

***SUNDARAM BUSINESS SERVICES LIMITED***

***9th Annual Report 2013-14***



**Board of Directors**

T. T. Srinivasaraghavan  
Srinivas Acharya  
Paramesh Krishnaier  
M Ramaswamy

---

**Audit Committee**

T. T. Srinivasaraghavan                      Chairman  
Srinivas Acharya  
M Ramaswamy

---

**Chief Executive Officer**

Rajesh Venkat

---

**Chief Financial Officer**

R. Prem

---

**Secretary**

Charanya Sridharan

---

**Bankers**

State Bank of Travancore  
HDFC Bank Limited  
Kotak Mahindra Bank Ltd  
Hongkong and Shanghai Banking Corporation Ltd  
State Bank of India

---

**Auditors**

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

---

**Registered Office**

21, Patullos Road, Chennai 600 002  
Tel. : 044 -2852 1181  
CIN : U74140TN2005PLC057179

---

**Corporate Office**

20, Patullos Road,  
Chennai 600 002  
Tel. : 044 -2859 9900  
Web: www.sundarambpo.com

---



**SUNDARAM BUSINESS SERVICES LIMITED**

A wholly-owned subsidiary of



**SUNDARAM FINANCE LIMITED**

**Contents**

Directors' Report	4
Auditors' Report	6
Balance Sheet	10
Statement of Profit and Loss	11
Notes to the Accounts	12
Cash Flow Statement	29

---

# Directors' Report

Your Directors have pleasure in presenting the Ninth Annual Report and Audited Accounts of the Company for the year ended 31st March 2014.

The summarised financial results of the Company are given hereunder:

(₹ in lakhs)

Particulars	Year ended	
	31.03.2014	31.03.2013
Total Income	2,136	2,528
Total Expenditure	2,431	2,598
Profit/(Loss) before Taxation	(295)	(70)
Provision for Taxation (includes deferred tax)	(5)	(9)
Profit/(Loss) after Taxation	(290)	(61)

## REVIEW OF OPERATIONS

During the year, your company posted revenues of ₹ 2136 lakhs compared to ₹ 2528 lakhs in the previous year. The drop in revenues was a consequence of a business restructuring decision to focus on only international business. The domestic business is now serviced by a dedicated domestic BPO within the group.

As against a loss of ₹ 70 lakhs before taxes last year, your Company has posted a loss ₹ 295 lakhs before taxes in 2013-14. The losses were caused by high marketing expenditure that did not yield commensurate results. The business has now moderated such marketing expenditure. Further, the business was also adversely impacted by the loss of some long standing clients, who exited on account of their internal compulsions.

Growth in 2014-15 will be driven by annualized revenues from clients acquired during 2013-14 and from incremental revenue generation efforts from prospects in the UK market.

## DIVIDEND

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

## DIRECTORS

Mr. T T Srinivasaraghavan, 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 judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (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**

In pursuance of the provisions of Section 217(1)(e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, Your Company has no activity relating to conservation of energy or technology absorption.

During the year under review, expenditure in foreign currencies amounted to ₹ 674.34 lakhs. Foreign Currency earnings amounted to ₹ 2079.42 lakhs.

**PERSONNEL**

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

**FIXED DEPOSITS**

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

**AUDITORS**

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

**ACKNOWLEDGEMENT**

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

Chennai 600 002

Date: 14th May, 2014

**T. T. Srinivasaraghavan**

**Srinivas Acharya**

**Paramesh Krishnaier**

**M Ramaswamy**

Directors

---

# INDEPENDENT AUDITORS' REPORT

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

1) Report on the Financial Statements

We have audited the accompanying financial statements of Sundaram Business Services Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Profit and Loss Statement and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2) Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3) Auditor's Responsibility

- a) Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- b) An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or

error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

4) Opinion

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Statement of Profit and Loss, for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5) Report on Other Legal and Regulatory Requirements

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

2. As required by section 227(3) of the Act, we report that:
- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c. The Balance Sheet, Profit and Loss Statement, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the Balance Sheet, Profit and Loss Statement, and Cash Flow Statement comply with
- the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **BRAHMAYYA & CO.**,  
Chartered Accountants  
Firm Regn. No.000511S  
**I RAVI SANKAR**  
Partner  
Membership No.25929

Place: Chennai  
Date: 14th May, 2014



---

## Annexure to the Auditors' Report referred to in Paragraph 5 of our Report of even date

1. a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.  
b) Fixed assets have been physically verified by the management during the year, in accordance with an annual plan of verification which in our opinion is reasonable having regard to the size of the company and the nature of 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 not granted or taken loans to / from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of clauses iii(a) to 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 and sale of services. During the course of our audit, no major weaknesses have been noticed in the internal controls and therefore the reporting of the same does not arise.
4. a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered in the register maintained under Section 301 of the Act have been so entered.  
b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under Section 301 of the Act and exceeding the value of rupees five lakhs in respect of any party during the 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 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, 2014 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 Sales tax, Excise duty and cess which have not been deposited on account

of any dispute. Details of disputed service tax and Income tax not deposited are as follows:

Nature of dues	Amount (₹ )	Period to which the amount relates	Forum where the dispute is pending
Service Tax	2,07,712/-	Financial Year 2009-10	Commissioner (Appeals) Central Excise, Chennai.
Income Tax	1,07,640/-	Financial Year 2008-09	Commissioner of Income Tax (Appeals)

10. The company has accumulated losses at the end of the financial year and has incurred cash losses during the current financial year.
11. The company does not have any borrowings from financial institutions or on issue of debentures. The Company has not defaulted in repayment of dues to bank.
12. According to the information and explanations given to us, the company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund /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 investments 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 availed term loans during the year.
17. According to the information and explanations given to us, the company has not raised funds on short 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 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  
Firm Regn. No.000511S  
**L RAVI SANKAR**  
Partner  
Membership No.25929

Place: Chennai  
Date: 14th May, 2014

# Balance Sheet

as at 31st March, 2014

(In ₹)

Particulars	Note	March 31, 2014	March 31, 2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>1) Shareholders' funds</b>			
(a) Share Capital	2	15,00,00,000	15,00,00,000
(b) Reserves and Surplus	3	(6,66,64,446)	(3,76,52,160)
(c) Money received against share warrants		—	—
		8,33,35,554	11,23,47,840
<b>2) Share Application Money Pending Allotment</b>			
		—	—
<b>3) Non-Current Liabilities</b>			
(a) Long-Term Borrowings		—	—
(b) Deferred Tax Liabilities (Net)	4A	—	2,50,484
(c) Other Long-Term Liabilities		—	—
(d) Long-Term Provisions	5	8,31,877	12,55,964
		8,31,877	15,06,448
<b>4) Current Liabilities</b>			
(a) Short-Term Borrowings	6	2,09,18,125	—
(b) Trade Payables	7	1,04,04,215	1,26,95,091
(c) Other Current Liabilities	8	35,21,296	36,62,375
(d) Short-Term Provisions	9	1,01,06,213	1,30,18,742
		4,49,49,849	2,93,76,208
<b>Total</b>		<b>12,91,17,280</b>	<b>14,32,30,496</b>
<b>II. ASSETS</b>			
<b>1) Non-current assets</b>			
(a) Fixed Assets	10		
i) Tangible Assets		1,03,82,913	1,41,38,012
ii) Intangible Assets		33,84,178	39,92,401
iii) Capital Work-in-Progress		—	—
iv) Intangible Assets under Development		—	—
(b) Non-Current Investments		—	—
(c) Deferred Tax Assets (Net)	4B	2,73,550	—
(d) Long-Term Loans and Advances	11	3,24,55,050	3,72,25,911
(e) Other Non-Current Assets		—	—
		4,64,95,691	5,53,56,324
<b>2) Current Assets</b>			
(a) Current Investments	12	—	1,15,00,000
(b) Trade Receivables	13	5,58,88,350	4,95,85,934
(c) Cash and Cash Equivalents	14	40,40,823	78,94,320
(d) Short-Term Loans and Advances	15	1,39,18,450	1,34,31,023
(e) Other Current Assets	16	87,73,966	54,62,895
		8,26,21,589	8,78,74,172
<b>Total</b>		<b>12,91,17,280</b>	<b>14,32,30,496</b>
Significant Accounting policies and Notes to the Accounts 1 to 23			

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

**T T Srinivasaraghavan**

**Srinivas Acharya**

**L Ravi Sankar**  
Partner

**Paramesh Krishnaier**

Membership No. : 25929  
Chennai  
14th May, 2014

**Rajesh Venkat**  
Manager

**Charanya Sridharan**  
Secretary

**R.Prem**  
Chief Financial Officer

**M. Ramaswamy**  
Directors

SUNDARAM BUSINESS SERVICES LIMITED

## Statement of Profit and Loss

for the Year Ended 31st March, 2014

( In ₹ )

Particulars	Note	2013-14	2012-13
<b>INCOME:</b>			
Revenue from Operations	17	21,22,04,741	24,99,30,656
Other Income	18	14,14,591	29,59,952
<b>Total Revenue</b>		<b><u>21,36,19,332</u></b>	<b><u>25,28,90,608</u></b>
<b>EXPENSES:</b>			
Employee Benefits	19	9,89,23,824	11,41,79,149
Administrative and Other Expenses	20	8,38,96,743	8,33,05,990
Sales and Marketing expenses	21	5,29,16,264	5,41,15,527
Finance Costs	22	8,09,631	1,41,532
Depreciation		66,09,190	81,24,289
<b>Total Expenses</b>		<b><u>24,31,55,652</u></b>	<b><u>25,98,66,487</u></b>
<b>Profit/(Loss) Before Tax</b>		<b>(2,95,36,320)</b>	<b>(69,75,879)</b>
Tax Expense:			
(1) Current Tax		-	-
(2) Deferred Tax		(5,24,034)	(9,23,355)
		(5,24,034)	(9,23,355)
<b>Profit/(Loss) after Tax from continuing operations</b>		<b><u>(2,90,12,286)</u></b>	<b><u>(60,52,524)</u></b>
<b>Earnings per Equity Share:</b>			
Weighted Average Number of Shares considered (Face Value ₹10/- per share)		1,50,00,000	1,50,00,000
Basic and Diluted earnings per share (in Rupees)		(1.93)	(0.40)
Significant Accounting policies and Notes to the Accounts 1 to 23			

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

**L Ravi Sankar**  
Partner  
Membership No. : 25929  
Chennai  
14th May, 2014

**Rajesh Venkat**  
Manager

**Charanya Sridharan**  
Secretary

**R.Prem**  
Chief Financial Officer

**M. Ramaswamy**  
Directors

**T T Srinivasaraghavan**

**Srinivas Acharya**

**Paramesh Krishnaier**

---

# NOTES TO THE ACCOUNTS

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

- 1.2 Income Recognition:

Income is recognized on accrual basis

- 1.3 Fixed Assets and Depreciation:

Fixed assets are stated at historical cost less accumulated depreciation.

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

- 1.4 Valuation of Investments:

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

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

- 1.5 Foreign Currency Transactions:

Transactions in foreign currencies are accounted at the prevailing rates of exchange on the date of the transaction.

Monetary items denominated in foreign currencies are restated at the prevailing rates of exchange at the Balance Sheet date. Gain or loss arising out of fluctuations in exchange rates is accounted for in Profit and Loss Statement.

- 1.6 Employee Benefits:

- A) Short Term Employee Benefits:

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

- B) Post Employment Benefits:

Defined Contribution Plan

- i) Provident Fund

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

## NOTES TO THE ACCOUNTS (Contd.)

### ii) Superannuation

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

The above contributions are charged to Profit and Loss Statement.

### Defined Benefit Plan

### iii) Gratuity

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

### iv) Leave Encashment

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

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

### C) Other Long Term Employee Benefits:

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

### 1.7 Taxation:

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

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

### 1.8 Intangible Assets:

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

### 1.9 Impairment of Assets:

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

### 1.10 Provisions:

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

## NOTES TO THE ACCOUNTS (Contd.)

### Note 2

#### SHARE CAPITAL

(In ₹)

Particulars	31.03.2014	31.03.2013
Authorised		
1,50,00,000 Equity Shares of ₹ 10/- each.	15,00,00,000	15,00,00,000
	<u>15,00,00,000</u>	<u>15,00,00,000</u>
Issued, subscribed and fully paid up capital		
1,50,00,000 Equity Shares of ₹ 10/- each	15,00,00,000	15,00,00,000
<b>Total</b>	<u>15,00,00,000</u>	<u>15,00,00,000</u>

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

Name	Status	Class of Share	No. of Shares#	% held as at 31.03.2014	No. of Shares #	% held as at 31.03.2013
Sundaram Finance Limited	Holding Company	Equity shares	1,50,00,000	100%	1,50,00,000	100%
<b>Total</b>			<b>1,50,00,000</b>		<b>1,50,00,000</b>	

# includes six equity shares held by the nominees of Sundaram Finance Ltd.

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

Particulars	31.03.2014	31.03.2013
Shares outstanding at the beginning of the year	1,50,00,000	1,50,00,000
Add: Shares issued during the year	—	—
Less: Shares bought back during the year	—	—
<b>Shares outstanding at the end of the year</b>	<u>1,50,00,000</u>	<u>1,50,00,000</u>

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

(In ₹)

Particulars	31.03.2014	31.03.2013
Surplus in Profit and Loss account		
Opening Balance	(3,76,52,160)	(3,15,99,636)
Add: Loss for the year from the Profit and Loss account	(2,90,12,286)	(60,52,524)
<b>Total</b>	<b>(6,66,64,446)</b>	<b>(3,76,52,160)</b>

**Note 4A**
**DEFERRED TAX LIABILITIES**

(In ₹)

Particulars	31.03.2014	31.03.2013
<b>DEFERRED TAX LIABILITIES</b>		
Depreciation	–	8,91,855
<b>LESS: DEFERRED TAX ASSETS</b>		
Provision for Employee Benefits	–	6,41,372
<b>Total</b>	<b>–</b>	<b>2,50,484</b>

**Note 4B**
**DEFERRED TAX ASSETS**

(In ₹)

Particulars	31.03.2014	31.03.2013
<b>DEFERRED TAX LIABILITIES</b>		
Depreciation	5,78,022	–
<b>LESS: DEFERRED TAX ASSETS</b>		
Provision for Employee Benefits	8,51,572	–
<b>Total</b>	<b>2,73,550</b>	<b>–</b>

**Note 5**
**LONG TERM PROVISIONS**

(In ₹)

Particulars	31.03.2014	31.03.2013
Provision for Employee Benefits	8,31,877	12,55,964
<b>Total</b>	<b>8,31,877</b>	<b>12,55,964</b>



## NOTES TO THE ACCOUNTS (Contd.)

### Note 6

#### SHORT-TERM BORROWINGS

(In ₹)

Particulars	31.03.2014	31.03.2013
Secured Loan		
From Bank		
Working Capital demand loans and Cash Credit		
Cash Credit *	1,34,18,125	—
Unsecured Loan		
From Related Parties - Fellow subsidiary Company	75,00,000	—
<b>Total</b>	<b>2,09,18,125</b>	<b>—</b>

\* Working Capital facility from a Bank secured by First charge on the entire current assets of the company including receivables.

### Note 7

#### TRADE PAYABLES

(In ₹)

Particulars	31.03.2014	31.03.2013
For Expenses	1,04,04,215	1,26,95,091
For Others	—	—
<b>Total</b>	<b>1,04,04,215</b>	<b>1,26,95,091</b>

### Note 8

#### OTHER CURRENT LIABILITIES

(In ₹)

Particulars	31.03.2014	31.03.2013
TDS Payable	5,20,649	13,52,256
Others	30,00,647	23,10,119
<b>Total</b>	<b>35,21,296</b>	<b>36,62,375</b>

### Note 9

#### SHORT-TERM PROVISIONS

(In ₹)

Particulars	31.03.2014	31.03.2013
<b>Others</b>		
Provision for Employee Benefits	1,01,06,213	1,30,18,742
<b>Total</b>	<b>1,01,06,213</b>	<b>1,30,18,742</b>

SUNDARAM BUSINESS SERVICES LIMITED

(In ₹)

**Note 10**
**FIXED ASSETS**

Description	Gross Block			Depreciation					Net Block			
	As at 01.04.2013	Additions	Deductions	As at 31.03.2014	As at 01.04.2013	Additions	Impairment	Deductions	Impairment Reversal	As at 31.03.2014	As at 31.03.2013	
<b>Tangible Assets</b>												
Computers	1,34,06,861 (89,52,071)	10,29,475 (44,54,790)	22,269	1,44,14,067 (1,34,06,861)	72,54,265 (41,39,578)	27,08,841 (31,14,687)	-	13,955	-	99,49,151 (72,54,265)	44,64,916 (61,52,596)	61,52,596 (48,12,493)
Plant and Equipment	30,90,616	- (30,90,616)	-	30,90,616 (30,90,616)	35,824	4,24,921 (35,824)	-	-	-	4,60,745 (35,824)	26,29,871 (30,54,792)	30,54,792
Office Equipment	24,97,285 (16,00,654)	2,49,240 (8,96,631)	15,500	27,31,025 (24,97,285)	5,23,969 (1,73,682)	4,56,984 (3,50,287)	-	9,087	-	9,71,866 (5,23,969)	17,59,159 (19,73,316)	19,73,316 (14,26,972)
Furniture and Fixtures	14,77,489 (2,60,058)	1,13,097 (12,17,431)	-	15,90,586 (14,77,489)	13,26,888 (89,245)	96,273 (12,37,643)	-	-	-	14,23,161 (13,26,888)	1,67,425 (1,50,601)	1,50,601 (1,70,813)
Vehicles - Motor Car	45,92,066 (37,75,869)	- (13,33,857)	13,17,982 (5,17,660)	32,74,084 (45,92,066)	17,85,359 (11,38,653)	5,90,862 (8,13,300)	-	4,63,679 (1,66,594)	-	19,12,542 (17,85,359)	13,61,542 (28,06,707)	28,06,707 (26,37,216)
<b>SUB TOTAL (A)</b>	<b>2,50,64,317 (1,45,88,652)</b>	<b>13,91,812 (1,09,93,325)</b>	<b>13,55,751 (5,17,660)</b>	<b>2,51,00,378 (2,50,64,317)</b>	<b>1,09,26,305 (55,41,158)</b>	<b>42,77,881 (55,51,741)</b>	<b>-</b>	<b>4,86,721 (1,66,594)</b>	<b>-</b>	<b>1,47,17,465 (1,09,26,305)</b>	<b>1,03,82,913 (1,41,38,012)</b>	<b>1,41,38,012 (90,47,494)</b>
<b>Intangible Assets</b>												
Computer Software	88,19,091 (56,37,299)	18,51,419 (31,81,792)	2,20,000	1,04,50,510 (88,19,091)	48,26,690 (22,54,142)	23,31,309 (25,72,548)	-	91,667	-	70,66,332 (48,26,690)	33,84,178 (39,92,401)	39,92,401 (33,83,157)
<b>SUB TOTAL (B)</b>	<b>88,19,091 (56,37,299)</b>	<b>18,51,419 (31,81,792)</b>	<b>2,20,000</b>	<b>1,04,50,510 (88,19,091)</b>	<b>48,26,690 (22,54,142)</b>	<b>23,31,309 (25,72,548)</b>	<b>-</b>	<b>91,667</b>	<b>-</b>	<b>70,66,332 (48,26,690)</b>	<b>33,84,178 (39,92,401)</b>	<b>39,92,401 (33,83,157)</b>
<b>Total (A+B) (Current Year)</b>	<b>3,38,83,408</b>	<b>32,43,231</b>	<b>15,75,751</b>	<b>3,55,50,888</b>	<b>1,57,52,995</b>	<b>66,09,190</b>	<b>-</b>	<b>5,78,388</b>	<b>-</b>	<b>2,17,83,797</b>	<b>1,37,67,091</b>	<b>1,81,30,413</b>
<b>(Previous Year)</b>	<b>(2,02,25,951)</b>	<b>(1,41,75,117)</b>	<b>(5,17,660)</b>	<b>(3,38,83,408)</b>	<b>(77,95,300)</b>	<b>(81,24,289)</b>	<b>-</b>	<b>(1,66,594)</b>	<b>-</b>	<b>(1,57,52,995)</b>	<b>(1,81,30,413)</b>	<b>(1,24,30,651)</b>

Figures in brackets pertain to year ended March 31, 2013

## NOTES TO THE ACCOUNTS (Contd.)

### Note 11

#### LONG-TERM LOANS AND ADVANCES

(In ₹)

Particulars	31.03.2014	31.03.2013
<b>Unsecured, Considered Good</b>		
Advances to Staff	23,65,234	36,24,053
Prepaid expenses	1,96,942	1,65,481
<b>Other Loans and Advances</b>		
Advance Income Tax and Tax Deducted at Source (net of provision)	2,76,25,393	3,12,07,296
Fringe Benefit Tax (net of provision)	1,52,720	1,14,320
MAT Credit Entitlement	21,14,761	21,14,761
<b>Total</b>	<b>3,24,55,050</b>	<b>3,72,25,911</b>

i) Advance Income Tax and Tax Deducted at Source is net of Provision for Tax ₹ 28,88,179/- (31.03.13 – ₹ 28,88,179)

ii) Fringe Benefit Tax is net of Provision for Fringe Benefit Tax of ₹16,165/- (31.03.13 - ₹16,165/-)

### Note 12

#### CURRENT INVESTMENTS

(In ₹)

Particulars	31.03.2014	31.03.2013
<b>Unquoted</b>		
Investments in Mutual fund at cost	–	1,15,00,000
<b>Total</b>	<b>–</b>	<b>1,15,00,000</b>

### Note 13

#### TRADE RECEIVABLES

(In ₹)

Particulars	31.03.2014	31.03.2013
<b>Unsecured, Considered Good</b>		
Outstanding for a period exceeding six months from due date	27,34,308	64,86,100
Others	5,31,54,042	4,30,99,835
	<b>5,58,88,350</b>	<b>4,95,85,934</b>
<b>Unsecured, Considered doubtful</b>		
Outstanding for a period exceeding six months from due date	20,25,497	-
Others		
Less: Provision for doubtful debts	20,25,497	-
<b>Total</b>	<b>5,58,88,350</b>	<b>4,95,85,934</b>

**NOTES TO THE ACCOUNTS (Contd.)**
**Note 14**
**CASH AND CASH EQUIVALENTS**

(In ₹)

Particulars	31.03.2014	31.03.2013
<b>Cash-on-Hand</b>	9,594	14,931
<b>Balances with Banks</b>		
In Current accounts	34,23,287	73,79,389
In Deposit account*	6,07,942	5,00,000
<b>Total</b>	<b>40,40,823</b>	<b>78,94,320</b>

\* Deposit of ₹ 5,00,000 provided as margin money to the bank for obtaining guarantee.

**Note 15**
**SHORT-TERM LOANS AND ADVANCES**

(In ₹)

Particulars	31.03.2014	31.03.2013
<b>Unsecured, Considered Good</b>		
<b>Employee Advances</b>	7,11,518	21,56,100
Prepaid Expenses	33,97,741	34,90,721
Service Tax Receivable	81,91,149	37,60,078
Rent Deposit	5,17,631	15,28,167
Others	11,00,411	24,95,956
<b>Total</b>	<b>1,39,18,450</b>	<b>1,34,31,023</b>

**Note 16**
**OTHER CURRENT ASSETS**

(In ₹)

Particulars	31.03.2014	31.03.2013
<b>Unsecured, Considered Good</b>		
Interest Accrued on Fixed Deposits	43,146	1,07,008
Other Receivable	87,30,820	53,55,887
<b>Total</b>	<b>87,73,966</b>	<b>54,62,895</b>

---

**NOTES TO THE ACCOUNTS (Contd.)****Note 17****REVENUE FROM OPERATIONS**

(In ₹)

Particulars	2013 - 2014	2012 - 2013
Business Process Outsourcing and Related Activities	21,22,04,741	24,99,30,656
	<b>21,22,04,741</b>	<b>24,99,30,656</b>

Particulars	2013 - 2014	2012 - 2013
<b>Revenue from operations includes -</b>		
Earnings in Foreign Currency	20,79,42,172	18,49,58,608

**Note 18****OTHER INCOME**

(In ₹)

Particulars	2013 - 2014	2012 - 2013
Interest	8,82,125	26,94,406
Profit on Sale of Current Investments	2,82,703	40,284
Miscellaneous Income	2,49,763	2,25,262
<b>Total</b>	<b>14,14,591</b>	<b>29,59,952</b>

**Note 19****EMPLOYEE BENEFITS**

(In ₹)

Particulars	2013 - 2014	2012 - 2013
Salaries, Allowances, Commission, Bonus etc	8,90,64,464	10,25,20,921
Company's contribution to Provident Fund, Gratuity, Superannuation and Employees State Insurance Schemes	63,57,187	51,13,631
Staff Welfare Expenses	35,02,173	65,44,598
<b>Total</b>	<b>9,89,23,824</b>	<b>11,41,79,149</b>

**NOTES TO THE ACCOUNTS (Contd.)**
**Note 20**
**ADMINISTRATIVE AND OTHER EXPENSES**

(In ₹)

Particulars	2013 - 2014	2012 - 2013
Rent	2,03,55,192	2,26,68,901
Communication expenses	71,72,226	79,59,739
Electricity expenses	84,97,911	93,75,956
Insurance	21,22,407	14,58,465
Travelling and Conveyance	1,25,42,919	1,06,06,442
Outsourcing Cost	77,26,704	1,09,69,857
Professional Charges	41,41,791	32,51,610
Rates and Taxes	52,335	42,104
Repairs and Maintenance		
- Machinery	86,43,389	59,28,097
- Others	42,09,071	35,72,948
Loss on Sale of Fixed Assets	-	9,129
Exchange Fluctuation (net)	19,53,237	4,059
Bad Debts	1,559	4,73,174
Provision for Doubtful Debts		-
- Sundry Debtors	20,25,494	-
- Others	11,000	-
Training and Recruitment Expenses	24,71,067	39,98,314
Printing and Stationery	2,18,933	8,64,370
Bank Charges and Commission	9,21,005	12,95,368
Miscellaneous Expenses	8,30,502	8,27,459
<b>Total</b>	<b>8,38,96,743</b>	<b>8,33,05,990</b>

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

(In ₹)

Particulars	2013 - 2014	2012 - 2013
Statutory Audit	90,000	90,000
Tax Audit	30,000	30,000
Certification fees	90,000	65,000

**Note 21**
**SALES AND MARKETING EXPENSES**

(In ₹)

Particulars	2013 - 2014	2012 - 2013
Sales and Marketing expenses	5,29,16,264	5,41,15,527
<b>Total</b>	<b>5,29,16,264</b>	<b>5,41,15,527</b>

**Note 22**
**FINANCE COST**

(In ₹)

Particulars	2013 - 2014	2012 - 2013
Interest Expenses	8,09,631	1,41,532
<b>Total</b>	<b>8,09,631</b>	<b>1,41,532</b>

## NOTES TO THE ACCOUNTS (Contd.)

### 23.1 Disclosure as per AS 15

#### Employee Benefits:

#### Defined Contribution Plan:

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

(In ₹)

Particulars	2013 - 2014	2012 - 2013	2011 - 2012	2010 - 2011	2009-2010
Contribution to Provident Fund	29,77,625	38,58,377	56,31,119	59,39,919	56,50,209
Contribution to Employees' State Insurance	9,03,167	16,62,278	27,55,071	26,88,788	22,22,889
Contribution to Superannuation Fund	38,177	1,54,063	3,43,721	6,35,587	4,39,115

#### Gratuity:

#### Defined Benefit Plan

#### A. Reconciliation of opening and closing balances of present value of the defined benefit obligation.

(In ₹)

Particulars	31.03.2014	31.03.2013
Present value of obligations at the beginning of the year	35,36,007	56,07,039
Interest cost	1,29,217	4,28,588
Current service cost	7,81,335	8,79,449
Benefits paid	(39,20,390)	(7,60,710)
Past service liability – transferred in	–	–
Actuarial (gain) / loss on obligation	24,03,744	(26,18,359)
Present value of obligations at the end of the year	29,29,913	35,36,007

#### B. Reconciliation of opening and closing balances of fair value of Plan Assets Fund Maintained by LIC

(In ₹)

Particulars	31.03.2014	31.03.2013
Fair value of plan assets at the beginning of the year	50,98,483	54,00,356
Expected return on plan assets	3,34,533	4,59,330
Contributions	10,35,625	–
Benefits paid	(39,20,390)	(7,60,710)
Actuarial loss/gain on plan assets	85,326	(493)
Fair value of plan assets at the end of the year	26,33,577	50,98,483

**NOTES TO THE ACCOUNTS (Contd.)**
**C. Table showing fair value of plan assets**

(In ₹)

Particulars	31.03.2014	31.03.2013
Fair Value of plan assets at beginning of year	50,98,483	54,00,356
Actual return on plan assets	4,19,859	4,58,837
Contributions	10,35,625	-
Benefits Paid	(39,20,390)	(7,60,710)
Fair Value of plan assets at end of year	26,33,577	50,98,483
Funded Status	(2,96,336)	15,62,476

**D. Actuarial Gain/Loss recognized**

(In ₹)

Particulars	31.03.2014	31.03.2013
Actuarial (gain) / loss on obligations	24,03,744	26,18,359
Actuarial (gain) / loss for the year – plan assets	85,326	(493)
Actuarial (gain) / loss on obligations	23,18,418	(26,17,866)
Actuarial (gain) / loss recognized in the year	23,18,418	(26,17,866)

**E. The amounts to be recognized in the balance sheet**

(In ₹)

Particulars	31.03.2014	31.03.2013
Present value of obligations as at the end of year	29,29,913	35,36,007
Fair value of plan assets as at the end of the year	26,33,577	50,98,483
Funded status	(2,96,336)	15,62,476
Net assets/(liability) recognized in balance sheet	(2,96,336)	15,62,476

**F. The amounts to be recognized in the profit or loss statement**

(In ₹)

Particulars	31.03.2014	31.03.2013
Current Service cost	7,81,335	8,79,449
Interest Cost	1,29,217	4,28,588
Expected return on plan assets	(3,34,533)	(4,59,330)
Net Actuarial (gain)/loss recognized in the year	23,18,418	(26,17,866)
Expenses recognized in statement of Profit and loss	28,94,437	(17,69,159)

**G. Actuarial Assumptions \***

(In ₹)

Particulars	31.03.2014	31.03.2013
Discount Rate	8.20%	8.80%
Expected return on plan assets	9.15%	9.15%
Rate of increase in compensation levels	8.00%	8.00%
Attrition rate	24%	4%



## NOTES TO THE ACCOUNTS (Contd.)

\* The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors like supply and demand in employment market. Amount for the current and previous four years are as follows:

(In ₹)

Particulars	31.03.2014	31.03.2013	31.03.2012	31.03.2011	31.03.2010
Defined Benefit Obligation	29,29,913	35,36,007	49,01,087	60,97,159	44,40,582
Plan Assets	26,33,577	50,98,483	54,00,356	65,02,675	55,30,966
Surplus / (Deficit)	(2,96,336)	15,62,476	4,99,269	4,05,516	10,90,384
Experience adjustments on plan liabilities	23,18,418	(26,17,866)	(11,86,235)	2,88,427	31,894
Experience adjustments on plan assets	-	-	-	-	-

### Other Long Term Benefits:

The Company's liability towards other long term benefits are provided based on actuarial valuation as at 31st March 2014. The details are given below:

(In ₹)

Particulars	2013 - 2014	2012 - 2013	2011 - 2012	2010 - 2011	2009-2010
Leave encashment	12,65,853	13,08,296	19,99,995	26,21,656	25,91,131
Employee Assured Bonus Scheme	-	-	42,58,674	28,45,876	39,34,006

23.2 The Company has availed Cashcredit / Working Capital facility from a Scheduled Bank secured by First charge on the entire current Assets of the company including receivables. Outstanding as on 31.3.2014 is ₹ 1,34,18,125/-

### 23.3 Details of transactions with Related Parties:

#### Parties

Sundaram Finance Limited  
 Sundaram BNP Paribas Home Finance Limited  
 Sundaram Asset Management Company Limited  
 Sundaram Trustee Company Limited  
 Sundaram Finance Distribution Limited  
 Sundaram Infotech Solutions Limited  
 Sundaram Parekh Warehousing Services Limited  
 Sundaram Insurance Broking Services Limited  
 LGF Services Limited  
 Infreight Logistics Solutions Limited  
 Caltec Servicez Private Limited  
 Professional Management Consultants Limited  
 Sundaram BNP Paribas Fund Services Limited  
 Sundaram Asset Management Singapore Pte Ltd  
 Sundaram BPO India Limited

#### Relationship

Holding Company  
 Fellow subsidiary  
 Fellow subsidiary  
 Fellow subsidiary  
 Fellow subsidiary  
 Fellow subsidiary  
 Fellow subsidiary  
 Fellow subsidiary  
 Fellow subsidiary  
 Fellow subsidiary  
 Fellow subsidiary \*  
 Fellow subsidiary \*  
 Fellow subsidiary  
 Fellow subsidiary  
 Fellow subsidiary

#### Key Management Personnel:

Mr. Rajesh Venkat Manager

\* Till 15th May, 2013

## NOTES TO THE ACCOUNTS (Contd.)

### Related Party Transactions for the year ended 31st March 2014:

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

Nature of Transactions	Holding Company	Subsidiary Company	Fellow Subsidiaries	Joint Venture/ Associates	Total 2013-14	Previous Year 2012-13
<b>Income</b>						
<b>Payroll Processing</b>						
Sundaram BNP Paribas Home Finance Limited	-	-	-	-	-	2,48,200
Sundaram Infotech Solutions Limited	-	-	-	-	-	55,900
<b>Accounting Services</b>						
Sundaram Asset Management company Limited	-	-	-	-	-	8,19,000
Infreight Logistics Solutions Limited	-	-	-	-	-	45,000
Sundaram BNP Paribas Fund Services Limited	-	-	-	-	-	1,80,000
<b>Data Processing</b>						
Sundaram Finance Limited	-	-	-	-	-	1,73,86,214
Sundaram BPO India Limited	-	-	-	-	-	37,96,374
<b>Deposit Processing</b>						
Sundaram BNP Paribas Home Finance Limited	-	-	-	-	-	14,77,149
<b>Interest received</b>						
Sundaram Finance Limited	-	-	-	-	-	14,70,334
<b>Expenses</b>						
Sundaram Finance Limited						
a) Rent	1,68,78,387	-	-	-	1,68,78,387	1,95,77,856
b) Training Programme	39,000	-	-	-	39,000	37,939
c) Internal Audit	3,50,000	-	-	-	3,50,000	3,00,000
d) Web Hosting	8,10,341	-	-	-	8,10,341	7,01,672
e) Professional Charges	-	-	-	-	-	34,662
Sundaram Infotech Solutions (Division of Sundaram Finance Limited)						
Web Maintenance Charges	2,17,000	-	-	-	2,17,000	1,00,000
Sundaram Infotech Solutions Limited						
AMC software	-	-	-	-	-	3,50,000
Sundaram Finance Distribution Limited						
Interest on Loan	-	-	4,57,665	-	4,57,665	-

**NOTES TO THE ACCOUNTS (Contd.)**

(In ₹)

Nature of Transactions	Holding Company	Subsidiary Company	Fellow Subsidiaries	Joint Venture/ Associates	Total 2013-14	Previous Year 2012-13
<b>Software Purchased</b>						
Sundaram Infotech Solutions Limited	–	–	10,50,000	–	10,50,000	28,35,419
<b>Asset - Outstanding Balance as on 31.03.2014</b>						
<b>Receivables</b>						
Sundaram Finance Limited	7,28,282	–	–	–	7,28,282	16,47,994
Sundaram BPO India Limited	–	–	7,83,063	–	7,83,063	9,02,732
<b>Liabilities - Outstanding Balance as on 31.03.2014</b>						
<b>Equity Shares</b>						
Sundaram Finance Limited	15,00,00,000	–	–	–	15,00,00,000	15,00,00,000
<b>Inter Corporate Loans</b>						
Sundaram Finance Distribution Limited	–	–	75,00,000	–	75,00,000	–
<b>Payables</b>						
Sundaram Infotech Solutions (Division of Sundaram Finance Limited)	1,09,214	–	–	–	1,09,214	1,01,124
Sundaram Finance Limited	17,90,313	–	–	–	17,90,313	20,85,391
Sundaram BPO India Limited	–	–	8,94,817	–	8,94,817	29,00,010

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

23.4 There is no amount due to small scale industries in terms of “The Micro, Small and Medium Enterprises Development Act, 2006”.

## NOTES TO THE ACCOUNTS (Contd.)

### 23.5. Earnings per Share (Basic and diluted):

Particulars	2013-14	2012-13
A. Profit for the year after taxation (₹)	(2,90,12,286)	(60,52,524)
B. Total number of equity shares of ₹10/- each outstanding at the end of the year (in numbers)	1,50,00,000	1,50,00,000
C. Basic and diluted earnings per share (₹) (A/B)	(1.93)	(0.40)

### 23.6. Foreign Currency Transactions: (On Accrual Basis)

Particulars	2013-14	2012-13
(In ₹)		
<b>Earnings in Foreign Currency</b>		
Income from Services	20,79,42,172	18,49,58,608
<b>Expenditure in Foreign Currency</b>		
Salaries, travel, office expenses	6,74,34,367	7,19,99,947

### 23.7. Claims against the Company not acknowledged as debt:

Particulars	2013-14	2012-13
(In ₹)		
Service Tax matters – appeal filed by the Company	2,07,712	2,07,712

23.8. As at the Balance Sheet date, the Company's net foreign exchange exposures that are not hedged by a derivative instrument or otherwise is ₹4,87,88,714 (₹4,67,11,064 as at 31 March 2013).

---

## NOTES TO THE ACCOUNTS (Contd.)

23.9 The Provident fund authorities were seeking to consider other allowances as a part of basic wages for the purpose of calculation of Provident fund. Consequently, the Company obtained an interim injunction from the High Court of Madras restraining the Regional Provident Fund Commissioner, Chennai from issuing orders in respect of proceedings under section 7A of the Employees Provident Funds and Miscellaneous Provisions Act, 1952 pertaining to the above calculation.

Pending the outcome of the judicial proceedings and also having regard to Circular No.7(1) 2012/RCS Review Meeting/21224 dated 18th December 2012 of the Central Provident Fund Commissioner wherein the inclusion of other allowances as a part of basic wages was kept in abeyance, no effect has been given in the financial statements.

23.10 Prior year figures have been regrouped wherever necessary to conform to current year's classification.

23.11 The figures for the current year are not comparable with the figures for the previous period as the Company's domestic customer contracts were assigned to its fellow subsidiary, Sundaram BPO India Limited during the second half of the preceding financial year.

---

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

**T T Srinivasaraghavan**

**Srinivas Acharya**

**L Ravi Sankar**

**Paramesh Krishnaier**

Partner

Membership No. : 25929

Chennai

14th May, 2014

**Rajesh Venkat**  
Manager

**Charanya Sridharan**  
Secretary

**R.Prem**  
Chief Financial Officer

**M. Ramaswamy**  
Directors

## CASH FLOW STATEMENT

	2013-14 (₹)	2012-13 (₹)
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit	(2,90,12,286)	(60,52,524)
Add: Provision for Taxation	(5,24,034)	(9,23,355)
	<u>(2,95,36,320)</u>	<u>(69,75,879)</u>
Add: Financial Expenses	8,09,631	1,41,532
Depreciation	66,09,190	81,24,289
(Profit)/ Loss on sale of Investments	(2,82,703)	(40,284)
Interest / Dividend Income	(8,82,125)	(26,94,406)
Unrealised Foreign Currency (Loss)/Gain	56,590	(3,69,284)
Operating Profit Before Working Capital Changes	<u>(2,32,25,737)</u>	<u>(18,14,032)</u>
(Increase) Decrease in Long-Term Loans and Advances	47,70,861	90,40,936
(Increase) Decrease in Short -Term Loans and Advances	(4,87,428)	72,67,967
(Increase) Decrease in Other Current Assets	(33,11,071)	(47,43,870)
(Increase) Decrease in Trade Receivables	(63,25,023)	52,93,710
Increase (Decrease) in Other Long-Term Liabilities	-	-
Increase (Decrease) in Other Long-Term Provisions	(4,24,087)	(50,02,705)
Increase (Decrease) in Other Short-Term Provisions	(29,12,529)	(15,99,509)
Increase (Decrease) in Trade Payables	(22,90,875)	84,11,160
Increase (Decrease) in Other Current Liabilities	(1,41,079)	8,49,103
Cash generated from Operations	(3,43,46,968)	1,77,02,760
Financial Expenses	(8,09,631)	(1,41,532)
Direct Taxes Paid	-	(1,41,532)
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<u>(3,51,56,599)</u>	<u>1,75,61,228</u>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(32,43,231)	(1,41,75,117)
Sale of Fixed Assets	9,97,363	3,51,066
Sale/Redemption of Investments in Mutual Funds	3,79,82,703	1,12,40,284
Purchase of Investments in Mutual Funds	(2,62,00,000)	(2,27,00,000)
Interest Received	8,82,125	26,94,406
<b>NET CASH FROM INVESTING ACTIVITIES (B)</b>	<u>1,04,18,960</u>	<u>(2,25,89,361)</u>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase (Decrease) in Short-Term Borrowings	2,09,18,125	-
<b>NET CASH FROM FINANCING ACTIVITIES (C)</b>	<u>2,09,18,125</u>	<u>-</u>
<b>D) Effect of Foreign Exchange rates on Cash and Cash Equivalents (net) (D)</b>	(33,983)	21,225
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)+(D)</b>	<u>(38,53,497)</u>	<u>(50,06,905)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	78,94,320	1,29,01,225
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>40,40,823</u>	<u>78,94,320</u>
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Balance with Banks	40,31,229	78,79,389
Cash on Hand	9,594	14,931
	<u>40,40,823</u>	<u>78,94,320</u>

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

**L Ravi Sankar**  
Partner  
Membership No. : 25929  
Chennai  
14th May, 2014

**Rajesh Venkat**  
Manager

**Charanya Sridharan**  
Secretary

**R.Prem**  
Chief Financial Officer

**M. Ramaswamy**  
Directors

**T T Srinivasaraghavan**

**Srinivas Acharya**

**Paramesh Krishnaier**