

PROFESSIONAL MANAGEMENT CONSULTANTS LIMITED

17th Annual Report 2011-12



Board of Directors

Harsha Viji
Paramesh Krishnaier
P Viswanathan
S Sivakumar

Audit Committee

Paramesh Krishnaier, Chairman
P Viswanathan
S Sivakumar

Manager

Manoj Nair

Secretary

S Shobana

Bankers

City Bank
HDFC Bank Ltd
Indian Bank
Kotak Mahindra Bank Ltd
State Bank of Travancore

Auditors

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

Registered Office

21, Patullos Road, Chennai 600 002
Tel. : 044-28599900, Fax : 044-28587054

Corporate Office

20, Patullos Road, Chennai 600 002
website: www.pmcindia.com



PROFESSIONAL MANAGEMENT CONSULTANTS LIMITED

A wholly-owned subsidiary of



SUNDARAM FINANCE LIMITED

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Directors' Report

Your Directors have pleasure in presenting the 17th Annual Report and Audited Accounts of the Company for the year ended 31st March 2012.

The summarised financial results of the Company are given hereunder:

(₹ In lakh)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
Total Income	612.50	483.71
Total Expenditure	867.84	481.89
Profit/(Loss) before Taxation	(255.33)	1.82
Provision for Taxation	12.33	(0.56)
Profit/(Loss) after Taxation	(267.67)	2.38

REVIEW OF OPERATIONS

During the financial year 2011-12, the company earned revenues of ₹ 612 lakhs as compared to ₹ 483 lakhs in the previous year. Some of our transaction processing clients have moved out during the year due to a scaling down of their operations and this is expected to adversely impact the revenues for the coming year.

Your Company has ended the year with a loss of ₹ 267 lakhs as against a net profit of ₹ 2 lakhs in the previous year. The higher losses were largely on account of set up costs incurred for the call centre business, as the Company had established new delivery centres for handling voice processes.

The company is working on growing top line, surrendering surplus capacity and on improving efficiencies, to address the loss.

FIXED DEPOSITS

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

MANAGER

Your Board of Directors has appointed Sri Manoj Nair as Manager without remuneration under the Companies Act, 1956, for a period of 5 years with effect from 15.03.2012. Necessary resolution is submitted for your consent.

DIRECTORS

Sri P Viswanathan and Sri Paramesh Krishnaier have been co-opted as additional directors of your Company on 19.09.2011 and 27.01.2012 respectively. Under Section 260 of the Companies Act, 1956, they hold office up to the date of the ensuing Annual General Meeting. The Company has received due notices from members proposing their appointment as Directors of the Company.

Sri P S Raghavan has relinquished the office of Directorship with effect from 19.09.2011. The Directors wish to place on record their appreciation for his service.

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

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.

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.

DIRECTORS' RESPONSIBILITY STATEMENT

Your directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- 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 loss of the Company for that period;
- 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
- they have prepared the annual accounts on a going-concern basis.

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.

Harsha Viji
P Viswanathan
Paramesh Krishnaier

Place : Chennai

Date : 25th May, 2012

S.Sivakumar

Directors

Auditors' Report

To The Members of Professional Management Consultants Limited

1. We have audited the attached Balance Sheet of Professional Management Consultants Limited as at 31st March 2012, the Profit and Loss Statement 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 Statement 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 Statement 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 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2012 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 2012;
 - b) in the case of the Profit and Loss Statement, of the loss for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **BRAHMAYYA & CO.**,
Chartered Accountants
Registration Number 00511S

P.BABU
Partner

Place : Chennai
Date : 25th May, 2012

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. a) i) The company has availed an unsecured loan from a company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year was ₹ 50.00 lakhs. The balance outstanding at the end of the year was ₹ Nil.
- ii) The rate of interest and other terms and conditions of the loan are, prima facie, not prejudicial to the interest of the company.
- iii) The repayment of principal is regular.
- iv) There is no amount overdue on the loans. Apart from the above, the company has not 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, the company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, clauses (iii) (a) to (d) of paragraph 4 of the Order are not applicable to the company for the year.
4. In our opinion and according to the information and explanations given to us, 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.
5. 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.
6. The company has not accepted any deposits from the Public during the year.
7. The company has an internal audit system, which in our opinion, is commensurate with the size and the nature of its business.
8. The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Act.
9. 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, 2012 for a period of more than six months from the date they become payable.
10. 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.
 11. The company has accumulated losses at the end of the financial year and has incurred cash losses during the current financial year.
 12. The company does not have any borrowings from the financial institutions or issue of debentures. The company has not defaulted in repayment of dues to the bank.
 13. 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.
 14. The provisions of any special statute applicable to chit fund /nidhi / mutual benefit fund / societies are not applicable to the company.
 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, xiv 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
Registration Number 00511S

P.BABU
Partner

Place : Chennai
Date : 25th May, 2012

Membership No.203358

Balance Sheet

as at 31st March, 2012

(In ₹)

Particulars	Note	March 31, 2012	March 31, 2011
I. EQUITY AND LIABILITIES			
1) Shareholders' funds			
a) Share Capital	2	6,22,05,600	22,06,000
b) Reserves and Surplus	3	(58,90,881)	2,08,75,865
c) Money received against share warrants		-	-
		5,63,14,719	2,30,81,865
2) Share Application Money Pending Allotment			
		-	-
3) Non-Current Liabilities			
a) Long-Term Borrowings		-	-
b) Deferred Tax Liabilities (Net)	4	13,87,556	1,54,239
c) Other Long Term Liabilities		-	-
d) Long Term Provisions	5	77,879	3,57,455
		14,65,435	5,11,694
4) Current Liabilities			
a) Short-Term Borrowings	6	74,00,611	88,50,069
b) Trade Payables	7	53,09,112	8,10,888
c) Other Current Liabilities	8	6,38,899	13,62,023
d) Short-Term Provisions	9	7,05,251	12,39,890
		1,40,53,873	1,22,62,870
TOTAL		7,18,34,027	3,58,56,429
II. ASSETS			
1) Non-Current Assets			
a) Fixed Assets			
i) Tangible Assets	10	1,11,25,023	46,08,024
ii) Intangible Assets	10	71,75,477	10,65,532
iii) Capital Work-in-Progress		-	-
iv) Intangible Assets under Development		-	-
b) Non-Current Investments		-	-
c) Long Term Loans and Advances	11	2,38,57,397	1,81,30,652
d) Other Non-Current Assets		-	-
		4,21,57,897	2,38,04,208
2) Current Assets			
a) Current Investments		-	-
b) Trade Receivables	12	1,81,76,033	91,98,248
c) Cash and Cash Equivalents	13	11,56,191	3,18,904
d) Short-Term Loans and Advances	14	1,03,43,906	25,26,896
e) Other Current Assets	15	-	8,173
		2,96,76,130	1,20,52,221
TOTAL		7,18,34,027	3,58,56,429

Significant Accounting policies and Notes to the Accounts - 1 to 21

As per our report of even date attached.

For Brahmaya & Co.,
Chartered Accountants
FRN 000511S

P Babu
Partner

Membership No. : 203358
Chennai
25th May 2012

S. Shobana

Secretary

Harsha Viji

P Viswanathan

S Sivakumar

Paramesh Krishnaier

Directors

PROFESSIONAL MANAGEMENT CONSULTANTS LIMITED

Profit and Loss Statement

for the Year Ended 31st March, 2012

(In ₹)

Particulars	Note	2011-12	2010-11
REVENUE:			
Revenue from Operations	16	6,11,21,517	4,82,86,594
Other Income	17	<u>1,28,763</u>	<u>84,548</u>
Total Revenue	(A)	6,12,50,280	4,83,71,142
EXPENSES:			
Employee Benefits	18	4,22,79,228	3,36,29,518
Administrative and Other Expenses	19	3,90,79,523	1,15,22,515
Financial Costs	20	9,63,697	6,20,983
Depreciation and Amortization Expenses		<u>44,61,261</u>	<u>24,16,156</u>
Total Expenses	(B)	8,67,83,709	4,81,89,172
Profit/(Loss) before tax	(A - B)	<u>(2,55,33,429)</u>	<u>1,81,970</u>
Tax Expense:			
Current tax		—	—
Deferred tax		12,33,317	(55,711)
		<u>12,33,317</u>	<u>(55,711)</u>
Profit/(Loss) after Tax from continuing operations		(2,67,66,746)	2,37,681
Earnings per Equity Share:			
Weighted Average Number of Shares considered (Face Value ₹ 10/- per share)		32,11,847	2,20,600
Basic and Diluted earnings per share (in ₹)		(8.33)	1.08
Significant Accounting policies and Notes to the Accounts - 1 to 21			

As per our report of even date attached.

For Brahmaya & Co.,
Chartered Accountants
FRN 000511S

P Babu
Partner
Membership No. : 203358
Chennai
25th May 2012

S. Shobana
Secretary

Harsha Viji

P Viswanathan

S Sivakumar

Paramesh Krishnaier

Directors

Annual Report
2011-12

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 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 the Balance Sheet date, reported amounts of revenues and expenses during the year and disclosure of contingent liabilities as at that date. The estimates and assumptions used in 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 recognized on accrual basis.

- 1.3 Fixed Assets and Depreciation:

Fixed Assets are stated at 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 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 Schemes 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 Life Insurance Corporation of India (LIC). The company accounts its liability for future Gratuity benefits based on an actuarial valuation, as at the Balance Sheet Date, determined every year by LIC using the projected unit credit method.

NOTES TO THE ACCOUNTS (Contd.)

ii) 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 expenses 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.

1.5 Current & Deferred Taxation:

Current tax is provided on the taxable income

Deferred Tax resulting from “timing differences “between book and taxable profit wherever material, have been fully provided for. Deferred Tax Assets, subject to consideration of prudence, are recognized and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

1.6 Intangible Assets:

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

1.7 Impairment of Assets:

The carrying amount of assets is 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.

1.8 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 obligation.

NOTES TO THE ACCOUNTS (Contd.)

Note 2

SHARE CAPITAL

(In ₹)

Particulars	31.03.2012	31.03.2011
Authorised:		
3,75,000 Equity Shares of ₹ 10/- each.		37,50,000
98,75,000 Equity Shares of ₹ 10/- each.	9,87,50,000	
1,25,000 Preference Shares of ₹ 10/- each.	12,50,000	12,50,000
	<u>10,00,00,000</u>	<u>50,00,000</u>
Issued, Subscribed and fully paid up :		
2,20,600 Equity Shares of ₹ 10/- each		22,06,000
62,20,560 Equity Shares of ₹ 10/- each	6,22,05,600	
Total	<u>6,22,05,600</u>	<u>22,06,000</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 31.03.12	No. of Shares#	% held as at 31.03.11
Sundaram Finance Limited	Holding Company	Equity shares	62,20,560	100%	2,20,600	100%
Total			62,20,560		2,20,600	

#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	31.03.2012	31.03.2011
Shares outstanding at the beginning of the year	2,20,600	2,20,600
Add: Shares issued during the year	59,99,960	-
Less: Shares bought back during the year	-	-
Shares outstanding at the end of the year	<u>62,20,560</u>	<u>2,20,600</u>

NOTES TO THE ACCOUNTS (Contd.)

Note 3

RESERVES AND SURPLUS

(In ₹)

Nature of Reserve	Opening balance as on 01st April, 2011	Addition during the year	Deduction/ appropriation during the year	Closing balance as on 31st March, 2012
General Reserve	27,00,000	–	–	27,00,000
Surplus/(Deficit) in Profit and Loss statement	1,81,75,865	(2,67,66,745)	–	(85,90,880)
Total	2,08,75,865	(2,67,66,745)	–	(58,90,880)

Nature of Reserve	Opening balance as on 01st April, 2010	Addition during the year	Deduction/ appropriation during the year	Closing balance as on 31st March, 2011
General Reserve	27,00,000	–	–	27,00,000
Surplus from Profit and Loss Statement	1,79,38,184	2,37,681	–	1,81,75,865
Total	2,06,38,184	2,37,681	–	2,08,75,865

Note 4

DEFERRED TAX LIABILITIES (NET)

(In ₹)

Particulars	31.03.2012	31.03.2011
Deferred Tax Liabilities		
Depreciation	14,11,621	2,70,054
Less: Deferred Tax Assets		
Employee Benefits	24,065	1,15,815
Total	<u>13,87,556</u>	<u>1,54,239</u>

Note 5

LONG TERM PROVISIONS

(In ₹)

Particulars	31.03.2012	31.03.2011
Provision for Leave Encashment	77,879	3,57,455
Total	<u>77,879</u>	<u>3,57,455</u>

NOTES TO THE ACCOUNTS (Contd.)

Note 6

SHORT TERM BORROWINGS

(In ₹)

Particulars	31.03.2012	31.03.2011
Secured		
From Bank*	74,00,611	38,50,069
Unsecured		
From Holding Company	–	50,00,000
Total	<u>74,00,611</u>	<u>88,50,069</u>

* Secured by hypothecation of book debts of the company

Note 7

TRADE PAYABLES

(In ₹)

Particulars	31.03.2012	31.03.2011
For Expenses	47,16,235	8,10,888
For Others	5,92,877	–
Total	<u>53,09,112</u>	<u>8,10,888</u>

Note 8

OTHER CURRENT LIABILITIES

(In ₹)

Particulars	31.03.2012	31.03.2011
Service Tax Payable	55,287	8,01,291
TDS Payable	3,14,441	1,09,990
Liability for Leased Assets	–	2,77,015
Others	2,69,171	1,73,727
Total	<u>6,38,899</u>	<u>13,62,023</u>

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 31/03/2012 as follows:

Maturity pattern of total/present minimum lease payments:

(In ₹)

Particulars	31.03.2012	31.03.2011
Total of minimum lease payments	3,16,986	2,77,015
Present value of minimum lease payments	2,88,002	2,68,842

NOTES TO THE ACCOUNTS (Contd.)

Note 9

SHORT TERM PROVISIONS

(In ₹)

Particulars	31.03.2012	31.03.2011
Provision for Employee Benefits	7,05,251	12,39,890
Total	<u>7,05,251</u>	<u>12,39,890</u>

Note 11

LONG TERM LOAN AND ADVANCES

(In ₹)

Particulars	31.03.2012	31.03.2011
Advance Tax and Tax Deducted at Source (Net of Provision for taxation) #	2,34,83,570	1,80,56,825
Fringe Benefit Tax (Net of Provision) *	21,827	21,827
Security Deposits	3,52,000	52,000
Total	<u>2,38,57,397</u>	<u>1,81,30,652</u>

Advance Income Tax & Tax Deducted at Source is net of Provision for Tax ₹ 1,04,10,000/- (31.03.2011 - ₹ 1,43,30,000)

* Fringe Benefit Tax is net of Provision for Fringe Benefit Tax of ₹ 1,22,064/- (31.03.2011 - ₹ 1,22,064/-)

Note 12

TRADE RECEIVABLES

(In ₹)

Particulars	31.03.2012	31.03.2011
Unsecured, Considered Good		
Outstanding for a period exceeding six months from due date	8,78,901	2,86,841
Others	1,72,97,132	89,11,407
Total	<u>1,81,76,033</u>	<u>91,98,248</u>

Note 13

CASH & CASH EQUIVALENTS

(In ₹)

Particulars	31.03.2012	31.03.2011
Cash-in-Hand	29,155	82,000
Balance with Banks	11,27,036	2,36,904
Total	<u>11,56,191</u>	<u>3,18,904</u>

NOTES TO THE ACCOUNTS (Contd.)

Note 10												
FIXED ASSETS												
(In ₹)												
Particulars	Gross Block				Depreciation				Net Block			
	As at 01.04.2011	Additions	Deductions	As at 31.03.2012	As at 01.04.2011	Additions	Impairment	Deductions	Impairment Reversal	As at 31.03.2012	As at 31.03.2012	As at 01.04.2011
Tangible Assets												
Computer	46,38,783	60,22,512	-	1,06,61,295	38,49,977	13,59,678	-	-	-	52,09,655	54,51,640	7,88,806
Office Equipment	7,24,152	10,95,974	-	18,20,126	2,89,521	1,64,898	-	-	-	4,54,419	13,65,707	4,34,631
Furnitures and Fixtures	48,00,579	2,88,253	7,66,650	43,22,182	28,65,672	3,56,575	-	4,91,330	-	27,30,917	15,91,265	19,34,907
Plant and Equipment	28,34,045	18,71,079	-	47,05,124	18,01,069	4,04,330	-	-	-	22,05,399	24,99,725	10,32,976
Leased Assets												
Computer	27,51,415	-	-	27,51,415	23,34,711	2,00,018	-	-	-	25,34,729	2,16,686	4,16,704
SUB TOTAL (A)	1,57,48,974	92,77,818	7,66,650	2,42,60,142	1,11,40,950	24,85,499	-	4,91,330	-	1,31,35,119	1,11,25,023	46,08,024
Intangible Assets												
Computer software	21,61,378	80,85,707	-	1,02,47,085	10,95,846	19,75,762	-	-	-	30,71,608	71,75,477	10,65,532
SUB TOTAL (B)	21,61,378	80,85,707	-	1,02,47,085	10,95,846	19,75,762	-	-	-	30,71,608	71,75,477	10,65,532
Total [A+B] (Current Year)	1,79,10,352	1,73,63,525	7,66,650	3,45,07,227	1,22,36,796	44,61,261	-	4,91,330	-	1,62,06,727	1,83,00,500	56,73,556
(Previous Year)	1,65,00,936	41,74,758	27,65,342	1,79,10,352	98,20,640	24,16,156	-	-	-	1,22,36,796	56,73,556	66,80,296

NOTES TO THE ACCOUNTS (Contd.)

Note 14

SHORT TERM LOANS AND ADVANCES

(In ₹)

Particulars	31.03.2012	31.03.2011
Unsecured, considered good		
Rent Deposit	79,28,086	13,94,190
Service Tax Input	5,43,919	18,009
Advance to Suppliers	3,41,108	—
Other Deposits	7,49,046	9,78,924
Others	7,81,747	1,35,773
Total	<u>1,03,43,906</u>	<u>25,26,896</u>

Note 15

OTHER CURRENT ASSETS

(In ₹)

Particulars	31.03.2012	31.03.2011
Unamortised future finance Charges	—	8,173
Total	<u>—</u>	<u>8,173</u>

Note 16

REVENUE FROM OPERATIONS

(In ₹)

Particulars	31.03.2012	31.03.2011
Telecalling and related activities	6,11,21,517	4,82,86,594
Total	<u>6,11,21,517</u>	<u>4,82,86,594</u>

Note 17

OTHER INCOME

(In ₹)

Particulars	31.03.2012	31.03.2011
Profit on Sale of Current Investments	—	1,984
Profit on Sale of Assets	27,866	—
Miscellaneous Income	1,00,897	82,564
Total	<u>1,28,763</u>	<u>84,548</u>

NOTES TO THE ACCOUNTS (Contd.)

Note 18

EMPLOYEMENT BENEFITS

(In ₹)

Particulars	31.03.2012	31.03.2011
Salaries, Allowances, Commission and Bonus	3,77,91,316	2,95,55,551
Company's contribution to Provident Fund, Gratuity, Superannuation and Employees State Insurance Schemes	32,70,014	32,47,490
Staff welfare expenses	12,17,898	8,26,477
Total	<u>4,22,79,228</u>	<u>3,36,29,518</u>

Note 19

ADMINISTRATIVE AND OTHER EXPENSES

(In ₹)

Particulars	31.03.2012	31.03.2011
Communication Expenses	56,67,391	5,42,857
Electricity Expenses	35,28,226	10,66,136
Insurance	97,725	60,082
Information technology Expenses	14,73,900	3,54,334
Outsourcing Expenses	15,43,947	25,29,142
Professional Charges	20,75,250	19,27,750
Rates and Taxes	6,32,023	24,075
Recruitment Expenses	8,22,410	–
Rent	1,42,99,968	23,78,952
Repairs and Maintenance - Building	16,02,897	5,75,583
Repairs and Maintenance - Machinery	1,42,992	15,719
Security Charges	8,55,075	3,75,184
Telemarketing Charges	7,11,442	–
Travelling and Conveyance	12,79,155	3,97,821
Bad Debts	19,19,752	–
Miscellaneous Expenses	24,27,370	12,74,881
Total	<u>3,90,79,523</u>	<u>1,15,22,515</u>

Miscellaneous expenses under “Administrative and other expenses” includes remuneration to auditors towards:

(In ₹)

Particulars	31.03.2012	31.03.2011
Statutory audit	75,000	75,000
Tax audit	25,000	25,000

NOTES TO THE ACCOUNTS (Contd.)

Note 20

FINANCE COST

(In ₹)

Particulars	31.03.2012	31.03.2011
Interest Expenses	9,63,697	6,20,983
Total	9,63,697	6,20,983

Note 21

GENERAL

21.1 Disclosure as per AS 15

Employee Benefits:

The company has recognized the following amounts in the Profit and Loss statement, which are included in:

i) Defined Contribution Plan:

(In ₹)

Particulars	31.03.2012	31.03.2011
Contribution to Provident Fund	23,28,374	16,11,874
Contribution to Employees' State Insurance	14,20,427	10,99,740

ii) Defined Benefit Plan: Funded Gratuity

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

(In ₹)

Particulars	31.03.2012	31.03.2011
Present value of obligations at the beginning of the year	26,71,893	26,02,993
Interest cost	2,13,751	2,08,239
Current service cost	4,39,560	5,41,447
Benefits paid	(10,91,560)	(5,98,960)
Actuarial (gain) / loss on obligation	(9,78,765)	(81,826)
Present value of obligations at the end of the year	12,54,879	26,71,893

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

(In ₹)

Particulars	31.03.2012	31.03.2011
Fair value of plan assets at the beginning of the year	27,04,683	28,08,654
Expected return on plan assets	2,11,141	2,40,583
Contributions	—	2,54,406
Benefits paid	(10,91,560)	(5,98,960)
Actuarial loss/gain on plan assets	—	—
Fair value of plan assets at the end of the year	18,24,264	27,04,683

NOTES TO THE ACCOUNTS (Contd.)

C) Actuarial Gain/Loss recognized

(In ₹)

Particulars	31.03.2012	31.03.2011
Actuarial (gain)/loss on obligations	9,78,765	81,826
Actuarial (gain)/loss for the year – plan assets	–	–
Actuarial (gain)/loss on obligations	(9,78,765)	(81,826)
Actuarial (gain) / loss recognized in the year	(9,78,765)	(81,826)

D) The amounts to be recognized in the balance sheet and statements of profit and loss

(In ₹)

Particulars	31.03.2012	31.03.2011
Present value of obligations as at the end of year	12,54,879	26,71,893
Fair value of plan assets as at the end of the year	18,24,264	27,04,683
Funded status	5,69,385	32,790
Net assets/(liability) recognized in balance sheet	569,385	32,790

E) Expenses Recognised in statement of Profit and Loss

(In ₹)

Particulars	31.03.2012	31.03.2011
Current service cost	4,39,560	5,41,447
Interest cost	2,13,751	2,08,239
Expected return on plan assets	(2,11,141)	(2,40,583)
Net Actuarial(gain)/loss recognized in the year	(9,78,765)	(81,826)
Expenses recognized in statement of Profit and loss	(5,36,595)	4,27,277

F) Actuarial Assumptions*

(In ₹)

Particulars	31.03.2012	31.03.2011
Discount Rate	8%	8%
Expected return on plan assets	9.15%	8.00%
Rate of increase in compensation levels	8%	7%
Attrition Rate	1-3%	1-3%

* 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 two years are as follows:

(In ₹)

Particulars	2011-2012	2010-2011	2009-2010
Defined Benefit obligation	12,54,879	26,71,893	26,02,993
Plan Assets	18,24,264	27,04,683	28,08,654
Surplus / (Deficit)	(9,78,765)	(81,826)	(2,75,677)
Experience adjustments on plan liabilities	(9,78,765)	(81,826)	(2,75,677)
Experience adjustments on plan assets	–	–	–

NOTES TO THE ACCOUNTS (Contd.)

21.2 Related Party Disclosures:

Related party disclosures, as stipulated by Accounting Standard-AS 18- Related Party Disclosures, are given below:

a) Related Parties:

Holding Company:

Sundaram Finance Limited

Fellow Subsidiaries:

Sundaram Business Services Limited

Sundaram BNP Paribas Fund Services Limited

Sundaram BNP Paribas Home Finance Limited

Sundaram Asset Management Company Limited

Sundaram Infotech Solutions Limited

Sundaram Finance Distribution Limited

Sundaram Trustee Company Limited

Sundaram Parekh Warehousing Services Limited

Sundaram Insurance Broking Services Limited

Caltec Servicez Private Limited

LGF Services Limited

Infreight Logistics Solutions Limited

Associate:

Sundaram Mutual Fund

Key Management Personnel

Manager - Mr. Manoj Nair

NOTES TO THE ACCOUNTS (Contd.)

b) Related Party Transactions for the year ended 31st March 2012.

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

(In ₹)

Nature of Transactions	Ultimate Holding Company	Holding Company	Fellow Subsidiaries	Total
INCOME				
Income From Operations				
Sundaram Finance Limited	–	17,85,616	–	17,85,616
	(14,00,000)	(17,35,870)	–	(31,35,870)
Sundaram BNP Paribas Fund Services Ltd	–	–	24,60,654	24,60,654
	–	–	(8,440)	(8,440)
Sundaram BNP Paribas Home Finance Ltd	–	–	6,06,752	6,06,752
	–	–	–	–
Sundaram Business Services Limited	–	–	35,73,272	35,73,272
	–	–	(23,14,647)	(23,14,647)
Web Maintenance				
Sundaram Business Services Limited	–	–	–	–
	–	–	(3,12,881)	(3,12,881)
EXPENSES				
Lease Rent				
Sundaram Finance Limited	–	3,16,986	–	3,16,986
	(5,36,530)	(5,36,530)	–	(10,73,060)
Professional Charges				
Sundaram Business Services Limited	–	–	18,00,000	18,00,000
	–	(9,00,000)	(9,00,000)	(18,00,000)
Internal Audit Fee				
Sundaram Finance Limited	–	2,00,000	–	2,00,000
	(40,000)	(40,000)	–	(80,000)
Interest on Loan				
Sundaram Business Services Limited	–	–	7,08,372	7,08,372
	–	(1,66,439)	(2,49,401)	(4,15,840)
Outsourcing Charges				
Caltec Servicez Private Limited	–	–	17,54,999	17,54,999
	–	–	–	–
Web Maintenance charges				
Sundaram Finance Limited	–	2,46,115	–	2,46,115
	(2,04,418)	(2,21,078)	–	(4,25,496)

NOTES TO THE ACCOUNTS (Contd.)

(In ₹)

Nature of Transactions	Ultimate Holding Company	Holding Company	Fellow Subsidiaries	Total
ASSETS				
Purchase of Computer Software				
Sundaram Finance Limited	–	–	–	–
	(1,00,000)	–	–	(1,00,000)
Sale of Computer Hardware				
Sundaram Finance Limited	–	–	–	–
	–	(27,65,342)	–	(27,65,342)
Income Receivable as on 31.03.2012				
Sundaram Finance Limited	–	145,671	–	145,671
LIABILITIES				
Inter Corporate Loan				
Sundaram Business Services Limited				
Loan Availed	–	–	2,50,00,000	2,50,00,000
	–	(25,00,000)	(25,00,000)	(50,00,000)
Repayment	–	–	2,50,00,000	2,50,00,000
	–	–	(25,00,000)	(25,00,000)

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

Previous year figures are indicated in brackets.

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

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

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

NOTES TO THE ACCOUNTS (Contd.)

21.5 Earnings per Share (Basic and diluted)

(In ₹)

Particulars	31.03.2012	31.03.2011
a) Profit/(Loss) for the year after taxation (₹)	(2,67,66,746)	2,37,681
b) Weighted average number of equity shares of ₹ 10/-each	32,11,847	2,20,600
c) Basic and diluted earnings per share ₹ (a/b)	(8.33)	1.08

21.6 The presentation in the Balancesheet, Profit and Loss statement and Notes to accounts has been in terms of Revised Schedule VI to the Companies act 1956, which has become mandatory with effect from 01.04.2011. Previous year figures have been regrouped / reclassified wherever necessary to conform to the current year's presentation.

21.7 Figures have been rounded off to the nearest rupee.

As per our report of even date attached.

For Brahmaya & Co.,

Chartered Accountants

FRN 000511S

P Babu

Partner

Membership No. : 203358

Chennai

25th May 2012

Harsha Viji

P Viswanathan

S Sivakumar

S. Shobana

Secretary

Paramesh Krishnaier

Directors

Cash Flow Statement for the year ended 31.03.2012

	2011-12 (₹)	2010-11 (₹)
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit	(2,67,66,746)	2,37,681
Add: Deferred Taxation	12,33,317	(55,711)
	(2,55,33,429)	1,81,970
Add: Financial Expenses	9,63,697	6,20,983
	(2,45,69,732)	8,02,953
Depreciation	44,61,261	24,16,156
(Profit) loss on sale of Investments	-	(1,984)
Operating Profit before Working Capital Changes	(2,01,08,471)	32,17,125
(Increase) Decrease in Long Term Loans and Advances	(57,26,745)	(51,99,917)
(Increase) Decrease in Short Term Loans and Advances	(78,17,009)	24,162
(Increase) Decrease in Trade Receivables	(89,77,785)	(10,92,251)
(Increase) Decrease in Other Current Assets	8,173	8,042
Increase (Decrease) in Other Long-Term Provisions	(2,79,576)	(1,15,049)
Increase (Decrease) in Other Short-Term Provisions	(5,34,639)	12,39,890
Increase (Decrease) in Trade Payables	4,498,223	(31,02,782)
Increase (Decrease) in Other Current Liabilities	(7,23,124)	(3,29,262)
	(1,95,52,482)	(85,67,166)
Cash generated from Operations	(3,96,60,953)	(53,50,041)
Financial Expenses	(9,63,697)	(6,20,983)
Direct Taxes Paid	-	(6,20,983)
NET CASH FROM OPERATING ACTIVITIES (A)	(4,06,24,650)	(59,71,024)
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,73,63,525)	(41,74,758)
Sale of Fixed Assets	2,75,320	27,65,342
Sale of Current Investments	-	1,984
NET CASH FROM INVESTING ACTIVITIES (B)	(1,70,88,205)	(14,07,432)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Increase (Decrease) in Share Capital	5,99,99,600	-
Increase (Decrease) in Short Term Borrowings	(14,49,458)	56,42,587
NET CASH FROM FINANCING ACTIVITIES (C)	5,85,50,142	56,42,587
D) Effect of Foreign Exchange rates on Cash and Cash Equivalents, net (D)		
	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)+(D)	8,37,287	(17,35,869)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3,18,904	20,54,773
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	11,56,191	3,18,904
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Balance with Banks	11,27,036	2,36,904
Cash, Stamps and Stamp Papers on Hand	29,155	82,000
	11,56,191	3,18,904

As per our report of even date attached.

For Brahmaya & Co.,
Chartered Accountants
FRN 000511S

P Babu
Partner
Membership No. : 203358
Chennai
25th May 2012

S. Shobana
Secretary

Harsha Viji

P Viswanathan

S Sivakumar

Paramesh Krishnaier

Directors
Annual Report
2011-12