of the Transferor Companies vested in it pursuant to this Scheme at the respective book values thereof at the close of business of the day immediately preceding the appointed date. The balance in the profit and loss account appearing in the financial statements of the Transferor Companies shall be aggregated with the balance in the profit and loss account appearing in the financial statements of the Transferee Company.

The excess, if any, of the value of the assets over the value of the liabilities of the transferor Company vested in the transferee Company pursuant to the Scheme as recorded in the books of account of the transferee Company shall, after adjusting the amounts recorded, be credited to the Capital Reserve account. The deficit, if any, be debited to the Goodwill account in the books of the transferee Company.

All inter-company transactions between transferor and transferee companies from the appointed date shall be regarded as intra-company transactions.

The Transferee Company shall be entitled to credit the tax paid including credit of the tax deducted at source in relation to the Transferor Companies, for the period between the Appointed Date and the Effective Date.

From the effective date, the authorised share capital of the transferor Company shall stand combined with the authorised share capital of the transferee Company. Upon the Scheme becoming fully effective, the authorised share capital of the Company would be ₹ 15,25,00,000 divided into 1,52,50,000 equity shares of ₹ 10 each.

In accordance with the Scheme approved by the Court, the accounting for this amalgamation has been done in accordance with the "Pooling of Interest Method" referred to in Accounting Standard 14- "Accounting for Amalgamation" of the Companies (Accounting Standards) Rules, 2006.

The difference between the book value of net identifiable assets and liabilities of Caltec and PMCL transferred to the Company pursuant to this Scheme and the consideration being the value of new equity shares to be issued and allotted by the Company has been credited to Capital Reserve.

Accordingly, 14,10,250 equity shares of ₹ 10 each and 45,41,009 equity shares of ₹ 10 each fully paid up, aggregating to 59,51,259 equity shares of ₹ 10 each are to be issued to the shareholders of Caltec and PMCL respectively under this amalgamation.

The Company intends to issue these equity shares to the shareholders of Caltec and PMCL in due course.

NOTES TO THE ACCOUNTS (Contd.)

21.2 Disclosure as per AS 15 Employee Benefits:

Defined Contribution Plan:

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

(Amount in ₹)

Particulars	2012 - 2013
Contribution to Provident Fund	41,364
Contribution to Employees' State Insurance	7,940

Assumption used for actuarial Valuation

Particulars	31.03.2013
Discount Rate	8.00%
Interest Rate	9.00%
Salary Escalation	5-8%
Attrition	5-25%
Mortality Rate	LIC (1994-96) Ultimate

The Gratuity Liability determined on actuarial basis has not been funded for the company and erstwhile Caltec Servicez Private Limited. Hence the other disclosures are required under AS 15 have not been furnished.

21.3. Details of transactions with Related Parties:

Parties	Relationship
Sundaram Finance Limited	Holding Company
Sundaram BNP Paribas Home Finance Limited	Fellow subsidiary
Sundaram Asset Management Company Limited	Fellow subsidiary
Sundaram Trustee Company Limited	Fellow subsidiary
Sundaram Finance Distribution Limited	Fellow subsidiary
Sundaram Infotech Solutions Limited	Fellow subsidiary
Professional Management Consultants Limited*	Fellow subsidiary
Sundaram Parekh Warehousing Services Limited	Fellow subsidiary
Sundaram Insurance Broking Services Limited	Fellow subsidiary
LGF Services Limited	Fellow subsidiary
Infreight Logistics Solutions Limited	Fellow subsidiary
Sundaram BNP Paribas Fund Services Limited	Fellow subsidiary
Caltec Servicez Private Limited *	Fellow subsidiary
Sundaram Asset Management Singapore Pte Ltd (From 06/06/2012)	Fellow subsidiary
Sundaram Business Services Limited	Fellow subsidiary

*Amalgamated with the Company w.e.f 1st October 2012

SUNDARAM BPO INDIA LIMITED

NOTES TO THE ACCOUNTS (Contd.)
Related Party Transactions for the period ended 31st March 2013:

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	Subsidiary Company	Fellow Subsidiaries	Joint Venture/ Associates	Total 2012-13
INCOME					
Payroll Processing					
Sundaram BNP Paribas Home Finance Limited	—	—	2,86,100	—	2,86,100
Sundaram Infotech Solutions Limited	—	—	1,20,000	—	1,20,000
Accounting Services					
Sundaram Asset Management company Limited	—	—	8,19,000	—	8,19,000
Sundaram BNP Paribas Fund Services Limited	—	—	1,80,000	—	1,80,000
Data Processing					
Sundaram Finance Limited	1,55,63,711	—	—	—	1,55,63,711
Deposit Processing					
Sundaram BNP Paribas Home Finance Limited	—	—	17,70,689	—	17,70,689
Interest received					
Sundaram Finance Limited	6,93,965	—	—	—	6,93,965
Processing Charges					
Sundaram Business Services Limited	—	—	82,840	—	82,840
EXPENSES					
Sundaram Finance Limited					
a) Rent	—	—	—	—	—
b) Software Lease Rent	—	—	—	—	—
c) Training Programme	86,525	—	—	—	86,525
d) Internal Audit	2,00,000	—	—	—	50,000
e) Interest on Loan	—	—	—	—	—
f) Web Hosting	—	—	—	—	—
g) Professional Charges	—	—	—	—	—
h) Branch Set up Cost	—	—	—	—	—
i) Vehicle Petrol	—	—	—	—	—
j) Telephone Charges	34,154	—	—	—	34,154
k) Staff Expenses	7,992	—	—	—	7,992
l) Others	1,530	—	—	—	510
Sundaram Business services Limited					
a) Processing Charges	—	—	37,96,374	—	37,96,374
b) Other expenses	—	—	77,70,746	—	77,70,746

NOTES TO THE ACCOUNTS (Contd.)

Nature of Transactions	Holding Company	Subsidiary Company	Fellow Subsidiaries	Joint Venture/ Associates	Total 2012-13
RECEIVABLES					
Sundaram Asset Management company Limited	–	–	2,77,080	–	2,77,080
Sundaram Infotech Solutions Limited	–	–	1,04,439	–	1,04,439
Sundaram BNP Paribas Fund Services Limited	–	–	30,337	–	30,337
Sundaram BNP Paribas Home Finance Limited	–	–	3,58,706	–	3,58,706
Sundaram Finance Limited	56,29,703	–	–	–	56,29,703
Sundaram Business Services Limited	–	–	29,54,009	–	29,54,009
Loans and Advances	–	–	–	–	–
Sundaram Infotech Solutions Limited	–	–	4,21,350	–	4,21,350
LIABILITIES					
Liabilities – Outstanding Balance as on 31.03.2012	–	–	–	–	–
Equity Shares	–	–	–	–	–
Sundaram Finance Limited	30,00,00,000	–	–	–	30,00,00,000
INTER CORPORATE LOAN					
Sundaram Finance Distribution Limited	–	–	50,00,000	–	50,00,000
PAYABLES					
Sundaram Finance Limited	2,02,248	–	–	–	2,02,248
Sundaram Business Services Limited	–	–	9,03,625	–	9,03,625

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

NOTES TO THE ACCOUNTS (Contd.)

21.4 The Company's application for allotment of EPF code under Employees Provident Funds and Miscellaneous Provisions Act, 1952 was approved vide their letter dated April 25, 2013, effective October 2012. Consequently, the Company has been able to remit the provident fund dues for the period October 2012 to March 2013 on May 14, 2013.

21.5 ESI Claims against the erstwhile Professional Management Consultants Limited (PMCL) not accepted by the company - ₹ 2, 06,900/- (previous year - ₹ 2, 06,900/-). Against this claim, PMCL filed an appeal before the Employees' Insurance (EI) Court and a stay was obtained, on a payment of 20% of the disputed amount. Accordingly, PMCL has deposited a sum of ₹ 41, 400/- with the EI Court. The said amount has been grouped under Loans and Advances in the Balance Sheet.

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

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

21.7 Capital Commitments (net of advance) - ₹ 8.75 Lakhs

21.8. The Company was incorporated on 7th August 2012. The financial statements pertain to the period from the date of incorporation to 31st March 2013. Therefore, there are no comparative figures for the previous period.

Signatures to Notes 1 to 21

As per our report on even date attached
For **Brahmayya & Co.**,
Chartered Accountants
FRN 000511S
L Ravi Sankar
Partner
Membership No. : 25929
Place: Chennai
Date: 20th May 2013

T T Srinivasaraghavan

A N Raju

P Viswanathan

Directors

Cash Flow Statement

for the period August 7, 2012 (date of incorporation) to March 31, 2013

(In ₹)

CASH FLOW FROM OPERATING ACTIVITIES	Period ended March 31, 2013
Profit before Taxation	5,73,810
Adjustments	
Depreciation	43,69,870
Deferred Tax	8,31,251
Loss on sale of assets	38,381
Bad debts written off	7,71,301
(Profit) / Loss on sale of Investments	(73,655)
Interest Income	(7,42,243)
Changes in assets and liabilities	
Trade Receivables	(4,43,60,261)
Loans and advances and other assets	(3,90,49,439)
Liabilities and provisions	1,86,32,933
Adjustment on account of amalgamation for net current assets	6,61,64,960
Adjustment on account of amalgamation in respect of borrowings	(96,98,418)
NET CASH FROM OPERATING ACTIVITIES	<u>(25,41,510)</u>
CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of mutual funds units (net)	73,655
Investment in shares - Current	(50,000)
Purchase of Fixed Assets (Refer Note below)	(2,00,38,061)
Sale of assets	3,33,829
Interest Received	6,96,228
NET CASH FROM INVESTING ACTIVITIES	<u>(1,89,84,349)</u>
CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from Issuance of share capital	3,00,00,000
Proceeds from unsecured loan from fellow subsidiary	50,00,000
NET CASH FROM FINANCING ACTIVITIES	3,50,00,000
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	1,34,74,141
Add: Cash and cash equivalents taken over on amalgamation	20,54,953
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>1,55,29,094</u>
Purchase of fixed assets includes ₹ 1,89,61,002 being assets acquired pursuant to scheme of Amalgamation	

As per our report on even date attached

For **Brahmayya & Co.,**

Chartered Accountants

FRN 000511S

L Ravi Sankar

Partner

Membership No. : 25929

Place: Chennai

Date: 20th May 2013

SUNDARAM BPO INDIA LIMITED

T T Srinivasaraghavan

A N Raju

P Viswanathan

Directors