

LGf SERVICES LIMITED

12th ANNUAL REPORT 2015-16



Board of Directors

Paramesh Krishnaier

M. Ramaswamy

G. Sundararajan

Bankers

State Bank of Travancore

ICICI Bank

Auditors

M/s. Brahmaya & Co., Chennai

Chartered Accountants

Registered Office

21, Patullos Road

Chennai 600 002

CIN : U67190TN2004PLC052384

LGF SERVICES LIMITED

A wholly-owned subsidiary of

**SUNDARAM FINANCE LIMITED****Contents**

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Board's Report

Your Directors present the Twelfth Annual Report and Audited Accounts for the year ended 31st March, 2016.

FINANCIAL RESULTS

Particulars	(₹ in Lakhs)	
	Year ended March 31, 2016	Year ended March 31, 2015
Profit after tax	82.48	148.74
Add: Surplus of Previous Year	60.45	46.95
Amount available for appropriation	142.93	195.69
Transfer to General Reserve	8.00	14.87
Dividend	87.50	100.00
Dividend Tax	17.81	20.36
Surplus carried to Balance Sheet	29.62	60.46

BUSINESS REVIEW

During the year, your Company's revenue from operations was ₹645 lakhs as against ₹772 lakhs in the previous year. The profit after tax for the year was at ₹ 82.48 lakhs as against ₹148.74 lakhs in the previous year.

DIVIDEND

Your directors are happy to recommend a dividend of ₹35/- per share (350% on the face value of ₹10/-) for the financial year 2015-16 on the paid-up capital of ₹25.00 lakhs, as against ₹40/- per share (400% on the face value of ₹10/-). The dividend together with dividend tax of ₹17.81 lakhs absorbs a sum of ₹105.31 lakhs. The Directors recommended transferring ₹8.00 lakhs to General Reserve as against ₹14.87lakhs in the previous year.

DIRECTORS

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

NUMBER OF MEETINGS OF THE BOARD

During the year under review, 4 meetings of the Board of Directors were held.

DIRECTORS' RESPONSIBILITY STATEMENT

Your directors confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) the Directors 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 profit of the Company for that period;
- iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) the Directors had prepared the annual accounts on a going concern basis; and
- v) the Directors devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has invested its surplus in Mutual Funds during the year. The balances at the end of the financial year under review amounted to ₹139.90 lakhs. The Company has not given any loans or provided any guarantees.

**RELATED PARTY TRANSACTIONS**

During the year, the Company has entered into materially significant transaction with related parties. 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 Companies Act 2013, read with Rule 8(2) of the Companies (Accounts Rules) 2014, is attached as part of this report vide Annexure A.

EXTRACT OF ANNUAL RETURN

As required under Section 92(3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in Form MGT 9 as on 31st March 2016, is enclosed –Annexure B.

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. Your Company did not have any foreign exchange earnings or outgo during the year.

PERSONNEL

None of the employees of the Company is in receipt of remuneration in excess of the limits prescribed under Rule 5 of Companies

(Appointment and Remuneration of Managerial Personnel) Rules, 2014.

DEPOSITS

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

AUDITORS

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

ACKNOWLEDGEMENT

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

Paramesh Krishnaier

M Ramaswamy

G Sundararajan

Directors

Chennai 600 002

Date: 14th May, 2016

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

- (a) Name(s) of the related party and nature of relationship

Sundaram Finance Limited, Holding Company

- (b) Nature of contracts/arrangements/transactions

Service Expenses incurred towards distribution of insurance products.

- (c) Duration of the contracts / arrangements/transactions

One year

- (d) Salient terms of the contracts or arrangements or transactions including the value, if any:

Service Fees shall be paid under the following terms:

Cost per unit (Transaction)	₹452/-
Pre-determined units of Transactions per annum	65,000
For every additional unit	₹452/-

Subject to a minimum of ₹24,50,000/- per month.

- (e) Date(s) of approval by the Board, if any:

6th May 2015

- (f) Amount paid as advances, if any:

NIL

Paramesh Krishnaier

M Ramaswamy

G Sundararajan

Directors

Chennai 600 002

Date: 14th May, 2016

FORM NO.MGT-9

**EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March 2016**

[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	U67190TN2004PLC052384
(ii)	Registration Date	23-01-2004
(iii)	Name of the Company	LGF Services Limited
(iv)	Category / Sub-Category of the Company	Limited by Shares, Indian Non-Government Company
(v)	Address of the Registered Office and contact details	No. 21, Patullos Road, Chennai 600002 Sri P Viswanathan 044 28881207 pv@sundaramfinance.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	Engaged in the distribution and marketing of financial, savings, loan, investment and insurance products	66 - Other Financial Activities	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN / GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1	Sundaram Finance Limited 21, Patullos Road Chennai 600 002	L65191TN1954PLC002429	Holding	100	2(46)

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

(i) Category-wise Share Holding

	Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters										
(1) Indian										
(a)	Individual/HUF	–	–	–	–	–	–	–	–	–
(b)	Central Govt	–	–	–	–	–	–	–	–	–
(c)	State Govt(s)	–	–	–	–	–	–	–	–	–
(c)	Bodies Corp - Sundaram Finance Limited *	–	2,50,000	2,50,000	100.00	–	2,50,000	2,50,000	100.00	–
(d)	Banks / FI	–	–	–	–	–	–	–	–	–
(e)	Any Other	–	–	–	–	–	–	–	–	–
	Sub-Total (A)(1)	–	2,50,000	2,50,000	100.00	–	2,50,000	2,50,000	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)	–	2,50,000	2,50,000	100.00	–	2,50,000	2,50,000	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)	FIs	–	–	–	–	–	–	–	–	–
(h)	Foreign Venture Capital Investors	–	–	–	–	–	–	–	–	–
(i)	Any Other - Foreign Portfolio Investors	–	–	–	–	–	–	–	–	–

	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	
	Sub- Total (B)(1)	–	–	–	–	–	–	–	–	–
2.	Non-Institutions									
(a)	Bodies Corporate	–	–	–	–	–	–	–	–	–
(i)	Indian	–	–	–	–	–	–	–	–	–
(ii)	Overseas	–	–	–	–	–	–	–	–	–
(b)	Individuals									
i	Individual shareholders holding nominal shares capital up to ₹1 lakh	–	–	–	–	–	–	–	–	–
ii	Individual shareholders holding nominal shares capital in excess of ₹1 lakh	–	–	–	–	–	–	–	–	–
(c)	Others (specify)	–	–	–	–	–	–	–	–	–
	Sub- Total (B)(2)	–	–	–	–	–	–	–	–	–
	Total Public Shareholding (B)= (B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
(C)	Shares held by Custodian for GDRs and ADRs	–	–	–	–	–	–	–	–	–
	GRAND TOTAL (A)+(B)+(C)	–	2,50,000	2,50,000	100.00	–	2,50,000	2,50,000	100.00	–

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

(ii) Shareholding of promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	
1	Sundaram Finance Limited*	2,50,000	100%	-	2,50,000	100%	-	-
	Total	2,50,000	100%	-	2,50,000	100%	-	-

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

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

Name of the Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Sundaram Finance Ltd.				
At the beginning of the year*	2,50,000	100%	2,50,000	100%
Increase / Decrease in Promoters Share holding during the year	–	–	–	–
At the end of the Year	–	–	2,50,000	100%

* Includes 6 shares held by the 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				
Increase / Decrease in Share holding during the year				
At the end of the Year (or on the date of separation, if separated during the year)				
Not Applicable				

(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 Paramesh Krishnaier				
	At the beginning of the year	–	–	–	–
	Increase / Decrease in Share holding during the year	–	–	–	–
	At the end of the Year	–	–	–	–
2	Sri M Ramaswamy*				
	At the beginning of the year	1	–	–	–
	Increase / Decrease in Share holding during the year	–	–	–	–
	At the end of the Year	–	–	1	–
3	Sri G Sundararajan*				
	At the beginning of the year	1	–	–	–
	Increase / Decrease in Share holding during the year	–	–	–	–
	At the end of the Year	–	–	1	–

* held as nominees of Sundaram Finance Limited jointly with others

V. INDEBTEDNESS

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

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

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

B. Remuneration to other directors:

Name of Directors	Particulars of Remuneration			Total Amount
	Fee for attending board / committee meetings	Commission	Others, please specify	
Independent Directors	Not Applicable			
Total (1)				
Other Non-Executive Directors				
Sri Paramesh Krishnaier	Nil			
Sri M Ramaswamy				
Sri G Sundararajan				
Total (2)				
Total Managerial Remuneration	Nil			
Overall Ceiling as per the Act	Not Applicable			

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

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

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 2016.

INDEPENDENT AUDITOR'S REPORT

To the Members of LGF Services Limited

1. Report on the Financial Statements

We have audited the accompanying financial statements of LGF Services Limited (“the Company”), which comprise the Balance Sheet as at 31st March, 2016, 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, 2016;
- b) in the case of the Statement of Profit and Loss, of the profit 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. 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 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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 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 litigations in its financial statements as mentioned in Note 19.3 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.

Place: Chennai
Date: 14-05-2016

For **BRAHMAYYA & Co**
Chartered Accountants
Firm Regn. No.000511S
L. RAVI SANKAR
Partner
Membership No. 25929

“Annexure A” to the Auditors’ Report

Referred to in Paragraph 5 of Our Report of Even Date

1. 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.
2. 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 Act, 2013 respectively.
3. The Company has not accepted any deposits from the public.
4. The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act.
5.
 - i) In our opinion and according to the information and explanations given to us, undisputed statutory dues, including Provident Fund, Income tax, Service 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 2016 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 dues of Service tax which have not been deposited on account of any dispute. The dues in respect of Income tax which have not been deposited on account of dispute are as follows:
6. The Company does not have any borrowings from banks, financial institutions, government or by issue of debentures.
7. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) or by way of term loans.
8. 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 during the course of our audit.
9. The Company has not incurred any expenditure towards managerial remuneration.
10. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with Section 177 and Section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
11. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
12. In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them.
13. In our opinion and according to the information and explanations given to us, the nature of the Company’s business/ activities during the year has been such that clause (i), clause (ii), clause (xii) and clause (xvi) of paragraph 3 of the Companies (Auditor’s Report) Order, 2016 is not applicable to the Company for the year.

Nature of dues	Amount (₹)	Period to which the amount relates	Forum where the dispute is pending
Income tax	28,22,499/-	Assessment Year 2011-12 to 2013-14	CIT (A)

For **BRAHMAYYA & Co**
Chartered Accountants
Firm Regn. No.000511S
L. RAVI SANKAR

Place: Chennai
Date: 14-05-2016

Partner
Membership No. 25929

“Annexure B” to the Auditors’ Report Referred to in Paragraph 5 of Our Report of Even Date

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

We have audited the internal financial controls over financial reporting of LGF Services Limited (“the Company”) as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, 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.

Place: Chennai

Date: 14-05-2016

For **BRAHMAYYA & Co**
Chartered Accountants

Firm Regn. No.000511S

L. RAVI SANKAR

Partner

Membership No. 25929

Balance Sheet

as at 31st March, 2016

(In ₹)

	Note	March 31, 2016	March 31, 2015
<u>EQUITY AND LIABILITIES</u>			
1) Shareholders' funds			
a) Share Capital	2	25,00,000	25,00,000
b) Reserves and Surplus	3	3,50,47,820	3,73,31,437
c) Money received against share warrants		-	-
		3,75,47,820	3,98,31,437
2) Share application money pending allotment			
		-	-
3) Non-current liabilities			
a) Long Term Borrowings		-	-
b) Deferred Tax Liabilities (Net)		-	-
c) Other Long term liabilities		-	-
d) Long-term provisions	4	1,75,711	72,549
		1,75,711	72,549
4) Current liabilities			
a) Short Term Borrowings		-	-
b) Trade payables	5	-	-
i) total outstanding due to micro and small enterprises		-	-
ii) total outstanding due of creditors other than micro and small enterprises		7,16,069	9,48,261
c) Other current liabilities	6	20,956	-
d) Short-term provisions	7	1,08,83,238	1,21,15,000
		1,16,20,263	1,30,63,261
TOTAL EQUITY AND LIABILITIES		4,93,43,794	5,29,67,247
<u>ASSETS</u>			
1) Non-current Assets			
a) Fixed Assets		-	-
i) Tangible assets		-	-
ii) Intangible assets		-	-
iii) Capital work in progress		-	-
iv) Intangible assets under development		-	-
b) Non-current investments		-	-
c) Deferred tax assets (net)	8	15,260	4,516
d) Long-term loans and advances	9	1,93,80,050	1,63,60,048
e) Other non-current assets		-	-
		1,93,95,310	1,63,64,564
2) Current Assets			
a) Current investments	10	1,39,90,285	1,99,58,419
b) Inventories		-	-
c) Trade receivables	11	1,46,62,260	1,52,13,304
d) Cash and cash equivalents	12	8,42,941	10,91,464
e) Short term loans and advances	13	4,52,998	3,39,496
f) Other current assets		-	-
		2,99,48,484	3,66,02,683
TOTAL ASSETS		4,93,43,794	5,29,67,247

Significant Accounting Policies and Notes to the Accounts - 1 to 19

As per our report of even date attached
For **Brahmayya & Co.**,
Chartered Accountants
Registration Number. 000511S

L Ravi Sankar
Partner
Membership No.25929

Chennai
14th May, 2016

LGF SERVICES LIMITED

Paramesh Krishnaier

M Ramaswamy

G Sundararajan

Directors



Statement of Profit and Loss

for the Year Ended 31st March, 2016

(In ₹)

	Note	2015-16	2014-15
Revenue from operations	14	6,39,14,871	7,58,62,129
Other income	15	5,42,630	13,56,533
Total Revenue	(A)	<u>6,44,57,501</u>	<u>7,72,18,662</u>
<u>EXPENSES</u>			
Finance Costs	16	-	22,177
Employee benefits	17	27,58,981	8,32,393
Administrative and Other expenses	18	4,92,61,587	5,41,90,168
Total Expenses	(B)	<u>5,20,20,568</u>	<u>550,44,738</u>
Profit before Tax	(A-B)	<u>1,24,36,933</u>	<u>2,21,73,924</u>
Tax Expense:			
Current tax		42,00,000	73,00,000
Deferred tax		(10,744) 41,89,256	- 73,00,000
Profit after tax		<u>82,47,677</u>	<u>1,48,73,924</u>
Earnings per equity share:			
Weighted average number of shares		2,50,000	2,50,000
Basic		32.99	59.50
Diluted		32.99	59.50
Significant Accounting Policies and Notes to the Accounts - 1 to 19			

As per our report of even date attached
For **Brahmayya & Co.**,
Chartered Accountants
Registration Number. 000511S
L Ravi Sankar
Partner
Membership No.25929
Chennai
14th May, 2016

Paramesh Krishnaier
M Ramaswamy
G Sundararajan
Directors

Cash Flow Statement

(In ₹)

	2015-16	2014-15
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit	82,47,677	1,48,73,924
Add: Provision for Taxation (including Deferred Tax)	41,89,256	73,00,000
	1,24,36,933	2,21,73,924
Less: Net gain on sale of investments	(5,31,865)	(13,56,023)
Operating Profit Before Working Capital Changes	1,19,05,068	2,08,17,901
(Increase)/Decrease in Long Term Loans and Advances	(68,20,002)	(70,48,415)
(Increase)/Decrease in Short Term Loans and Advances	(1,13,500)	(2,55,862)
(Increase)/Decrease in Trade Receivables	5,51,041	26,47,830
Increase (Decrease) in Long Term Provisions	1,03,162	55,592
Increase (Decrease) in Short Term Provisions	2,72,708	56,010
Increase /(Decrease) in Other Current Liabilities	20,957	(613)
Increase (Decrease) in Trade Payables	(2,32,192)	(30,540)
Cash generated from Operations	(62,17,826)	(45,75,998)
Direct Taxes Paid	(4,00,000)	(21,00,000)
NET CASH FROM OPERATING ACTIVITIES (A)	52,87,242	1,41,41,903
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Current Investments	(5,60,00,000)	(9,66,78,716)
Sale of Current Investments	6,19,68,135	9,25,72,693
Net Gain on sale of investments	5,31,865	13,56,023
NET CASH FROM INVESTING ACTIVITIES (B)	65,00,000	(27,50,000)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(1,20,35,765)	(1,16,99,500)
NET CASH FROM FINANCING ACTIVITIES (C)	(1,20,35,765)	(1,16,99,500)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A) + (B) + (C)	(2,48,523)	(3,07,597)
Cash and Cash Equivalents at the Beginning of the Year	10,91,464	13,99,061
Cash and Cash Equivalents at the End of the Year	8,42,941	10,91,464
Components of cash and Cash Equivalents at the end of the Year		
Current Account with Banks	8,42,941	10,91,464
Cash, Stamps and Stamp Papers on Hand	-	-

As per our report of even date attached
For **Brahmayya & Co.**,
Chartered Accountants
Registration Number 000511S

L Ravi Sankar
Partner
Membership No.25929
Chennai
14th May, 2016

LGF SERVICES LIMITED

Paramesh Krishnaier

M Ramaswamy

G Sundararajan

Directors

NOTES TO THE ACCOUNTS

1 SIGNIFICANT ACCOUNTING POLICIES:

- 1.1 The financial statements are prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the relevant provisions of the Companies Act, 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 amounts of assets and liabilities as at the Balance Sheet date, reported amounts of revenues and expenses during the year and disclosure of contingent liabilities as at that date. The estimates and assumptions used in the financial statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of 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 in respect of services rendered and brokerage is accounted on accrual basis.

- 1.3 Valuation of Investments:

Long Term investments are stated at cost. Provision for decline in value, other than temporary, is considered wherever necessary.

Current Investments are valued at lower of Cost and Market Value/ Net Asset Value.

- 1.4 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) Defined Benefit Plan

- (i) Gratuity

The liability in respect of gratuity has been provided on the basis of actuarial valuation obtained at the Balance Sheet date.

- C) Other Long Term Employee Benefits:

The liability in respect of other long term benefits like Employee Assured Bonus Scheme, reimbursement of medical expenses and entitlement of privilege leave has been provided on the basis of actuarial valuation obtained at the Balance Sheet date.

- 1.5 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 consideration of prudence.

- 1.6 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.

- 1.7 Provisions:

Provisions are recognized 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.)

Balance Sheet

Note 2: Share Capital

(In ₹)

	31.03.2016	31.03.2015
Authorised capital		
2,50,000 Equity shares of face value of ₹ 10/- each	25,00,000	25,00,000
Issued, Subscribed and fully paid up		
2,50,000 Equity shares of face value of ₹ 10/- each	25,00,000	25,00,000
Reconciliation of number of shares		
	Nos.	Nos.
Shares outstanding at the beginning of the year	2,50,000	2,50,000
Add: Shares issued during the year	—	—
Less: Shares bought back during the year	—	—
Shares outstanding at the end of the year	2,50,000	2,50,000

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

Name of the Shareholder	Status	No. of shares	% held as at 31.03.2016	No. of Shares	% held as at 31.03.2015
Sundaram Finance Limited*	Holding Company	2,50,000	100	2,50,000	100

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

NOTES TO THE ACCOUNTS (Contd.)
Note 3: Reserves and Surplus

(In ₹)

	31.03.2016	31.03.2015
a. General Reserve		
Opening balance	3,12,85,629	2,97,98,237
Add: Transfer from Surplus in the Statement of Profit and Loss	8,00,000	14,87,392
	<u>320,85,629</u>	<u>3,12,85,629</u>
b. Surplus in the Statement of Profit and Loss		
Opening Balance	60,45,808	46,95,041
Add: Profit for the year from the Statement of Profit and Loss	82,47,677	1,48,73,924
	<u>1,42,93,485</u>	<u>1,95,68,965</u>
Less : Appropriations		
General Reserve	8,00,000	14,87,392
Dividend		
Final (Proposed)	87,50,000	1,00,00,000
Dividend Distribution Tax	17,81,294	20,35,765
	<u>29,62,191</u>	<u>60,45,808</u>
	<u>3,50,47,820</u>	<u>3,73,31,437</u>

Note 4 : Long-Term Provisions

(In ₹)

	31.03.2016	31.03.2015
Provision for employee benefits	1,75,711	72,549
	<u>1,75,711</u>	<u>72,549</u>

Note 5: Trade Payables*

(In ₹)

	31.03.2016	31.03.2015
i) Total outstanding due to micro and small enterprises	-	-
ii) Total outstanding due of creditors other than micro and small enterprises		
- For Expenses	4,38,745	6,25,712
- For Others	2,77,324	3,22,549
	<u>7,16,069</u>	<u>9,48,261</u>

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

NOTES TO THE ACCOUNTS (Contd.)

Note 6 : Other Current Liabilities

(In ₹)

	31.03.2016	31.03.2015
Sundry creditors for finance	20,956	—
	<u>20,956</u>	<u>—</u>

Note 7 : Short-term provisions

(In ₹)

	31.03.2016	31.03.2015
Provision for employee benefits	3,51,944	79,235
Others		
– Proposed Dividend	87,50,000	1,00,00,000
– Dividend Distribution Tax	17,81,294	20,35,765
	<u>1,08,83,238</u>	<u>1,21,15,000</u>

Note 8 : Deferred Tax Asset

(In ₹)

	31.03.2016	31.03.2015
On Employee Benefits	15,260	4,516

Note 9 : Long-Term Loans and Advances

(In ₹)

	31.03.2016	31.03.2015
Advance Income Tax and Tax deducted at source (net of Provision)	1,92,59,061	1,63,60,048
Others Advances	1,20,989	—
	<u>1,93,80,050</u>	<u>1,63,60,048</u>

Advance payment of Income Tax and Tax deducted at source is net of Provision for Income Tax of ₹ 1,91,86,845/-, Tax payable of ₹ 28,22,499/- and Tax paid under dispute of ₹ 1,04,11,703/- (31/03/2015 - Provision for Income Tax ₹ 2,67,01,706/- , Tax payable ₹ 7,58,040/-and Tax paid under dispute ₹ 7,25,825/-)

NOTES TO THE ACCOUNTS (Contd.)
Note 10 : Current Investments – Others

	As at 31.03.2016		As at 31.03.2015		
	Face Value (In ₹)	Holding (Number)	Cost (In ₹)	Holding (Number)	Cost (In ₹)
Unquoted valued at cost					
Investments in Mutual Funds:					
Sundaram Money Fund	10	1,25,236	39,90,285	3,39,051	99,58,419
ICICI Prudential Long Term Gilt Fund – Growth option	10	2,09,336	1,00,00,000	2,09,336	1,00,00,000
Particulars					
Aggregate amount of Unquoted Investments			<u>1,39,90,285</u>		<u>1,99,58,419</u>

Note 11: Trade Receivables

	(In ₹)	
	31.03.2016	31.03.2015
Unsecured Considered Good		
More than six months	–	–
Less than six months		
Service Income	1,46,59,809	1,52,08,806
Brokerage	2,451	4,498
	<u>1,46,62,260</u>	<u>1,52,13,304</u>

Note 12 : Cash and Cash equivalents

	(In ₹)	
	31.03.2016	31.03.2015
Balance with Banks in Current Accounts	8,42,941	10,91,464

Note 13 : Short Term Loans and Advances

	(In ₹)	
	31.03.2016	31.03.2015
Prepaid Expenses	3,727	1,845
Service Tax Input Credit	4,01,924	3,37,651
Other advances	47,347	–
	<u>4,52,998</u>	<u>3,39,496</u>

NOTES TO THE ACCOUNTS (Contd.)**Statement of Profit and Loss****Note 14 : Revenue from Operations**

(In ₹)

	2015-16	2014-15
Service Income	6,38,49,017	7,55,61,601
Brokerage	65,854	3,00,528
	<u>6,39,14,871</u>	<u>7,58,62,129</u>

Note 15: Other Income

(In ₹)

	2015-16	2014-15
Interest Income	9,423	—
Net gain on sale of Current investments	5,31,865	13,56,023
Other non-operating Income	1,342	510
	<u>5,42,630</u>	<u>13,56,533</u>

Note 16: Finance Costs

(In ₹)

	2015-16	2014-15
Interest	—	22,177
	<u>—</u>	<u>22,177</u>

NOTES TO THE ACCOUNTS (Contd.)
Note 17 : Employee Benefits

	(In ₹)	
	2015-16	2014-15
Salaries, allowances and Bonus	26,92,502	7,97,245
Company's contribution to Gratuity	24,421	11,181
Staff Welfare Expenses	42,058	23,967
	<u>27,58,981</u>	<u>8,32,393</u>

The present value of obligation towards compensated absences, as per actuarial certificate, as on 31.03.2016 was ₹ 5,664 (31.03.2015 – Nil) and is provided in the books of account.

Other Employee Benefits

The Company's liability towards other employee benefits are given below: (In ₹)

	31.03.2016
Staff Medical Scheme	3,310
Employee Assured Bonus Scheme	2,31,647
Gratuity	28,940

Note 18 : Administrative and Other expenses

	(In ₹)	
	2015-16	2014-15
Outsourcing cost	1,93,43,350	2,44,61,577
Service Expenses	2,94,61,250	2,94,00,000
Rates and Taxes	5,858	8,845
Miscellaneous Expenses	4,51,129	3,19,746
	<u>4,92,61,587</u>	<u>5,41,90,168</u>

NOTES TO THE ACCOUNTS (Contd.)

19 GENERAL

19.1 The company provides business support services for Oriental Insurance Company Limited. There are no separate reportable segments as per Accounting Standard AS 17 'Segment Reporting'.

19.2 **Related Party disclosures:** In accordance with the Accounting Standard 18 on 'Related Party disclosures', the details of related parties and the transactions with related parties are given below:

RELATED PARTIES:

Holding Company:

Sundaram Finance Limited

Fellow Subsidiaries:

Sundaram BNP Paribas Home Finance Limited

Sundaram Asset Management Company Limited

Sundaram Trustee Company Limited

Sundaram Finance Distribution Limited

Sundaram Infotech Solutions Limited

Sundaram Business Services Limited

Infreight Logistics Solutions 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 (Effective from 29-Jul-2015)

NOTES TO THE ACCOUNTS (Contd.)
Related Party Transactions

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

(In ₹)

Nature of Transactions	Holding Company	Fellow Subsidiaries	2015-16	2014-15
Expenses				
Sundaram Finance Ltd.				
Service Expenses	2,94,00,000		2,94,00,000	2,94,00,000
Royal Sundaram General Insurance Co. Limited Insurance		2,309	2,309	–
Asset				
Royal Sundaram General Insurance Co. Limited Prepaid Expenses		4,267	4,267	–
Liabilities				
Sundaram Finance Ltd.				
– Equity Share Holdings	25,00,000		25,00,000	25,00,000
– Dividend Payable	87,50,000		87,50,000	1,00,00,000

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

NOTES TO THE ACCOUNTS (Contd.)

19.3 The pending litigations as on 31st March, 2016 have been compiled by the company and reviewed by the Statutory Auditors. The effect of the current position of the litigations have been evaluated and appropriately considered and disclosed in the financial statements.

19.4 Miscellaneous expenses include Remuneration to Auditors towards: (In ₹)

	2015-16	2014-15
Audit Fee		
Statutory Audit	3,00,000	2,00,000
Tax Audit	75,000	40,000
Certification	20,000	20,000

	2015-16	2014-15
19.5 Earnings Per Share (Basic and diluted)		
A. Profit for the year after taxation (in ₹)	82,47,677	1,48,73,924
B. Weighted average no. of equity shares	2,50,000	2,50,000
C. Basic and diluted earnings per share (A/B) (in ₹)	32.99	59.50
D. Dividend Proposed/Paid (₹)	87,50,000	1,00,00,000
E. Dividend per share (₹)	35.00	40.00

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

Signatures to Schedules 1 to 19

As per our report of even date attached
For **Brahmayya & Co.**,
Chartered Accountants
Registration Number. 000511S
L Ravi Sankar
Partner
Membership No.25929
Chennai
14th May, 2016

Paramesh Krishnaier
M Ramaswamy
G Sundararajan
Directors