

SUNDARAM BUSINESS SERVICES LIMITED

4th Annual Report 2008-09



Board of Directors

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

Audit Committee

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

Chief Executive Officer

P.S Raghavan

Chief Financial Officer

V.K. Raman

Secretary

Bindu Raghavan

Bankers

State Bank of Travancore
HDFC Bank Limited

Auditors

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

Registered Office

No. 21, Patullos Road, Chennai 600 002

Corporate Office

No. 20, Patullos Road, Chennai 600 002
Tel: 044 2859 9900
Fax: 044 2858 7054
Website: www.sundarambizserv.com

Subsidiaries

Professional Management Consultants Private Limited
Sundaram Securities Services Limited

SUNDARAM BUSINESS SERVICES LIMITED

A wholly-owned subsidiary of



SUNDARAM FINANCE LIMITED

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Directors' Report

Your Directors have pleasure in presenting the Fourth Annual Report and Audited Accounts of the Company for the year ended 31st March 2009.

The summarised financial results of the Company, are given hereunder:

(Rs. In lakhs)

| Particulars | Year ended 31.03.2009 | Year ended 31.03.2008 |
|---------------------------|--------------------------|--------------------------|
| Total Income | 1649.12 | 132.03 |
| Total Expenditure | 1588.43 | 107.35 |
| Profit before Taxation | 60.68 | 24.68 |
| Provision for Taxation | 22.11 | 8.20 |
| Profit after taxation | 38.58 | 16.48 |

REVIEW OF OPERATIONS

During the Financial Year 2008-09, majority of the external customer engagements previously undertaken in Sundaram Business Services (as a division of Sundaram Finance Limited) have been migrated to your Company. Your Company remains focused on the Banking, Financial Services and Insurance segments and the Accounting and Payroll horizontals. The outlook for the current Financial Year 2009-10 is promising, considering the interest evinced by domestic corporates and also accounting firms in Australia.

During the year, your Company has increased its stake in Professional Management Consultants Private Limited (PMC) from 74% to 87%. In May 2009, your Company has acquired the remaining 13% stake in PMC and consequently PMC has become a wholly owned subsidiary of your Company.

During the year under review, your Company made significant progress in winning new clients in domestic and overseas markets.

SHARE CAPITAL

During the year, your Company had increased its paid-up capital from Rs.8.50 cr. to Rs. 15 cr. by issuing 65,00,000 equity shares of Rs.10/- each on rights basis.

SUBSIDIARIES

Professional Management Consultants Private Limited (PMC)

PMC earned a gross income of Rs.886 lakhs as against Rs.877 lakhs in the previous year. The Company reported a profit after tax of Rs.68.92 lakhs as against Rs.92.59 lakhs in the previous year.

Sundaram Securities Services Limited (SSSL)

SSSL was incorporated on 27th June 2008 as a wholly owned subsidiary of your Company with an Authorised Share Capital of Rs.1,00,00,000/- divided into 10,00,000 equity shares of Rs.10/- each and a paid-up capital of Rs.15, 00,000 divided into 1, 50,000 equity shares of Rs.10/-.

During the year, your Company entered into a Joint Venture Agreement with BNP Paribas Securities Services (BP2S), a wholly owned subsidiary of BNP Paribas SA, France, on 03.11.2008, to provide registrar and share transfer agency services (including for mutual funds) and other ancillary securities services in India through SSSL. Sundaram Finance Limited together with your company will hold 51% of the capital of SSSL while the balance 49% will be held by BP2S.

JOINT VENTURE

BNP Paribas Sundaram Global Securities Operations Private Limited

During the year, your Company has invested Rs. 46.31 lakhs representing 49% in the paid-up capital of BNP Paribas Sundaram Global Securities Operations Private Limited, which acts as the

business process off shoring centre of BNP Paribas Securities Services in Asia.

DIRECTORS

Sri Paramesh Krishnaier has been co-opted as additional director of your Company on 10.04.2009. Under Section 260 of the Companies Act, 1956, he holds office upto the date of the ensuing Annual General Meeting. The Company has received due notice from a member proposing his appointment as Director of the Company.

Sri A N Raju has relinquished the office of Directorship with effect from 10.04.2009. The Directors wish to place on record their appreciation of his service.

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

DIRECTORS' RESPONSIBILITY STATEMENT

Your directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) they have prepared the annual accounts on a going-concern basis.

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

Your Company has no activity relating to conservation of energy or technology absorption. During the year under review, expenditure in foreign currencies amounted to Rs. 53,07,649/- (Rupees Fifty three lakhs seven thousand six hundred and forty nine Only) on account of remuneration paid to employee. Foreign Currency earnings amounted to Rs. 2,79,12,849/- (Rupees Two Crore seventy nine lakhs twelve thousand eight hundred and forty nine only).

PERSONNEL

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

DEPOSITS

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

AUDITORS

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

ACKNOWLEDGEMENT

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

T. T. Srinivasaraghavan

Srinivas Acharya

Paramesh Krishnaier

Chennai 600 002

Date :22 May 2009

Directors

Auditors' Report

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

1. We have audited the attached Balance Sheet of Sundaram Business Services Limited as at 31st March 2009, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, (the Act) and based on the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) in our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
 - iii) the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - iv) in our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, to the extent applicable.
 - v) on the basis of written representations received from the directors, as on 31st March 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
 - vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2009;
 - (b) in the case of the Profit and Loss Account, 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.

For **BRAHMAYYA & CO.,**
Chartered Accountants

L. RAVI SANKAR

Partner

Place : Chennai

Date : 22nd May, 2009

Membership No.25929

Annexure to the Auditors' Report referred to in Paragraph 3 of our Report of even date

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

The balance outstanding at the end of the year was Rs. 1750.00 lakhs.
- b) Fixed assets have been physically verified by the management during the year, in accordance with an annual plan of verification which in our opinion is reasonable having regard to the size of the company and the nature of fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets have not been disposed off by the company during the year.
2. a) i) The Company has granted unsecured loans to one Company covered in the Register maintained under section 301 of the Act. The maximum amount involved during the year was Rs. 1750.00 lakhs. The balance outstanding at the end of the year was Rs. 831.00 lakhs.

The rate of interest and other terms and conditions of the loan are, prima facie, not prejudicial to the interest of the Company.
- ii) The rate of interest and other terms and conditions of the loan are, prima facie, not prejudicial to the interest of the Company.
- iii) The repayment of principal is regular.
- iv) There is no amount overdue on the loans.

Apart from the above, the Company has not granted loans to Companies, firms or other parties covered in the Register maintained under section 301 of the Act.
- b) i) The Company has availed unsecured loans from one company covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was Rs. 1750.00 lakhs.
- 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 payment of interest is regular.
- iv) There is no amount overdue on the loans.

Apart from the above, the Company has not availed loans from Companies, firms or other parties covered in the Register maintained under section 301 of the Act.
3. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets. During the course of our audit, no major weaknesses have been noticed in the internal controls and therefore the reporting of the same does not arise.
4. a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered in the Register maintained under Section 301 of the Act have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the Register maintained under Section 301 of the Act and exceeding the value of rupees five lakhs in respect of any party during the year, prima facie, have been made at prices which are reasonable having regard to the nature of the services and prevailing market prices at the relevant time.

5. The Company has not accepted any deposits from the Public during the year.
6. The Company has an internal audit system, which in our opinion, is commensurate with the size and the nature of its business.
7. The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Act.
8. According to the records of the Company and the information and explanations given to us, undisputed statutory dues, including Provident Fund, Employees State Insurance, Income tax, Wealth tax and Service tax and other material statutory dues have been regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, there are no arrears of statutory dues which are outstanding as at 31st March, 2009 for a period of more than six months from the date they become payable.
9. According to the records of the Company and the information and explanations given to us, there are no dues of Income tax, Sales tax, Wealth tax, Service tax, Excise duty and Cess which have not been deposited on account of any dispute.
10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the current and immediately preceding financial years.
11. The Company does not have any borrowings from financial institutions, banks or on issue of debentures.
12. According to the information and explanations given to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund /nidhi / mutual benefit fund / societies are not applicable to the company.
14. Based on our examination of the records and the information and explanations given to us, the Company has not dealt / traded in shares and debentures during the year. As informed and explained to us, proper records have been maintained of the transactions and contracts relating to investment in securities and timely entries have been made therein. The securities have been held by the Company in its own name.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
16. The Company has availed a term loan during the year and applied the same for the purpose for which the loan was obtained.
17. According to the information and explanations given to us, the Company has raised funds on short term basis during the year and the same have not been used for long term investment.
18. According to the information and explanations given to us, the company has not issued debentures during the year.
19. The Company has not raised monies by public issue during the year.
20. To the best of our knowledge and belief and according to the information and explanations given to us, during the year no fraud by the Company and no material fraud on the Company was noticed or reported during the course of our audit.
21. In our opinion and according to the information and explanations given to us, the nature of the Company's business/ activities during the year has been such that clause ii, xiii and xviii of paragraph 4 of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company for the year.

For **BRAHMAYYA & CO.,**
Chartered Accountants

L. RAVI SANKAR

Partner

Membership No.25929

Place : Chennai

Date : 22nd May, 2009

Balance Sheet

as at 31st March, 2009

| | Schedule | 31.03.2009 Rs. | 31.03.2008 Rs. |
|--|----------|----------------------------|---------------------------|
| I SOURCES OF FUNDS | | | |
| 1. Shareholders' Funds | | | |
| (a) Capital | 1 | 15,00,00,000 | 8,50,00,000 |
| (b) Reserves and Surplus | 2 | <u>45,72,510</u> | <u>7,14,948</u> |
| | | 15,45,72,510 | 8,57,14,948 |
| 2. Loan Funds | | | |
| (a) Secured Loans | 3 | - | - |
| (b) Unsecured Loans | | <u>17,50,00,000</u> | - |
| | | 17,50,00,000 | - |
| 3. Deferred Tax Liability (Net) | 4 | <u>38,779</u> | <u>30,433</u> |
| Total | | <u><u>32,96,11,288</u></u> | <u><u>8,57,45,381</u></u> |
| II APPLICATION OF FUNDS | | | |
| 1. Fixed Assets | | | |
| Gross Block | 5 | 5,99,091 | 3,95,820 |
| Less: Depreciation | | <u>2,02,319</u> | <u>13,037</u> |
| Net Block | | 3,96,772 | 3,82,783 |
| 2. Investments | | | |
| | 6 | 19,25,26,659 | 7,12,37,559 |
| 3. Current Assets, Loans and Advances | | | |
| a) Current Assets | 7 | 4,76,88,149 | 1,53,67,238 |
| b) Loans and Advances | 8 | <u>11,21,99,022</u> | <u>49,22,972</u> |
| | (A) | <u>15,98,87,171</u> | <u>2,02,90,210</u> |
| Less: Current Liabilities and Provisions | | | |
| a) Current Liabilities | 9 | 2,02,07,117 | 61,65,171 |
| b) Provisions | 10 | <u>29,92,196</u> | - |
| | (B) | <u>2,31,99,313</u> | <u>61,65,171</u> |
| Net Current Assets | (A-B) | 13,66,87,858 | 1,41,25,039 |
| Total | | <u><u>32,96,11,289</u></u> | <u><u>8,57,45,381</u></u> |
| Notes to the accounts | 14 | | |

As per our report of even date attached

T.T. Srinivasaraghavan

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

Srinivas Acharya

L. Ravi Sankar

Partner

Chennai

22nd May, 2009

V.K. Raman

Chief Financial Officer

Bindu Raghavan

Secretary

Paramesh Krishnaier

Directors

SUNDARAM BUSINESS SERVICES LIMITED

Profit and Loss Account for the Year Ended 31st March 2009

| | Schedule | 2008-09 Rs. | 2007-08 Rs. |
|---|------------|----------------------------|---------------------------|
| <u>INCOME</u> | | | |
| Income from Operations | | 15,75,50,611 | 1,22,02,136 |
| Other Income | 11 | 73,61,163 | 10,00,438 |
| Total | (A) | <u>16,49,11,774</u> | <u>1,32,02,574</u> |
| <u>EXPENDITURE</u> | | | |
| Interest on Fixed Loan | | 50,60,274 | - |
| Establishment expenses | 12 | 9,78,19,794 | 67,58,590 |
| Administrative and Other Expenses | 13 | 5,57,73,904 | 39,62,893 |
| Depreciation | | 1,89,282 | 13,037 |
| Total | (B) | <u>15,88,43,254</u> | <u>1,07,34,520</u> |
| Profit before Tax | (A-B) | 60,68,520 | 24,68,054 |
| Less: Taxation | | | |
| Current Tax | | 19,00,000 | 7,73,418 |
| Deferred Tax | | 8,345 | - |
| Fringe Benefits Tax | | <u>3,02,613</u> | <u>16,165</u> |
| Total Taxation | | 22,10,958 | 8,20,016 |
| Profit after tax | | 38,57,562 | 16,48,038 |
| Balance of Profit / (loss) brought forward from the previous year | | 7,14,948 | (9,33,090) |
| Surplus carried to Balance Sheet | | <u>45,72,510</u> | <u>7,14,948</u> |
| Notes to the accounts | 14 | | |
| Earnings per Equity Share (Refer Note 3.3 Schedule 14) | | | |
| Number of Shares considered (Face Value of Rs.10/- per share) | | 1,42,50,000 | 75,83,333 |
| Basic and Diluted earnings per share (in Rupees) | | 0.27 | 0.22 |

As per our report of even date attached

T.T. Srinivasaraghavan

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

Srinivas Acharya

L. Ravi Sankar
Partner
Chennai
22nd May, 2009

V.K. Raman
Chief Financial Officer

Bindu Raghavan
Secretary

Paramesh Krishnaier
Directors

SCHEDULES

| | 31.03.2009 Rs. | 31.03.2008 Rs. |
|--|---------------------|---------------------|
| 1. Capital | | |
| Authorised | | |
| 1,50,00,000 Equity Shares of Rs.10/- each | <u>15,00,00,000</u> | <u>15,00,00,000</u> |
| Issued and Subscribed | | |
| 1,50,00,000 Equity Shares of Rs.10/- each (previous year 85,00,000 Equity shares of Rs.10/- each) | <u>15,00,00,000</u> | <u>8,50,00,000</u> |
| Fully paid-up | | |
| 1,50,00,000 Equity Shares of Rs.10/- each (previous year 85,00,000 Equity shares of Rs.10/- each) | 15,00,00,000 | 8,50,00,000 |
| (The Entire Share Capital is held by the Holding Company - Sundaram Finance Limited and its nominees) | <u>15,00,00,000</u> | <u>8,50,00,000</u> |
| 2. Reserves and Surplus | | |
| Surplus in Profit and Loss Account | <u>45,72,510</u> | <u>7,14,948</u> |
| | <u>45,72,510</u> | <u>7,14,948</u> |
| 3. Loan Funds | | |
| From the Holding Company - Sundaram Finance Limited | <u>17,50,00,000</u> | - |
| | <u>17,50,00,000</u> | - |
| 4. Deferred Tax Liability (Net) | | |
| Deferred Tax Liabilities | 40,739 | 34,745 |
| Deferred Tax Assets | (1,960) | (4,312) |
| | <u>38,779</u> | <u>30,433</u> |

(in Rs.)

| DESCRIPTION | GROSS BLOCK AT COST | | | | DEPRECIATION | | | | NET BLOCK | |
|---------------------------|---------------------|-----------|------------|---------------------|-------------------|-----------|------------|--------------------|---------------------|---------------------|
| | As at 31.04.2008 | Additions | Deductions | As at 31.03.2009 | Upto 1.04.2008 | Additions | Deductions | Upto 31.03.2009 | As at 31.03.2009 | As at 31.03.2008 |
| 1. Computers | 3,80,320 | 66,955 | - | 4,47,275 | 12,678 | 1,69,805 | - | 1,82,483 | 2,64,792 | 3,67,642 |
| 2. Computer Software | - | 30,009 | - | 30,009 | - | 10,003 | - | 10,003 | 20,006 | - |
| 3. Office Equipment | 15,500 | 1,00,907 | - | 1,16,407 | 359 | 8,985 | - | 9,344 | 1,07,063 | 15,141 |
| 4. Furniture and Fittings | - | 5,400 | - | 5,400 | - | 489 | - | 489 | 4,911 | - |
| Total | 3,95,820 | 2,03,271 | - | 5,99,091 | 13,037 | 1,89,282 | - | 2,02,319 | 3,96,772 | 3,82,783 |
| Previous Year | - | 3,95,820 | - | 3,95,820 | - | 13,037 | - | 13,037 | 3,82,783 | - |

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

Professional Management Consultants Private Limited (*)
1,91,922 equity shares of face value Rs.10 each
(28,678 equity shares of face value Rs.10 each
acquired during the year)

Sundaram Securities Services Limited

(1,50,000 equity shares of face value
Rs 10 each subscribed during the year)

In Equity Shares - Others - Unquoted

Gulf Outsourcing Services Private Ltd (**)
(2,88,000 equity shares of face value Rs.10 each)

BNP Paribas Global Security Marketing Operations Pvt Ltd.(***)
(4, 63,050 equity shares of Rs. 10/- each
subscribed during the year)

B. Current Investments - At Cost - Unquoted

5,994.48 units of Birla Cash Plus Retail Growth Liquid Fund
(1,81,396.84 units of Rs.10 each purchased during the year
and 4,05,315.967 units were redeemed during the year)

63,912.28 units ICICI Prudential Institutional Liquid Plan-Growth
(62,46,868.02 units of Rs.10 each purchased and redeemed
61,82,955.74 units during the year)

11,275.58 units of LIC Mutual Fund Liquid Fund
(70,82,613.188 units of Rs 10 each Purchased and
redeemed 70,71,337.60 units during the year)

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

6,99,103.09 units of Sundaram BNP Paribas
Ultra Short Term Funds
(Purchased during the year)

(*) Subject to a 'Lock in Period' till 01/04/2009

(**) Subject to a 'Lock in Period' till 07/08/2016

(***) Subject to a lock in Period of
5 years from 6th March 2009

7. Current Assets

Sundry Debtors

Outstanding for a period exceeding six months

Others

Cash and Bank Balances

with Scheduled Banks In

- Current Account

| | 31.03.2009 | 31.03.2008 |
|---|---------------------|--------------------|
| | Rs. | Rs. |
| | | |
| Professional Management Consultants Private Limited (*) | 8,34,08,559 | 6,33,57,559 |
| Sundaram Securities Services Limited | 15,00,000 | - |
| Gulf Outsourcing Services Private Ltd (**) | 28,80,000 | 28,80,000 |
| BNP Paribas Global Security Marketing Operations Pvt Ltd.(***) | 46,30,500 | - |
| B. Current Investments - At Cost - Unquoted | | |
| 5,994.48 units of Birla Cash Plus Retail Growth Liquid Fund | 1,32,185 | 50,00,000 |
| 63,912.28 units ICICI Prudential Institutional Liquid Plan-Growth | 7,73,797 | - |
| 11,275.58 units of LIC Mutual Fund Liquid Fund | 1,80,533 | - |
| 91,14,397.40 units of Sundaram BNP Paribas Money Fund | 9,20,12,576 | - |
| 6,99,103.09 units of Sundaram BNP Paribas Ultra Short Term Funds | 70,08,509 | - |
| | <u>19,25,26,659</u> | <u>7,12,37,559</u> |
| | | |
| Sundry Debtors | | |
| Outstanding for a period exceeding six months | 35,56,197 | - |
| Others | 3,70,00,406 | 68,87,998 |
| | <u>4,05,56,603</u> | <u>68,87,998</u> |
| Cash and Bank Balances | | |
| with Scheduled Banks In | | |
| - Current Account | 71,31,546 | 84,79,240 |
| | <u>4,76,88,149</u> | <u>1,53,67,238</u> |

SCHEDULES

| | 2008-09 | | 2007-08 | |
|---|------------------|---------------------|------------------|------------------|
| | Rs. | | Rs. | |
| 8. Loans and Advances | | | | |
| Unsecured Loan - to a Subsidiary Company | | 8,73,16,613 | - | |
| Advances and deposits recoverable in cash or kind or for value to be received | | <u>2,48,82,409</u> | | <u>49,22,972</u> |
| | | <u>11,21,99,022</u> | | <u>49,22,972</u> |
| 9. Current Liabilities (*) | | | | |
| Sundry Creditors | | | | |
| For expenses | 1,07,60,356 | | 21,16,260 | |
| For others | <u>94,46,761</u> | <u>2,02,07,117</u> | <u>40,48,911</u> | <u>61,65,171</u> |
| | | <u>2,02,07,117</u> | | <u>61,65,171</u> |
| (*) There are no amounts due and outstanding to be credited to Investor Education and Protection Fund | | | | |
| 10 Provisions | | | | |
| Provision for Income Tax | 26,73,418 | | - | |
| Provision for Fringe Benefit Tax | <u>3,18,778</u> | <u>29,92,196</u> | - | |
| | | <u>29,92,196</u> | | <u>-</u> |
| 11. Other Income | | | | |
| Interest | | 57,45,568 | - | |
| Profit on Sale of Current Investments | | 15,86,515 | | 10,00,438 |
| Dividend Income | | 21,085 | | |
| Miscellaneous Income | | <u>7,995</u> | - | |
| | | <u>73,61,163</u> | | <u>10,00,438</u> |
| 12. Establishment Expenses | | | | |
| Salaries, allowances, commission bonus etc | | 8,52,18,074 | | 52,46,213 |
| Company's contribution to Provident Fund, Superannuation and Employees' State Insurance Schemes | | 66,38,921 | | 10,30,869 |
| Staff welfare expenses | | <u>59,62,799</u> | | <u>4,81,508</u> |
| | | <u>9,78,19,794</u> | | <u>67,58,590</u> |
| 13. Administrative and other expenses | | | | |
| Rent | | 3,23,32,688 | | 16,40,332 |
| Communication Expenses | | 50,65,531 | | 2,73,920 |
| Electricity charges | | 51,77,442 | | 4,13,366 |
| Travelling Expenses and Conveyance | | 19,89,015 | | 2,18,756 |
| Consultancy charges | | 49,73,204 | | 11,00,000 |
| Repairs and Maintenance | | 5,17,616 | | 14,231 |
| Insurance | | 2,72,915 | | |
| Repairs and Maintenance | | 2,43,570 | | 18,958 |
| Printing and Stationery Charges | | 24,32,775 | | |
| Rates and taxes | | 4,988 | | 3,000 |
| Statutory Audit Fees | 25,000 | | 25,000 | |
| Tax Audit Fees | 8,000 | | 8,000 | |
| Service Tax | <u>3,400</u> | <u>36,400</u> | <u>4,085</u> | <u>37,085</u> |
| Miscellaneous expenses | | <u>27,27,760</u> | | <u>2,43,245</u> |
| | | <u>5,57,73,904</u> | | <u>39,62,893</u> |

SCHEDULES

11. NOTES TO THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

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

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

- 1.2 Income Recognition:

Income has been 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 are 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 recognised during the period when the services are rendered.

- B) Post Employment Benefits:

Defined Contribution Plan

- i) Provident Fund

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

SCHEDULES

11. Notes to the Accounts (Contd.)

ii) Superannuation

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

The above contributions are charged to Profit and Loss Account.

Defined Benefit Plan

i) Gratuity

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

ii) Leave Encashment

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

The expense and actuarial gain /loss on account of the above benefit plans are recognised 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, reimbursement of medical expenses and entitlement of sick leave 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 recognised on the consideration of prudence.

1.8 Intangible Assets:

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

1.9 Impairment of Assets:

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

1.10 Provisions:

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

2) BALANCE SHEET

2.1 Share Capital:

During the year, the Company issued 65,00,000 Equity shares of Rs.10/- each on Right Basis at par.

SCHEDULES

11. Notes to the Accounts (Contd.)

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

| Name of the Company | Balance as on 31.03.09 | Maximum amount outstanding during the year |
|---|---------------------------|--|
| Sundaram BNP Paribas Home Finance Limited | 4,82,282.00 | 7,06,044.00 |
| Sundaram BNP Paribas Asset Management Company Limited | 26,472.00 | 27,216.00 |
| Sundaram Infotech Solutions Limited | 8,769.00 | 16,858.00 |
| Infreight Logistics Solutions Limited | 33,355.00 | 33,355.00 |

2.2 Unsecured loan to a subsidiary company is inclusive of interest amount Rs.42,16,613/-.

3) GENERAL

3.1 In accordance with Accounting Standard 18 "Related Party", the details of Related Parties are as follows:

Holding Company:

Sundaram Finance Limited

Fellow Subsidiaries:

Sundaram BNP Paribas Home Finance Limited

Sundaram BNP Paribas Asset Management Company Limited

Sundaram BNP Paribas Trustee Company Limited

Sundaram Finance Distribution Limited

Sundaram Infotech Solutions Limited

LGF Services Limited

Infreight Logistics Solutions Ltd

Subsidiary Companies:

Professional Management Consultants Private Limited

Sundaram Securities Services Limited

Associate:

Sundaram BNP Paribas Mutual Fund

Joint Ventures:

Gulf Outsourcing Services Limited

BNP Paribas Global Securities Market Operations Pvt Ltd

Key Management Personnel

Chief Executive Officer - P.S.Raghavan

SCHEDULES

11. Notes to the Accounts (Contd.)

Related Party Transactions for the year ended 31st March 2009

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

| Nature of Transactions | Holding Companies (Rs.) | Subsidiary Companies (Rs.) | Fellow Subsidiary Companies (Rs.) | Joint Venture (Rs.) |
|---|----------------------------|-------------------------------|--------------------------------------|------------------------|
| Income: | | | | |
| Sundaram BNP Paribas Home Finance Limited | | | 11,59,378 | |
| Sundaram BNP Paribas Asset Management Company Limited | | | 1,39,700 | |
| Sundaram Infotech Solutions Limited | | | 47,550 | |
| Infreight Logistics Solutions Limited | | | 90,000 | |
| Professional Management Consultants P Limited | | 900,000 | | |
| Sundaram Securities Services Limited | | 54,52,045 | | |
| Expenses: | | | | |
| Sundaram Finance Ltd | | | | |
| a) Rent | 3,21,17,703 | | | |
| b) Accounting and Administration Charges | 5,97,779 | | | |
| c) Interest on Loan | 50,60,274 | | | |
| Assets: | | | | |
| Investments in Equity Shares | | | | |
| BNP Paribas Global Securities Market Operations Private Limited | | | | 4,63,05,600 |
| Sundaram Securities Services Limited | | 15,00,000 | | |
| Investment in Mutual Fund Outstanding as on 31.03.09 | | | | |
| Sundaram BNP Paribas Mutual Fund | | | 9,90,21,085 | |
| Loans to Companies | | | | |
| Sundaram Securities Services Limited | | 8,31,00,000 | | |
| Interest Receivable from Sundaram Securities Services Limited | | 42,16,613 | | |
| Liabilities: | | | | |
| Investments in Equity Shares | | | | |
| Sundaram Finance Limited | 15,00,00,000 | | | |
| | (8,50,00,000) | | | |
| Loans Outstanding as on 31.03.09 | | | | |
| Sundaram finance Limited | 17,50,00,000 | | | |

SCHEDULES

11. Notes to the Accounts (Contd.)

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

3.3 Earnings per Share (Basic and diluted) (In Rupees)

| | 2008-09 | 2007-08 |
|--|-------------|------------|
| A Profit for the year after taxation (Rs) | 38,57,562 | 16,48,038 |
| B Adjustment factor based on fair value per share before and after call money | NA | NA |
| C Profit for the year after taxation (A / B) | 38,57,562 | 16,48,038 |
| D Total number of equity shares of Rs.10/- each outstanding at the end of the year (in numbers) | 1,50,00,000 | 85,00,000 |
| E Weighted average number of equity shares (85,00,000 equity shares at Rs.10/- per share for full year and 40,00,000 equity shares of Rs.10/- per share for 11 months and 25,00,000 equity shares of Rs.10/- per share for 10 months) | | |
| F Weighted average number of equity shares (85,00,000 equity shares at Rs.10/- per share for full year and 40,00,000 equity shares of Rs.10/- per share for 11 months and 25,00,000 equity shares of Rs.10/- per share for 10 months) | 1,42,50,000 | 75,83,333 |
| G Basic and diluted earnings per share (Rs) | (C/F) 0.27 | (C/F) 0.22 |

3.4 Previous year figures have been regrouped wherever necessary to confirm to the current year’s classification.

3.5 Figures have been rounded off to the nearest rupee.

As per our report of even date attached

T.T. Srinivasaraghavan

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

Srinivas Acharya

L. Ravi Sankar
Partner
Chennai
22nd May, 2009

V.K. Raman
Chief Financial Officer

Bindu Raghavan
Secretary

Paramesh Krishnaier
Directors

Balance Sheet Abstract and Company's General Business Profile

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

I Registration Details

Registration No. State Code

Balance Sheet Date

Date Month Year

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

| | |
|---|---|
| Public Issue | Rights Issue |
| <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 6 5 0 0 0 0 |
| Bonus Issue | Private Placement |
| <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> |

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

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

IV Performance of Company (Amount in Rs. Thousands)

| | |
|--|--|
| Turnover | Total Expenditure |
| <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 1 6 4 9 1 1 | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 1 5 8 8 4 3 |
| + - Profit / (Loss) Before Tax | + - Profit / (Loss) After Tax |
| <input checked="" type="checkbox"/> <input type="text"/> <input type="text"/> <input type="text"/> 6 0 6 9 | <input checked="" type="checkbox"/> <input type="text"/> <input type="text"/> <input type="text"/> 3 8 5 7 |

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

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

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

Item Code No. (ITC Code)

Product / Service Description

SUNDARAM BUSINESS SERVICES LIMITED

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

(Rs. in lakhs)

| | |
|---|---|
| 1 Name of the Subsidiary Company | Professional Management Consultants Pvt Ltd. |
| 2 Financial year of the Subsidiary ended on | 31.03.2009 |
| 3 Holding Company's interest in the Subsidiary | 1,91,922 Equity Shares of Rs. 10/- each (87%) (87%) |
| 4 Net aggregate amount of the profit/(loss) of the subsidiary not dealt with in the the Holding Company's accounts | |
| a) For the financial year of the Subsidiary Company | 60.16 |
| b) For the Previous financial years Since it became a Subsidiary Company | 68.61 |
| 5 Net aggregate amount of the profit/(loss) of the subsidiary dealt with in the the Holding Company's accounts by way of dividends on the shares held in Subsidiary Company | |
| a) For the financial year of the Subsidiary Company | Nil |
| b) For the Previous financial years Since it became a Subsidiary Company | Nil |

T.T. Srinivasaraghavan

Srinivas Acharya

V.K. Raman
Chief Financial Officer

Bindu Raghavan
Secretary

Paramesh Krishnaier
Directors

CASH FLOW STATEMENT

| | 2008-09 (Rs.) | 2007-08 (Rs.) |
|--|-----------------------|----------------------|
| A) CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit | 38,57,562 | 16,48,038 |
| Add: | | |
| Provision for Taxation | 22,10,958 | 8,20,016 |
| Depreciation | 1,89,282 | 13,037 |
| Interest | 50,60,274 | - |
| Dividend Received | - | - |
| (Profit) loss on sale of Investments | - | (10,00,438) |
| Exchange Fluctuation (Gain)/Loss | 391,706 | - |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | 117,09,782 | 14,80,653 |
| (Increase) Decrease in Loans and Advances | (2,28,28,938) | (24,19,451) |
| (Increase) Decrease in Other Receivables | (3,36,68,605) | (68,87,998) |
| Increase (Decrease) in Current Liabilities | 1,48,31,529 | 53,81,535 |
| | (4,16,66,014) | (39,25,914) |
| Cash generated from Operations | (2,99,56,232) | (24,45,261) |
| Direct Taxes Paid | (13,47,112) | (25,11,880) |
| NET CASH FROM OPERATING ACTIVITIES (A) | (3,13,03,344) | (49,57,141) |
| B) CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (2,03,271) | (3,95,820) |
| Purchase of Investments | (23,30,21,084) | (9,82,00,000) |
| Purchase of Investments in Subsidiaries/Joint Venture | (2,61,81,500) | (4,33,06,059) |
| Sale of Investments | 13,79,13,485 | 10,22,00,438 |
| NET CASH FROM INVESTING ACTIVITIES (B) | (12,14,92,370) | (3,97,01,441) |
| C) CASH FROM FINANCING ACTIVITIES | | |
| Proceeds from Issue of Equity Shares | 6,50,00,000 | 5,26,00,000 |
| Dividend Received | - | - |
| Loan From Holding Company | 17,50,00,000 | - |
| Loan to Subsidiary Company | (1750,00,000) | - |
| Repayment of Loan by Subsidiary Company | 9,19,00,000 | - |
| Interest | (50,60,274) | - |
| NET CASH FROM FINANCING ACTIVITIES (C) | 15,18,39,726 | 5,26,00,000 |
| D) EFFECT OF FOREIGN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS, NET (D) | (3,91,706) | 0 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)+(D) | (13,47,694) | 79,41,418 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 84,79,240 | 5,37,822 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 71,31,546 | 84,79,240 |
| COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | | |
| Current Account with Banks | 71,31,546 | 84,79,240 |
| Cash, Stamps and Stamp Papers on Hand | - | - |
| | 71,31,546 | 84,79,240 |

As per our report of even date attached

T.T. Srinivasaraghavan

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

Srinivas Acharya

L. Ravi Sankar
Partner
Chennai
22nd May, 2009

V.K. Raman
Chief Financial Officer

Bindu Raghavan
Secretary

Paramesh Krishnaier
Directors

SUNDARAM BUSINESS SERVICES LIMITED

PROFESSIONAL MANAGEMENT CONSULTANTS PRIVATE LIMITED

14th Annual Report 2008-09



Board of Directors

P. S. Raghavan

Harsha Viji

S. V. Krishnamurthy

Bankers

Canara Bank

Auditors

M/s.Brahmayya & co., Chennai

Chartered Accountants

Registered Office

148, First Floor, Greams Road,

Chennai 600 006

Tel: 044 28520471

Website: www.pmcindia.com

Professional Management Consultants Private Limited

Subsidiary of

SUNDARAM BUSINESS SERVICES LIMITED

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Directors' Report

Your Directors have pleasure in presenting the 14th Annual Report with audited accounts of the Company for the year ended 31st March 2009.

During the year, Sundaram Business Services Limited (SBSL) increased its stake in your Company from 74% to 87%. Effective May 2009, your Company has become the wholly owned Subsidiary of Sundaram Business Services Limited

The summarised financial results of the Company are given hereunder:

(Rs in lakhs)

| Particulars | Year ended 31.03.2009 | Year ended 31.03.2008 |
|------------------------|--------------------------|--------------------------|
| Total Income | 886.38 | 876.88 |
| Total Expenditure | 776.34 | 732.32 |
| Profit before Taxation | 110.05 | 144.56 |
| Provision for Taxation | 41.13 | 51.96 |
| Profit after Taxation | 68.92 | 92.59 |

REVIEW OF OPERATIONS

During the financial year 2008-09, revenue earned was Rs.886 lakhs, registering a marginal growth over the previous year. Due to recessionary conditions, the business volumes of your Company was affected, consequent to which the revenues registered only a marginal growth.

For financial year 2009-10, it is envisaged that your Company would continue to focus on opportunities in the Banking and Financial Services space, which is expected to revive during the later half of the year. As on 31st March 2009, the employee strength of your Company was 515.

With a view to conserving resources and building up reserves, your Directors do not recommend any dividend for the year.

DIRECTORS

Sri P.S. Raghavan, Director retires by rotation and being eligible offers himself for re-election.

DIRECTORS' RESPONSIBILITY STATEMENT

Your directors confirm that:

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

- (ii) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) they have prepared the annual accounts on a going-concern basis.

SECRETARIAL COMPLIANCE CERTIFICATE

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

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

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

PERSONNEL

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

DEPOSITS

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

AUDITORS

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

ACKNOWLEDGEMENT

Your Directors thank the holding company, SBSL for its support.

Chennai 600 006
Date: 15 May 2009

Harsha Viji
S.V. Krishnamurthy
Directors

Secretarial Compliance Certificate

CIN : U74140TN1995PTC032521

To
The Members
M/s Professional Mangement Consultants Private Limited
148, 1st Floor, Greams Road
Chennai - 600 006

I have examined the registers, records, books and papers of **PROFESSIONAL MANAGEMENT CONSULTANTS PRIVATE LIMITED**, (the company) as required to be maintained under the Companies Act, 1956, (the act) and the rules made thereafter and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended **31st March 2009**. 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 financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate as per the provisions and the rules made there under and all entries have been duly recorded.
2. The Company has duly 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 hereunder or otherwise with additional fees for late filing of forms/returns under the Act and the rules made there under.
3. The Company being private limited company has the minimum prescribed paid up capital.
4. The Board of Directors duly met Six (6) times on 4th April 2008, 19th May 2008, 2nd June 2009, 26th September 2008, 27th December 2008 and 30th March 2009, in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the minutes book maintained for the purpose.
5. The Company has not opted to close its Register of members during the financial year ended 31st March 2009.
6. The Annual General Meeting for the year ended on 31st March 2008 was held on 30th June 2008 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. One Extraordinary General Meeting was held during the financial year ended 31st March 2009.
8. The Company has not advanced any loans or given any guarantee or provided any securities to its directors or persons or firm 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 was not required to make any 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 Board of Directors, members or the Central Government.
12. The Company has not issued any duplicate share certificate during the financial year ended 31st March 2009.
13. The Company:
 - i) has delivered the certificate on allotment of securities and on lodgement thereof for transfer / transmission or any other purposes in accordance with the provisions of the Act.
 - ii) has not deposited any amount in a separate bank account as no dividend was declared during the year ended 31st March 2009.
 - iii) was not required to post warrants to any members of the Company as no dividend was declared during the year ended 31st March 2009.
 - iv) has not declared any dividend, issued any shares or debentures and has not accepted any deposits. Hence, the question of transfer of dividend to unpaid dividend account, application money due for refund, matured deposits matured debentures and the interest accrued thereon which has 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 of the Board has been duly made and registered.
15. The Company has not appointed any Managing Director / Whole-time Director/Manager during the financial year under review.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar and / or such other authorities as may be prescribed under the various provisions of the Act.
18. The directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and Rules made there under.
19. The Company has not issued any shares, debentures or other securities during the financial year ended 31st March 2009.
20. The Company has not bought back any shares during the financial year and hence the question of complying with the buy back provisions does not arise.
21. There was no redemption of any preference shares /debentures during the financial year ended 31st March 2009.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividends, rights shares, and bonus shares pending registration of transfers of shares.
23. The Company has not invited / accepted any deposits including any unsecured loan or advances falling within the purview of Section 58A during the financial year ended 31st March 2009.
24. The Company has not made any borrowings during the financial year ended 31st March 2009.
25. The Company has not made any loans, advances, or given guarantees or provided securities to other bodies corporate and consequently no entries were 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 financial year, for offences under the Act.
28. The Company has not received any money as security from its employees during the financial year ended 31st March 2009.
29. During the year under review, the Company was regular in depositing Provident fund with statutory authorities. It has no PF Trust on its own as envisaged under Section 418 of the Act.

Place: Chennai
Date: 5th May 2009

Malini Seshadri, ACS
No. 5493 CP 1323

Annexure A to Secretarial Compliance Certificate

**Registers as maintained by the Company
during the financial year ended 31st March, 2009**

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

Annexure B to Secretarial Compliance Certificate

**Returns/Documents/forms filed with the Registrar of Companies, Regional Director,
Central Government or other authorities during the financial year ended 31st March 2009**

REGISTRAR OF COMPANIES

| Sl.No. | Form No. | Relevant Section | Description |
|--------|--------------|------------------|--|
| 1 | 66 | 383A | Compliance Certificate issued by Mr. T Murugan, Practising Company Secretary, for the financial year ended 31st March 2008 |
| 2 | 23AC & 23ACA | 220 | Balance Sheet and Profit & Loss Account for the financial year ended 31st March 2008 |
| 3 | 20B | 159 | Annual Return made upto 30th June 2008 (Date of AGM) |

Regional Director

Nil

Central Government & other Authorities

Nil

Auditors' Report

To The Members of Professional Management Consultants Private Limited

1. We have audited the attached Balance Sheet of Professional Management Consultants Private Limited as at 31st March 2009, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, (the Act) and based on the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) in our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
 - iii) the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - iv) in our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, to the extent applicable.
 - v) on the basis of written representations received from the directors, as on 31st March 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
 - vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2009;
 - b) in the case of the Profit and Loss Account, 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.

For **BRAHMAYYA & CO.**,
Chartered Accountants

P.BABU
Partner

Place : Chennai
Date : 15th May, 2009

Membership No.203358

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

1. a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) Fixed assets are being physically verified by the management in accordance with a plan of verification which in our opinion is reasonable having regard to the size of the company and the nature of fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets have not been disposed off by the company during the year.
2. In our opinion and according to the information and explanations given to us, the Company has neither granted nor taken any loans secured or unsecured to / from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, clauses (iii)b, (iii)c, (iii)d, (iii)f and (iii)g of paragraph 4 of the Order are not applicable to the Company for the year.
3. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets. During the course of our audit, no major weaknesses have been noticed in the internal controls and therefore the reporting of the same does not arise.
4. a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered in the Register maintained under Section 301 of the Act have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the Register maintained under Section 301 of the Act and exceeding the value of rupees five lakhs in respect of any party during the year, prima facie, have been made at prices which are reasonable having regard to the nature of the services and prevailing market prices at the relevant time.
5. The Company has not accepted any deposits from the Public during the year.
6. The Company has an internal audit system, which in our opinion, is commensurate with the size and the nature of its business.
7. The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Act.
8. According to the records of the Company and the information and explanations given to us, undisputed statutory dues, including Provident Fund, Employees State Insurance, Income tax, Wealth tax and Service tax and other material statutory dues have been regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, there are no arrears of statutory dues which are outstanding as at 31st March, 2009 for a period of more than six months from the date they become payable.
9. According to the records of the Company and the information and explanations given to us, there are no dues of Income tax, Sales tax, Wealth tax, Service tax, Excise duty and Cess which have not been deposited on account of any dispute.
10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the current and immediately preceeding financial years.
11. Based on our audit procedures and the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
12. According to the information and explanations given to us,

-
- the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund /nidhi / mutual benefit fund / societies are not applicable to the Company.
 14. Based on our examination of the records and the information and explanations given to us, the Company has not dealt / traded in shares and debentures during the year. As informed and explained to us, proper records have been maintained of the transactions and contracts relating to investment in securities and timely entries have been made therein. The securities have been held by the Company in its own name.
 15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
 16. The Company has not obtained any term loan during the year.
 17. According to the information and explanations given to us, the Company has not raised funds on short term or long term basis during the year.
 18. According to the information and explanations given to us, the Company has not issued debentures during the year.
 19. The Company has not raised monies by public issue during the year.
 20. To the best of our knowledge and belief and according to the information and explanations given to us, during the year no fraud by the Company and no material fraud on the Company was noticed or reported during the course of our audit.
 21. In our opinion and according to the information and explanations given to us, the nature of the company's business/ activities during the year has been such that clause ii, xiii and xviii of paragraph 4 of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company for the year.

For **BRAHMAYYA & CO.,**
Chartered Accountants

P.BABU
Partner

Place : Chennai
Date : 15th May, 2009

Membership No.203358

Balance Sheet

as at 31st March, 2009

| Schedule | 31.03.2009 | | 31.03.2008 | |
|--|------------|---------------------------|-------------|---------------------------|
| | Rs. | | Rs. | |
| I SOURCES OF FUNDS | | | | |
| 1. Shareholders' Funds | | | | |
| a) Capital | 1 | 22,06,000 | | 22,06,000 |
| b) Reserves and Surplus | 2 | 2,75,35,973 | 2,97,41,973 | 2,06,20,901 |
| 2. Loan Funds | | | | |
| Secured Loans | 3 | | 36,87,575 | 2,89,275 |
| 3. Deferred Tax Liability (Net) | | | | |
| | | | 2,90,778 | 2,19,454 |
| Total | | <u>3,37,20,326</u> | | <u>2,33,35,630</u> |
| II APPLICATION OF FUNDS | | | | |
| 1. Fixed Assets | | | | |
| a) Gross Block | 4 | 1,65,06,116 | | 1,03,41,956 |
| b) Less: Depreciation | | 69,50,197 | | 39,78,563 |
| c) Net Block | | | 95,55,919 | 63,63,393 |
| 2. Investments | | | | |
| | 5 | | - | 45,51,343 |
| 3. Current Assets, Loans and Advances | | | | |
| a) Current Assets | 6 | 2,51,07,816 | | 2,19,22,155 |
| b) Loans and Advances | 7 | 1,19,29,868 | | 31,21,040 |
| | (A) | <u>3,70,37,684</u> | | <u>2,50,43,195</u> |
| Less: Current Liabilities and Provisions | | | | |
| a) Current Liabilities | 8 | 1,27,51,213 | | 1,24,03,515 |
| b) Provisions | 9 | 1,22,064 | | 2,18,786 |
| | (B) | <u>1,28,73,277</u> | | <u>1,26,22,301</u> |
| Net Current Assets | (A-B) | 2,41,64,407 | | 1,24,20,894 |
| Total | | <u>3,37,20,326</u> | | <u>2,33,35,630</u> |
| Notes to the Accounts | 14 | | | |

As per our report of even date attached

For **Brahmayya & Co.,**

Chartered Accountants

P. Babu

Partner

Chennai

15th May, 2009

Harsha Viji

S.V. Krishnamurthy

Directors

Profit and Loss Account

for the Year Ended 31st March 2009

| | Schedule | 2008-09 Rs. | 2007-08 Rs. |
|---|--------------|---------------------------|---------------------------|
| <u>INCOME</u> | | | |
| Income from Services | | 8,85,90,961 | 8,74,33,137 |
| Other Income | 10 | 47,468 | 2,54,939 |
| Total | (A) | <u>8,86,38,429</u> | <u>8,76,88,076</u> |
| <u>EXPENDITURE</u> | | | |
| Establishment Expenses | 11 | 5,50,06,708 | 5,34,92,705 |
| Administrative and Other expenses | 12 | 1,94,75,793 | 1,79,41,298 |
| Financial Expenses | 13 | 1,79,391 | 16,730 |
| Depreciation | | 29,71,634 | 17,81,660 |
| Total | (B) | <u>7,76,33,526</u> | <u>7,32,32,393</u> |
| Profit before Tax | (A-B) | <u>1,10,04,903</u> | <u>1,44,55,683</u> |
| Taxation | | | |
| - Current | | 39,20,000 | 49,00,000 |
| - Deferred Tax | | 71,324 | 77,454 |
| - Fringe Benefit Tax | | 1,22,064 | 2,18,786 |
| Profit after Tax | | <u>68,91,515</u> | <u>92,59,443</u> |
| Add : Income Tax provision relating to earlier years written back | | 23,557 | 12,388 |
| Balance brought forward from Previous Year | | 1,79,20,901 | 86,49,070 |
| | | <u>2,48,35,973</u> | <u>1,79,20,901</u> |
| <u>APPROPRIATIONS</u> | | | |
| General Reserve | | - | - |
| Surplus carried to Balance Sheet | | 2,48,35,973 | 1,79,20,901 |
| | | <u>2,48,35,973</u> | <u>1,79,20,901</u> |
| Notes to the Accounts | 14 | | |
| Earnings per Equity Share | | | |
| Number of Shares considered (Face value Rs.10/- per share) | | 220,600 | 220,600 |
| Basic and Diluted earnings per Share (in Rupees) | | 31.24 | 41.97 |

As per our report of even date attached

For **Brahmayya & Co.**,

Chartered Accountants

P. Babu

Partner

Harsha Viji

S.V. Krishnamurthy

Directors

Chennai

15th May, 2009

PROFESSIONAL MANAGEMENT CONSULTANTS PRIVATE LIMITED

SCHEDULES

| | 31.03.2009 | | 31.03.2008 |
|--|-------------|--------------------|--------------------|
| | Rs. | | Rs. |
| 1 Share Capital | | | |
| Authorised Capital | | | |
| 375000 Equity shares of Rs.10/- each | 37,50,000 | | 37,50,000 |
| 125000 Preference shares of Rs.10/- each | 12,50,000 | 50,00,000 | 12,50,000 |
| Issued, Subscribed and Paid up | | <u>22,06,000</u> | <u>22,06,000</u> |
| 220600 Equity Shares of Rs.10/- each (Includes 210300 Equity shares issued as fully paid Bonus shares by way of Capitalisation of Reserves) | | | |
| 2 Reserves and Surplus | | | |
| General Reserve | | | |
| Per Last Balance Sheet | 27,00,000 | | 27,00,000 |
| Add: Transfer from Profit and Loss account | — | 27,00,000 | — |
| Surplus in Profit and Loss account | | | |
| Per Last Balance Sheet | 1,79,20,901 | | 86,49,070 |
| Balance Carried from Profit and Loss account | 69,15,072 | 2,48,35,973 | 92,71,831 |
| | | <u>2,75,35,973</u> | <u>2,06,20,901</u> |
| 3 Secured Loans | | | |
| Overdraft facility with Scheduled bank | | 36,87,575 | 2,89,275 |
| | | <u>36,87,575</u> | <u>2,89,275</u> |

4. Fixed Assets

| Particulars | GROSS BLOCK | | | DEPRECIATION BLOCK | | | WDV BLOCK | | | |
|------------------------------|---------------------|------------------|-----------------|---------------------|---------------------|------------------|-----------------|---------------------|---------------------|---------------------|
| | As at 01.04.2008 | Additions | Deductions | As at 31.03.2009 | As at 01.04.2008 | Additions | Deductions | As at 31.03.2009 | As at 31.03.2009 | As at 01.04.2008 |
| Owned Assets | | | | | | | | | | |
| 1. Computers and Accessories | 36,37,683 | 7,71,975 | - | 44,09,658 | 8,69,399 | 7,03,255 | - | 15,72,654 | 28,37,004 | 27,68,284 |
| 2. Computer - Software | 4,36,272 | 7,96,075 | - | 12,32,347 | 2,11,621 | 6,49,551 | - | 8,61,172 | 3,71,175 | 2,24,651 |
| 3. Plant and Machinery | 24,37,308 | 5,51,420 | - | 29,88,728 | 4,75,763 | 1,96,496 | - | 6,72,259 | 23,16,469 | 19,61,545 |
| 4. Office Equipment | 2,26,227 | 3,11,189 | - | 5,37,416 | 42,961 | 28,583 | - | 71,544 | 4,65,872 | 1,83,266 |
| 5. Furnitures and Fixtures | 15,43,706 | 6,88,006 | - | 22,31,712 | 3,18,058 | 5,40,588 | - | 8,58,646 | 13,73,066 | 12,25,648 |
| 6. Temporary Partitions | 20,60,761 | 2,94,080 | - | 23,54,841 | 20,60,761 | 2,59,948 | - | 23,20,709 | 34,132 | - |
| Leased Assets | | | | | | | | | | |
| 1. Computer | - | 27,51,415 | - | 27,51,415 | - | 5,93,214 | - | 5,93,214 | 21,58,201 | - |
| | 1,03,41,956 | 61,64,160 | - | 1,65,06,116 | 39,78,563 | 29,71,634 | - | 69,50,197 | 95,55,919 | 63,63,393 |
| Previous Year | 85,37,628 | 27,94,335 | 9,90,007 | 1,03,41,956 | 23,65,679 | 17,81,660 | 1,68,776 | 39,78,563 | 63,63,393 | 61,71,949 |

| | 31.03.2009 | | 31.03.2008 | |
|--|--------------------|--------------------|--------------------|--------------------|
| | Rs. | | Rs. | |
| 5 Investments | | | | |
| Current Investments | | | | |
| In Trust Securities (Unquoted) | | | | |
| HDFC Cash Savings Management (1,04,113.051 units of Rs. 10/- each redeemed during the year) | | – | | 10,43,097 |
| Birla Sunlife Liquid Plus (1,00,593.203 units of Rs. 10/- each redeemed during the year) | | – | | 10,08,246 |
| Birla Sunlife Quarterly Plan (2,50,000 units of Rs. 10/- each redeemed during the year) | | – | | 25,00,000 |
| | | <u>–</u> | | <u>45,51,343</u> |
| 6 Current Assets | | | | |
| a) Sundry Debtors | | | | |
| Unsecured, considered Good | | | | |
| Exceeding Six Months | 11,32,590 | | – | |
| Less than Six months | <u>1,40,85,807</u> | 1,52,18,397 | <u>1,36,28,277</u> | 1,36,28,277 |
| b) Cash and bank balances | | | | |
| Cash on hand | 28,282 | | 21,376 | |
| Balance with Scheduled Banks in | | | | |
| Current account | 98,61,137 | | 57,72,502 | |
| Deposit account (Lien marked in favour of a Bank) | – | 98,89,419 | 25,00,000 | 82,93,878 |
| | | <u>2,51,07,816</u> | | <u>2,19,22,155</u> |
| 7 Loans and Advances | | | | |
| Advances and deposits recoverable in cash or kind or for value to be received | | 49,33,415 | | 25,82,178 |
| Advance Income Tax and Tax Deducted at Source (Net of Provision for Taxation) | | 69,96,453 | | 5,38,862 |
| | | <u>1,19,29,868</u> | | <u>31,21,040</u> |
| 8 Current Liabilities * | | | | |
| Sundry Creditors | | | | |
| – For Expenses | 76,51,167 | | 1,00,16,392 | |
| – For Others | 21,75,931 | | 18,86,123 | |
| Advances received from Customers | 5,01,000 | | 5,01,000 | |
| – Liability for Leased Assets | 24,23,115 | | – | |
| (* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund) | | <u>1,27,51,213</u> | | <u>1,24,03,515</u> |
| 9 Provisions | | | | |
| – Fringe Benefit Tax | | 1,22,064 | | 2,18,786 |
| | | <u>1,22,064</u> | | <u>2,18,786</u> |

| | 2008-09 Rs. | 2007-08 Rs. |
|---|--------------------|--------------------|
| 10 Other Income | | |
| Dividend | 42,774 | 71,244 |
| Interest | 4,694 | 1,83,695 |
| | <u>47,468</u> | <u>2,54,939</u> |
| 11 Establishment Expenses | | |
| Salaries, Wages and Bonus | 4,94,27,400 | 4,90,25,601 |
| Contribution to PF and other Funds | 43,24,400 | 29,43,493 |
| Staff Welfare Expenses | 6,65,455 | 10,07,053 |
| Gratuity | 5,89,453 | 5,16,558 |
| | <u>5,50,06,708</u> | <u>5,34,92,705</u> |
| 12 Administrative and Other expenses | | |
| Rent | 51,26,932 | 40,78,800 |
| Lease Charges | 2,02,851 | - |
| Professional Fees | 46,53,402 | 39,64,267 |
| Rates and Taxes | 2,583 | 11,653 |
| Electricity Charges | 22,97,768 | 25,21,361 |
| Insurance | 1,13,151 | 1,60,949 |
| Printing and Stationery | 11,28,102 | 17,26,649 |
| Filing fees | 5,500 | 1,500 |
| Repairs - Buildings | 3,41,782 | 91,944 |
| Repairs - Others | 15,27,134 | 7,58,746 |
| Miscellaneous Expenses | 40,73,272 | 46,25,429 |
| Loss on redemption of investments | 3,316 | - |
| | <u>1,94,75,793</u> | <u>1,79,41,298</u> |
| 13 Financial Expenses | | |
| Interest - Banks | 1,26,797 | 3,519 |
| Bank Charges | 52,594 | 13,211 |
| | <u>1,79,391</u> | <u>16,730</u> |

SCHEDULES

14. NOTES TO THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

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

The preparation of Financial Statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amount of assets and liabilities as at Balance Sheet date, reported amounts of revenues and expenses during the year and disclosure of contingent liabilities as at that date. The estimates and assumptions used in these financial statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of the financial statements.

- 1.2 Income recognition:

Income from Services is recognised on accrual basis.

- 1.3 Fixed Assets and Depreciation

Fixed Assets are stated at historical cost less accumulated depreciation.

Depreciation on assets is provided on the straight line method at rates prescribed in Schedule XIV to the Companies Act, 1956. Assets costing Rs.5000 or less acquired during the year are depreciated at 100 per cent on a pro rata basis from the date of their acquisition.

- 1.4 Valuation of Investments:

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

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

- 1.5 Employee Benefits

- A) Short Term Employee Benefits:

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

- B) Post employment benefits:

Defined Contribution Plan

- (i) Provident Fund**

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

Defined Benefit Plan

- (i) Gratuity**

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

SCHEDULES

14. NOTES TO THE ACCOUNTS (Contd.)

(ii) Leave Encashment

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

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

1.6 Taxation:

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

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

1.7 Intangible Assets:

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

1.8 Impairment of Assets:

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

1.9 Provisions:

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

2. BALANCE SHEET

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

2.2 Deferred Tax Liability

The details of Deferred Tax Liability are as follows:

| | | 31.03.2009 (Rs.) | 31.03.2008 (Rs.) |
|---|----------------------------|---------------------|---------------------|
| 1 | Deferred Tax Liability | | |
| | Depreciation | (a) 6,56,131 | 5,96,871 |
| 2 | Deferred Tax Assets | | |
| | Others – Employee Benefits | (b) 3,65,353 | 3,77,417 |
| | | (a) – (b) 2,90,778 | 2,19,454 |

SCHEDULES

14. NOTES TO THE ACCOUNTS (Contd.)

2.3 Loans and Advances

Advance Income Tax and Tax Deducted at Source is net of Provision for Tax of Rs.1,43,30,000 (Previous Year Rs.1,04,10,000/-)

2.4 Current Liabilities

Amount due to Directors as at 31st March 2009 was Rs.11,915/- (Previous Year Rs 1,91,192/-)

2.5 In accordance with Accounting Standard – AS 19 – Leases, the reconciliation between the total of minimum lease payments and the present value of minimum lease payments (MLP) as on 31-03-09 is as follows:

Maturity pattern of total/present of minimum lease payments

| | (Amount in Rs.) | |
|---|-----------------|----------|
| | 31-03-09 | 31-03-08 |
| Total of minimum lease payments | 24,23,135 | Nil |
| Present value of minimum lease payments | 21,58,200 | Nil |

| Period | (Amount in Rs.) | | | |
|--|------------------|---------------|------------------|---------------|
| | 31st March, 2009 | | 31st March, 2008 | |
| | MLP | Present value | MLP | Present value |
| Not later than one year | 10,73,060 | 9,21,465 | - | - |
| Later than 1 year and not later than 5 years | 13,50,075 | 12,36,735 | - | - |
| Later than five years | - | - | - | - |

3. PROFIT & LOSS ACCOUNT

3.1 Details of payments to Auditors are as follows:

| | 31.03.2009 | 31.03.2008 |
|---------------------------|------------|------------|
| | (Rs.) | (Rs.) |
| a) Statutory Audit | 75,000 | 75,000 |
| b) Tax Audit | 25,000 | 25,000 |
| Service Tax on Audit fees | 10,300 | 12,360 |

3.2 Employee Benefits :

i) Defined Contribution Plan :

Company Contribution to

Rs.

a) Provident fund

24,06,019/-

b) Employees State Insurance

16,18,722/-

ii) Defined Benefit Plan:

SCHEDULES

14. NOTES TO THE ACCOUNTS (Contd.)

| Gratuity | 31.03.2009 | 31.03.2008 |
|---|-------------------|-------------------|
| | (Rs.) | (Rs.) |
| A. Reconciliation of opening and closing balances of present value of the defined benefit obligation | | |
| Present value of obligations at the beginning of the year | 21,35,854 | 16,46,065 |
| Interest cost | 1,60,385 | 1,16,472 |
| Current service cost | 3,59,774 | 3,40,125 |
| Benefits paid | 2,62,087 | 1,86,202 |
| Actuarial loss on obligation | 2,60,106 | 2,19,394 |
| Present value of obligations at the end of the year | 26,54,032 | 21,35,854 |
| B. Reconciliation of opening and closing balances of fair value of Plan Assets Fund Maintained by LIC | | |
| Fair value of plan assets at the beginning of the year | 21,22,704 | 17,83,291 |
| Expected return on plan assets | 1,83,151 | 1,40,496 |
| Contributions | 5,95,460 | 3,66,182 |
| Benefits paid | 2,62,087 | 1,86,202 |
| Actuarial gain on plan assets | 7,661 | 18,937 |
| Fair value of plan assets at the end of the year | 26,46,889 | 21,22,704 |
| C. Reconciliation of present value of defined benefit obligation and fair value of plan assets to the assets and liabilities | | |
| Present value of obligations at the end of the year | 26,54,032 | 21,35,854 |
| Fair value of plan assets at the end of the year | 26,46,889 | 21,22,704 |
| Net liability recognized in the balance sheet | 7,143 | 13,150 |
| D. Expenses recognised in the profit and loss statement | | |
| Current Service cost | 3,59,774 | 3,40,125 |
| Interest Cost | 1,60,385 | 1,16,472 |
| Expected return on plan assets | 1,83,151 | 1,40,496 |
| Net Actuarial loss recognized in the year | 2,52,445 | 2,00,457 |
| Expenses to be recognized in the profit and loss account | 5,89,453 | 5,16,558 |

SCHEDULES

14. NOTES TO THE ACCOUNTS (Contd.)

| E. Details showing fair value of plan assets | 31.03.2009 | 31.03.2008 |
|--|--------------------------|------------|
| | (Rs.) | (Rs.) |
| Fair value of plan assets at the beginning of the year | 21,22,704 | 17,83,291 |
| Actual return on plan assets | 1,90,812 | 1,59,433 |
| Contributions | 5,95,460 | 3,66,182 |
| Benefit Paid | 2,62,087 | 1,86,202 |
| Fair value of plan assets at the end of the year | 26,46,889 | 21,22,704 |
| F. Actuarial Gain / Loss recognised | | |
| Actuarial loss on obligation | 2,60,106 | 2,19,394 |
| Actuarial gain on plan assets | 7,661 | 18,937 |
| Total loss for the year | 2,52,445 | 2,00,457 |
| Actuarial loss recognized in the year | 2,52,445 | 2,00,457 |
| G. Actuarial assumption | | |
| Discount Rate | 8.00% | 8.00% |
| Salary Increment | 7.00% | 6.00% |
| Mortality rates | Based on LIC (1994-1996) | |

4. GENERAL

4.1 Related Parties

4.1.1 Related party disclosures:

| Related Party | Nature of Relation |
|------------------------------------|--------------------------|
| Sundaram Finance Limited | Ultimate Holding Company |
| Sundaram Business Services Limited | Holding Company |
| Mr. S. V. Krishnamurthy | Director |

Related party Transactions For the Year Ended 31st March 2009

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

| Related Party | Nature of Transaction | Amount (Rs.) | Amount Payable at the end of the year |
|------------------------------------|---------------------------|-----------------|--|
| Sundaram Finance Limited | Lease Rental Paid | 7,96,045 | - |
| Sundaram Business Services Limited | Professional charges Paid | 10,07,708 | 1,65,450 |
| Mr. S.V.Krishnamurthy | Rent Paid | 5,34,000 | 11,915 |

4.2 Contingent Liabilities :

ESI Claims against the company not accepted by the company Rs.2,06,900/- (Previous Year Rs.2,06,900/-) Against the above claim, the Company filed an appeal before the EI Court. Petition for stay of collection of the demand was also filed before the said Court. The EI Court has passed an order dated 14th June 2004, granting stay of collection of the demand on payment of 20% of the disputed amount.

Accordingly, the Company has deposited a sum of Rs.41,400/- with the Court. The said amount has been grouped under Loans and Advances in the Balance Sheet.

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

4.4 Expenditure in Foreign Currency Rs.1,45,195 (31.03.2008 – Rs. NIL)

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

4.6 Figures are rounded off to the nearest rupee.

As per our report of even date attached

For **Brahmayya & Co.,**

Chartered Accountants

P. Babu

Partner

Chennai

15th May, 2009

Signatures to schedules 1 to 14

Harsha Viji

S.V. Krishnamurthy

Directors

Balance Sheet Abstract and Company's General Business Profile

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

I Registration Details

Registration No. State Code

Balance Sheet Date

Date Month Year

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

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

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

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

IV Performance of Company (Amount in Rs. Thousands)

| | |
|--|--|
| Turnover | Total Expenditure |
| <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/> | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="7"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="4"/> |
| + - Profit / (Loss) Before Tax | + - Profit / (Loss) After Tax |
| <input checked="" type="checkbox"/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="5"/> | <input checked="" type="checkbox"/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="2"/> |

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

Earnings Per Share Rs. Ps. Dividend Rate %

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

Item Code No. (ITC Code) Not Applicable

Product / Service Description

CASH FLOW STATEMENT

| | 2008-09 (Rs.) | 2007-08 (Rs.) | |
|---|--------------------|--------------------|-------------|
| A) CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Net Profit | 6,915,072 | 9,271,831 | |
| Add: Provision for Taxation | 4,089,831 | 5,183,852 | |
| | 11,004,903 | 14,455,683 | |
| Add: Financial Expenses | 179,391 | 16,730 | 14,472,413 |
| Depreciation | | | 1,781,660 |
| Diminution - Value of investments | | | 76 |
| (Profit) loss on sale of assets | | | - |
| Investments written off | | | 251,999 |
| Interest / Dividend Income | (47,468) | | (254,939) |
| Effect of Foreign Exchange rates on Cash and Cash Equivalents, net | | | - |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | 14,108,460 | 16,251,209 | |
| (Increase) Decrease in Sundry Debtors | (1,590,120) | (3,244,864) | |
| (Increase) Decrease in Loans and Advances | (8,808,829) | (713,421) | |
| (Increase) Decrease in Other Receivables | | | |
| (Increase) Decrease in Bank Deposits (net) | 2,500,000 | | |
| (Increase) Decrease in SLR Investments - net of sales | | | |
| Increase (Decrease) in Current Liabilities | 347,698 | 4,280,650 | 322,365 |
| Cash generated from Operations | | | 16,573,574 |
| Direct Taxes Paid | (4,115,229) | (4,977,854) | (4,977,854) |
| NET CASH FROM OPERATING ACTIVITIES | 2,441,980 | 11,595,720 | |
| B) CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of Fixed Assets | (6,164,160) | (2,794,335) | |
| Sale of Fixed Assets | | | 821,231 |
| Purchase of Investments | | | (4,551,419) |
| Loans Unsecured | | | |
| Sale of Investments | 4,551,344 | | |
| Sale/Redemption of Investments in Subsidiaries/Joint Venture | | | |
| Interest Received | 4,694 | | 183,695 |
| Dividend Received | 42,774 | | 71,244 |
| NET CASH FROM INVESTING ACTIVITIES | (1,565,348) | (6,269,584) | |
| C) CASH FLOW FROM FINANCIAL EXPENSES | | | |
| Financial Expenses Paid | (179,391) | (16,730) | |
| Loans Secured | 3,398,300 | 289,275 | |
| NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B) | 4,095,541 | 5,598,682 | |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 5,793,878 | 195,196 | |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 9,889,419 | 5,793,878 | |
| COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | | | |
| Current Account with Banks | 9,861,137 | 5,772,502 | |
| Cash, Stamps and Stamp Papers on Hand | 28,282 | 21,376 | |
| | 9,889,419 | 5,793,878 | |

As per our report of even date attached

For **Brahmayya & Co.,**

Chartered Accountants

P. Babu

Partner

Chennai

15th May, 2009

Harsha Viji

S.V. Krishnamurthy

Directors