

SUNDARAM INFOTECH SOLUTIONS LIMITED

***8th Annual Report
2012-13***

Board of Directors

T T Srinivasaraghavan
Srinivas Acharya
S Venkatesan
K Swaminathan

Audit Committee

T T Srinivasaraghavan
Srinivas Acharya
S Venkatesan

Manager

T Varadarajan

Senior Executives

Deepa Ramesh	Head of Operations
V Shanthi	Head - Enterprise Solutions Practice
K K Subramanian	Head - Infrastructure Management Services
R Sudarsan	Head - Financial Services
V Latha	Head - Business Transformation Services
P Samuel Dayanidhi	Head - Australia
S Seshanarayanan	Head - Strategy & Marketing
S Raghuraman	Head - HR

Secretary

K Rajagopal

Bankers

State Bank of Travancore
Hongkong and Shanghai Banking Corporation Ltd.
Tamil Nadu Mercantile Bank Ltd.

Auditors

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

Registered Office

21, Patullos Road, Chennai 600 002

Corporate Office

Desabandhu Plaza,
2nd Floor, 47, Whites Road, Chennai 600 014
Tel : 044 28514066
Fax : 044 28412171
Email : info@sundaraminfotech.in
Website : www.sundaraminfotech.in

Overseas Branches

Australia, Singapore, USA, UAE

SUNDARAM INFOTECH SOLUTIONS LIMITED

A wholly-owned subsidiary of



SUNDARAM FINANCE LIMITED

Contents

Directors' Report	3
Independent Auditors' Report	4
Balance Sheet	8
Profit and Loss Statement	9
Notes to the Accounts	10
Cash Flow Statement	26

Directors' Report

Your Directors have pleasure in presenting the Eighth Annual Report and Audited Accounts of the Company for the year ended 31st March, 2013.

The summarised financial results of the Company are given hereunder:

(₹ in lakhs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Total Revenue	32,79.42	25,42.52
Total Expenses	26,24.37	25,26.55
Profit before Tax	6,55.05	15.97
Less: Taxation	0.75	(2.40)
Profit after Tax	6,54.30	18.37

Review of Operations

Your Company earned total revenue of ₹ 32.79 cr. as against ₹ 25.43 cr. in the previous year. The profit after tax for the year was at ₹ 6.54 cr. as against ₹ 0.18 cr. in the previous year. Your Company has made significant progress towards developing the next generation software solution for Lending Companies. Your Company has made deeper inroads into the Australian market and has also set up an office in Sharjah, UAE to tap into the potential of the Middle East market.

Dividend

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

Director

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

Manager

Your Board of Directors has appointed Sri T Varadarajan as Manager under the Companies Act, 1956, for a period of 5 years with effect from 01.10.2012.

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 2012-13, expenditure in foreign currencies amounted to ₹ 390.59 lakhs and foreign currency earnings amounted to ₹ 787.99 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.

Deposits

Your Company has not accepted any public deposit 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, Sundaram Finance Ltd. for its support. They also placed on record their appreciation of all the employees of the Company for their sincere and dedicated service.

T T Srinivasaraghavan

Srinivas Acharya

S Venkatesan

Directors

Chennai 600 002

Date: 17th May 2013

Independent Auditors' Report

To the Members of Sundaram Infotech Solutions Limited

1) Report on the Financial Statements

We have audited the accompanying financial statements of Sundaram Infotech Solutions Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

4) Opinion

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Statement of Profit and Loss, of the profit for the 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, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

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

Place: Chennai
Date : 17th May, 2013

Annexure to the Auditors' Report referred to in paragraph 5 of our report of even date

1. The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. Fixed assets have been physically verified by the management during the year, which in our opinion is reasonable having regard to the size of the Company and the nature of fixed assets. No discrepancies noticed on such verification. There was no disposal of fixed assets during the year.
2.
 - a) The Inventory has been physically verified during the year by the management. In our opinion, the frequency of physical verification is reasonable compared to inventory level.
 - b) The procedures of physical verification of inventories for the year under review followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) The company is maintaining records of inventory. No material discrepancies have been noticed on physical verification of stock as compared to the book records.
3. 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.
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 purchases 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) In our opinion, and according to the information and explanations given to us, the transactions that need to be entered into a register in pursuance of 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 deposits from public.
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 Companies Act, 1956.
9.
 - a) According to the records of the company, income tax, sales tax and service tax was regularly deposited during the period with the appropriate authorities.
 - b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax, sales tax and service tax which are outstanding as at 31st March, 2013 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 and service tax 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 not incurred loss during the current year.
12. The company has an overdraft facility from a banker. Apart from the above, the company does not have any borrowing from financial institutions or by issue of debentures.
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.
 - given any guarantees for loan taken by others from banks or financial institutions.
 - availed any term loan during the year.
 - raised funds during the year.
 - issued any debentures during the year.
 - raised monies by public issue during the year.
14. The company is not a chit fund / nidhi / mutual benefit fund or society.
15. 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.
16. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.
17. In our opinion and according to the information and explanations given to us, the nature of the company's business/ activities during the year have been such that clauses xiii and xviii of paragraph 4 of the Companies (Auditors Report) Order, 2003 are not applicable to the company.

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

Place: Chennai
Date : 17th May, 2013

Balance Sheet

as at 31st March, 2013

(In ₹)

Particulars	Note	As at 31st March 2013		As at 31st March 2012	
I. EQUITY AND LIABILITIES					
1) Shareholders' funds					
a) Share Capital	2	16,40,00,000		4,00,00,000	
b) Reserves and Surplus	3	(6,24,58,181)		(12,78,87,954)	
c) Money received against share warrants		-	10,15,41,819	-	3,61,12,046
2) Share application money pending allotment			-		-
3) Non-current liabilities					
Long-term borrowings	4	21,91,635		36,57,975	
Deferred tax liabilities (Net)	5	-		12,392	
Other Long term liabilities		-		-	
Long-term provisions	6	25,50,659	47,42,294	12,26,978	48,97,345
4) Current liabilities					
Short-term borrowings		-		-	
Trade payables	7	1,96,31,448		3,73,32,789	
Other current liabilities	8	1,30,44,205		1,12,34,421	
Short-term provisions	9	70,35,327	3,97,10,980	73,13,001	5,58,80,211
TOTAL			14,59,95,093		9,68,89,602
II. ASSETS					
1) Non-current assets					
a) Fixed assets	10				
i) Tangible assets		45,10,616		52,15,975	
ii) Intangible assets		-		-	
iii) Capital work-in-progress		-		-	
iv) Intangible assets under development		-		-	
b) Non-current investments		-		-	
c) Deferred tax assets (net)	11	9,51,285		-	
d) Long-term loans and advances	12	5,80,47,415		3,57,65,343	
e) Other non-current assets	13	2,11,197	6,37,20,513	4,36,030	4,14,17,348
2) Current assets					
a) Current investments		-		-	
b) Inventories	14	-		49,577	
c) Trade receivables	15	2,86,07,858		2,87,71,633	
d) Cash and cash equivalents	16	4,63,01,493		1,85,10,924	
e) Short-term loans and advances	17	70,35,325		76,38,898	
f) Other current assets	18	3,29,904	8,22,74,580	5,01,222	5,54,72,254
TOTAL			14,59,95,093		9,68,89,602

Significant Accounting Policies and Notes to the Accounts 1 to 25

As per our report of even date attached

For **Brahmayya & Co.**,
Chartered Accountants
Registration Number: 000511S

L Ravi Sankar
Partner
Membership No. 25929

Chennai
Dated: 17th May 2013

T T Srinivasaraghavan

Srinivas Acharya

K Rajagopal
Secretary

S Venkatesan
Directors

SUNDARAM INFOTECH SOLUTIONS LIMITED

Profit and Loss Statement

for the Year Ended 31st March, 2013

(In ₹)

Particulars	Note	2012-13	2011-12
REVENUE:			
Revenue From Operations	19	32,62,33,089	25,25,77,915
Other income	20	17,09,351	16,74,383
Total Revenue		<u>32,79,42,440</u>	<u>25,42,52,298</u>
EXPENSES:			
Cost of purchases	21	10,32,67,128	8,07,08,876
Employee benefits expenses	22	12,10,09,825	13,11,77,282
Finance expenses	23	8,12,054	36,48,338
Administrative and other expenses	24	3,51,72,288	3,53,34,184
Bad Debts		6,72,489	–
Depreciation and amortization expenses		15,03,649	17,86,250
Total Expenses		<u>26,24,37,433</u>	<u>25,26,54,930</u>
Profit before tax		6,55,05,007	15,97,368
Tax expense:			
Minimum Alternate Tax		1,38,34,718	–
Deferred tax		(9,63,677)	(2,39,734)
		<u>1,28,71,041</u>	<u>(2,39,734)</u>
Less: MAT Credit Entitlement		1,27,95,807	75,234
			–
			<u>(2,39,734)</u>
Profit after tax for the year from continuing operations		<u>6,54,29,773</u>	<u>18,37,102</u>
Earnings per equity share:			
Face Value per Equity Share (in ₹)		10	10
Number of Equity Shares		1,64,00,000	1,64,00,000
Weighted Average Number of Equity Shares		1,64,00,000	1,34,18,579
Basic and Diluted Earnings per share (in ₹)		3.99	0.14
Significant Accounting Policies and Notes to the Accounts	1 to 25		

As per our report of even date attached
For **Brahmayya & Co.**,
Chartered Accountants
Registration Number: 000511S
L Ravi Sankar
Partner
Membership No. 25929
Chennai
Dated: 17th May 2013

T T Srinivasaraghavan

Srinivas Acharya

K Rajagopal
Secretary

S Venkatesan
Directors

Notes to the Accounts

Note 1

SIGNIFICANT ACCOUNTING POLICIES

- 1.1 The financial statements are prepared and presented under the historical cost convention and 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 amount of revenues and expenses during the year and disclosure of contingent liabilities as at that date. The estimates and assumption 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 sales and services is accounted on accrual basis.

- 1.3 Inventory:

Stock-in-trade is valued at lower of cost and net realisable value.

- 1.4 Fixed Assets and Depreciation:

Fixed assets other than assets taken on lease 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 acquired costing ₹ 5000 or less are written down in the year of acquisition to Re.1.

In accordance with AS 19 'Leases', Computer System and Office Equipment taken on finance lease are capitalised and depreciated over the lease period.

- 1.5 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.

- 1.6 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 the Profit and Loss Statement.

- 1.7 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.

NOTES TO THE ACCOUNTS (Contd.)

B) Post employment benefits:

Defined Contribution Plan

i) Provident Fund

The Company contributes to a Government administered Provident Fund.

The company also contributes to a government administered Employees Pension Scheme under the Employees Provident Fund Act and Employee's State Insurance schemes on behalf of its employees.

ii) Superannuation

The Company makes fixed contribution as a percentage on salary to the superannuation fund, which is administered by trustees and managed by the Life Insurance Corporation of India (LIC). The above contribution are charged to the Profit and Loss Statement.

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.

ii) Leave Encashment

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

The actuarial gain/loss arising in the above benefit plans has been duly recognized in the Profit and Loss Statement.

1.8 Taxation:

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

Deferred Tax Liabilities on the timing difference are fully provided for. Deferred Tax Assets are recognised on the consideration of prudence.

1.9 Intangible Assets:

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

1.10 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 higher of the net selling price of the assets and their value in use.

1.11 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.

NOTES TO THE ACCOUNTS (Contd.)

Note 2

SHARE CAPITAL

(In ₹)

Particulars	31.03.2013	31.03.2012
Authorised 1,70,00,000 Equity Shares of ₹ 10/- each	17,00,00,000	17,00,00,000
Issued, Subscribed and fully paid up capital 1,64,00,000 Equity Shares of ₹ 10/- each	16,40,00,000	16,40,00,000

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

Name of the share holder	Status	No. of Shares #	% held as at 31.03.2013	No. of Shares #	% held as at 31.03.2012
Sundaram Finance Ltd	Holding Company	1,64,00,000	100	1,64,00,000	100

Includes six equity shares held by nominees of Sundaram Finance Ltd.

Reconciliation of the number of equity shares outstanding at the beginning and at the end of financial year as follows (In ₹)

Particulars	31.03.2013	31.03.2012
Opening number of shares outstanding	1,64,00,000	40,00,000
Add: Shares issued	—	1,24,00,000
Less: Shares bought back	—	—
Closing number of shares outstanding	1,64,00,000	1,64,00,000

Note 3

RESERVES AND SURPLUS

(In ₹)

Particulars	31.03.2013	31.03.2012
Opening balance	(12,78,87,954)	(12,97,25,056)
Add: Transfer from Surplus in the Profit and Loss statement	6,54,29,773	18,37,102
	<u>(6,24,58,181)</u>	<u>(12,78,87,954)</u>

NOTES TO THE ACCOUNTS (Contd.)

Note 4

LONG TERM BORROWINGS

(In ₹)

Particulars	31.03.2013	31.03.2012
Long term maturities of finance lease obligations	21,91,635	36,57,975

Disclosure in respect of finance lease contracts as per Accounting Standard - AS 19 - Leases:

(In ₹)

Period	31.03.2013		31.03.2012	
	Future Lease payments	Principal Outstanding	Future Lease payments	Principal Outstanding
2 to 5 years	21,91,635	18,94,476	36,57,975	31,56,753
Above 5 years	Nil	Nil	Nil	Nil

Note 5

DEFERRED TAX LIABILITIES (NET)

(In ₹)

Particulars	31.03.2013	31.03.2012
Depreciation	-	5,97,443
Less: Deferred Tax Asset - Employee Benefits	-	5,85,051
	<u>-</u>	<u>12,392</u>

Note 6

LONG TERM PROVISIONS

(In ₹)

Particulars	31.03.2013	31.03.2012
Provision for employee benefits	25,50,659	12,26,978
	<u>25,50,659</u>	<u>12,26,978</u>

Note 7

TRADE PAYABLES

(In ₹)

Particulars	31.03.2013	31.03.2012
For expenses	1,91,46,482	3,69,80,127
For others	4,84,966	3,52,662
	<u>1,96,31,448</u>	<u>3,73,32,789</u>

Note 8**OTHER CURRENT LIABILITIES**

(In ₹)

Particulars	31.03.2013	31.03.2012
Income received in advance	60,91,778	8,53,409
Current Maturities of Finance Lease Obligations	14,36,160	20,58,275
TDS payable	28,77,842	34,70,792
Service Tax payable	13,89,882	8,00,386
Sales Tax payable	10,232	6,01,077
Advance received from customers	12,37,021	34,44,286
Others	1,290	6,196
	<u>1,30,44,205</u>	<u>1,12,34,421</u>

Note 9**SHORT TERM PROVISIONS**

(In ₹)

Particulars	31.03.2013	31.03.2012
Provision for employee benefits	70,35,327	73,13,001
	<u>70,35,327</u>	<u>73,13,001</u>

NOTE 10
FIXED ASSETS (In ₹)

Description	Gross Block at cost				Depreciation			Net Block		
	Cost As at 31.03.2012	Additions	Deductions	Cost As at 31.03.2013	Upto 31.03.2012	Additions	Deductions	Upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
Tangible Assets										
Computer System	76,74,731 (85,92,927)	1,43,269 (1,28,000)	34,817 (10,46,196)	77,83,183 (76,74,731)	71,00,034 (76,86,982)	2,68,726 (3,92,398)	27,143 (9,79,346)	73,41,617 (71,00,034)	4,41,566 (5,74,697)	5,74,697 (9,05,945)
Office Equipment	4,65,483 (4,84,883)	1,87,377 (80,600)	- (1,00,000)	6,52,860 (4,65,483)	2,73,727 (2,62,160)	40,004 (1,11,541)	- (99,974)	3,13,731 (2,73,727)	3,39,129 (1,91,756)	1,91,756 (2,22,723)
Furniture and Fixtures	2,94,236 (1,92,591)	5,08,501 (1,01,645)	- (1,00,000)	8,02,737 (2,94,236)	2,54,110 (1,85,884)	45,607 (68,226)	- (6,707)	2,99,717 (2,54,110)	5,03,020 (40,126)	40,126 (6,707)
Plant and Machinery	1,96,239 (1,25,150)	- (71,089)	- (1,00,000)	1,96,239 (1,96,239)	75,718 (57,202)	16,764 (18,516)	- (6,707)	92,482 (75,718)	1,03,757 (1,20,521)	1,20,521 (67,948)
Total	86,30,689 (93,95,551)	8,39,147 (3,81,334)	34,817 (11,46,196)	94,35,019 (86,30,689)	77,03,589 (81,92,228)	3,71,101 (5,90,681)	27,143 (10,79,320)	80,47,547 (77,03,589)	13,87,472 (9,27,100)	9,27,100 (12,03,323)
Tangible Assets (Under Lease)										
Computers	90,40,027 (78,26,627)	- (13,06,000)	34,77,579 (92,600)	55,62,448 (90,40,027)	47,57,998 (34,88,736)	11,25,702 (12,80,028)	34,44,396 (10,766)	24,39,304 (47,57,998)	31,23,144 (42,82,029)	42,82,029 (43,37,891)
Office Equipments	3,01,600 (3,01,600)	- (3,01,600)	3,01,600 (3,01,600)	- (3,01,600)	2,94,754 (2,62,483)	6,846 (32,271)	3,01,600 (3,01,600)	- (2,94,754)	- (6,846)	6,846 (39,117)
Total	93,41,627 (81,28,227)	- (13,06,000)	37,79,179 (92,600)	55,62,448 (93,41,627)	50,52,752 (37,51,219)	11,32,548 (13,12,299)	3,745,996 (10,766)	24,39,304 (50,52,752)	31,23,144 (42,88,875)	42,88,875 (43,77,008)
Intangible Assets										
Computer Software	12,81,835 (12,81,835)	- (12,81,835)	- (12,81,835)	12,81,835 (12,81,835)	12,81,835 (12,81,835)	- (12,81,835)	- (12,81,835)	12,81,835 (12,81,835)	- (12,81,835)	- (1,06,19,769)
Intangible assets under development	- (1,06,19,769)	(58,33,014) (58,33,014)	(1,64,52,783) (1,64,52,783)	- (1,64,52,783)	- (1,64,52,783)	- (1,64,52,783)	- (1,64,52,783)	- (1,64,52,783)	- (1,64,52,783)	- (1,06,19,769)
Total	12,81,835 (12,81,835)	- (12,81,835)	- (12,81,835)	12,81,835 (12,81,835)	12,81,835 (12,81,835)	- (12,81,835)	- (12,81,835)	12,81,835 (12,81,835)	- (12,81,835)	- (1,06,19,769)
Grand Total	1,92,54,151	8,39,147	38,13,996	1,62,79,302	1,40,38,176	15,03,649	37,73,139	1,17,68,686	45,10,616	52,15,975
Previous year										
Tangible Assets	1,75,23,778	16,87,334	12,38,796	1,79,72,316	1,19,43,447	19,02,980	10,90,086	1,27,56,341	52,15,975	55,80,331
Intangible Assets	1,19,01,604	58,33,014	1,64,52,783	1,28,18,355	12,81,835	-	-	12,81,835	-	1,06,19,769
Total	2,94,25,382	75,20,348	1,76,91,579	1,92,54,151	1,32,25,282	19,02,980	10,90,086	1,40,38,176	52,15,975	1,62,00,100

Figures in brackets relate to previous year.

Note 11**DEFERRED TAX ASSET (NET)**

(In ₹)

Particulars	31.03.2013	31.03.2012
Employee Benefits	9,42,853	—
Depreciation	8,432	—
	<u>9,51,285</u>	<u>—</u>

Note 12**LONG-TERM LOANS AND ADVANCES**

(In ₹)

Particulars	31.03.2013	31.03.2012
Advance Tax and Tax Deducted At Source (Net of provision for Taxation)#	4,35,75,592	3,40,89,327
Advance Fringe Benefit Tax (Net of provision) *	13,842	13,842
MAT Credit Entitlement	1,44,57,981	16,62,174
	<u>5,80,47,415</u>	<u>3,57,65,343</u>

Advance Tax and TDS receivable is net off of provision for Taxation of ₹ 1,54,96,892/- (31.03.2012 - ₹ 16,62,174/-)

* Advance Fringe Benefit tax is net off of provision for tax of ₹ 8,25,640/- (31.03.2012 - ₹ 8,25,640/-)

Note 13**OTHER NON - CURRENT ASSETS**

(In ₹)

Particulars	31.03.2013	31.03.2012
Unamortised future finance charges	2,07,417	4,36,030
Others	3,780	—
	<u>2,11,197</u>	<u>4,36,030</u>

Note 14**INVENTORIES**

(In ₹)

Particulars	31.03.2013	31.03.2012
Valued at cost		
Software License	—	49,577
	<u>—</u>	<u>49,577</u>

Note 15

TRADE RECEIVABLES

(In ₹)

Particulars	31.03.2013	31.03.2012
Unsecured, considered good		
Outstanding for a period exceeding six months from due date	33,84,395	20,47,561
Others	2,52,23,463	2,67,24,072
	<u>2,86,07,858</u>	<u>2,87,71,633</u>

Note 16

CASH AND CASH EQUIVALENTS

(In ₹)

Particulars	31.03.2013	31.03.2012
Cash on Hand	4,000	4,000
Balances with Banks		
In Current Account	82,97,493	1,85,06,924
In Deposit Account (Maturing within 3 months)	3,80,00,000	-
	<u>4,63,01,493</u>	<u>1,85,10,924</u>

Note 17

SHORT TERM LOANS AND ADVANCES

(In ₹)

Particulars	31.03.2013	31.03.2012
Unsecured, considered good		
Rental Deposit	18,64,574	20,97,007
Advance to Staff	6,25,877	5,96,023
Service Tax Input	8,72,370	7,93,536
Advance to Suppliers	5,00,043	21,68,240
Prepaid Expenses	21,59,772	19,30,698
Others	10,12,689	53,394
	<u>70,35,325</u>	<u>76,38,898</u>

Note 18

OTHER CURRENT ASSETS

(In ₹)

Particulars	31.03.2013	31.03.2012
Unamortised future finance charges	2,97,159	5,01,222
Interest Receivable	32,745	-
	<u>3,29,904</u>	<u>5,01,222</u>

NOTES TO THE ACCOUNTS (Contd.)

Note 19

REVENUE FROM OPERATIONS

(In ₹)

Particulars	2012-13	2011-12
Sale of		
Hardware Products and others	2,95,50,190	3,29,07,655
Software Licenses	8,94,25,798	6,07,41,380
Software Services rendered	20,72,57,101	15,89,28,880
	<u>32,62,33,089</u>	<u>25,25,77,915</u>

Revenue from operations includes -	2012-13	2011-12
Net (loss)/gain on foreign currency transaction and translation	(78,402)	11,76,726
Earnings in Foreign Currency (on actual basis)		
Sale of Software License and Services rendered	7,87,99,096	6,49,04,777

Note 20

OTHER INCOME

(In ₹)

Particulars	2012-13	2011-12
Interest on Income Tax Refund	2,56,716	3,66,381
Interest on Bank Deposit	36,384	—
Dividend Income	57,918	97,728
Profit on sale and lease back of assets	16,169	76,211
Profit on sale of tangible asset	7,815	—
Notice pay received	7,30,451	9,29,569
Miscellaneous Income	6,03,898	2,04,494
Total	<u>17,09,351</u>	<u>16,74,383</u>

Profit arising out of sale and leaseback of fixed assets has been recognised over the lease period in proportion to the depreciation charged on those assets, as required by Accounting Standard - AS 19 - Leases.

NOTES TO THE ACCOUNTS (Contd.)

Note 21

COST OF PURCHASES

(In ₹)

Particulars	2012-13	2011-12
Software Licenses		
Opening Stock	49,577	–
Add: Purchase	7,35,34,401	4,68,42,984
Less: Closing Stock	–	49,577
Total Software License purchases (A)	<u>7,35,83,978</u>	<u>4,67,93,407</u>
Hardware Products		
Opening Stock	–	–
Add: Purchase	1,80,71,943	3,15,43,229
Less: Closing Stock	–	–
Total Hardware Product purchases (B)	<u>1,80,71,943</u>	<u>3,15,43,229</u>
Cost of services	1,16,11,207	23,72,240
Total Cost of services (C)	<u>1,16,11,207</u>	<u>23,72,240</u>
Total Cost of Purchases (A + B + C)	<u>10,32,67,128</u>	<u>8,07,08,876</u>

Note 22

EMPLOYEE BENEFIT EXPENSES

(In ₹)

Particulars	2012-13	2011-12
Salaries, allowances and bonus	11,66,42,184	12,53,55,829
Companies contribution to Provident Fund, Employees' State Insurance scheme, Gratuity Fund	27,02,433	44,66,102
Staff welfare expenses	16,65,208	13,55,351
	<u>12,10,09,825</u>	<u>13,11,77,282</u>

Note 23

FINANCIAL EXPENSES

(In ₹)

Particulars	2012-13	2011-12
Interest expense	4,02,870	33,26,759
Other Borrowing costs	4,09,184	3,21,579
	<u>8,12,054</u>	<u>36,48,338</u>

NOTES TO THE ACCOUNTS (Contd.)

Note 24

ADMINISTRATIVE AND OTHER EXPENSES

(In ₹)

Particulars	2012-13	2011-12
Rent	81,45,081	65,60,326
Lease Rent	5,17,291	5,50,583
Communication expenses	7,50,953	7,60,789
Electricity expenses	19,74,942	19,39,866
Travelling and conveyance	1,17,70,638	1,49,48,823
Insurance	3,85,051	5,56,068
Repairs and Maintenance	52,06,647	43,59,463
Professional fees	16,63,588	17,42,573
Rates and Taxes	2,29,839	8,01,281
Loss on sale of Tangible Asset	—	1,24,617
Miscellaneous expenses *	45,28,258	29,89,795
	3,51,72,288	3,53,34,184

* Miscellaneous expenses include Remuneration to Auditors towards:

Particulars	2012-13	2011-12
Statutory Audit	60,000	60,000
Tax Audit	20,000	20,000
Certification	45,000	50,000

NOTE 25

GENERAL

25.1 Employee Benefits:

i) Defined Contribution Plan:

(In ₹)

Company Contribution to	2012-13	2011-12	2010-11	2009-10
a) Provident Fund	10,55,719	13,16,772	14,17,475	10,91,033
b) Pension Fund	14,15,791	12,40,371	13,75,175	10,75,946
c) Employees' State Insurance	1,01,920	2,83,831	2,87,682	67,643
d) Superannuation Fund	45,365	2,12,176	2,05,244	1,69,371

NOTES TO THE ACCOUNTS (Contd.)

ii) Defined Benefit Plan:

Gratuity

A. Reconciliation of opening and closing balances of present value of the defined benefit obligation. (In ₹)

Particulars	2012-13	2011-12
Present value of obligations as at beginning of the year	31,67,022	25,16,671
Interest cost	2,53,362	2,01,334
Current service cost	7,56,256	6,41,581
Benefits paid	(3,76,646)	(6,53,019)
Actuarial (gain)/loss on obligations	(9,47,246)	4,60,455
Present value of obligations as at the end of the year	<u>28,52,748</u>	<u>31,67,022</u>

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

Particulars	2012-13	2011-12
Fair value of plan assets as at beginning of the year	29,37,639	27,42,325
Expected return on plan assets	2,75,048	2,55,672
Contributions	7,52,331	5,92,661
Benefits paid	(3,76,646)	(6,53,019)
Actuarial gain on plan assets	—	—
Fair value of plan assets as at the end of the year	<u>35,88,372</u>	<u>29,37,639</u>

C. Reconciliation of present value of defined benefit obligation and fair value of plan assets to the assets and liabilities

Particulars	2012-13	2011-12
Present value of obligations as at the end of the year	28,52,748	31,67,022
Fair value of plan assets as at the end of the year	35,88,372	29,37,639
Net asset / (liability) recognised in the balance sheet	<u>7,35,624</u>	<u>(2,29,383)</u>

D. Expenses recognised in the profit and loss statement

Particulars	2012-13	2011-12
Current Service cost	7,56,256	6,41,581
Interest Cost	2,53,362	2,01,334
Expected return of plan assets	(2,75,048)	(2,55,672)
Net Actuarial (Gain)/loss recognized in the year	(9,47,246)	4,60,455
Expenses to be recognized in the profit and loss	<u>(2,12,676)</u>	<u>10,47,698</u>

NOTES TO THE ACCOUNTS (Contd.)

E. Details showing fair value of plan assets

Particulars	2012-13	2011-12
Fair value of plan assets as at beginning of the year	29,37,639	27,42,325
Actual return on plan assets	2,75,048	2,55,672
Contributions	7,52,331	5,92,661
Benefits paid	(3,76,646)	(6,53,019)
Fair value of plan assets as at the end of the year	35,88,372	29,37,639

F. Actuarial gain/(Loss) recognised

Particulars	2012-13	2011-12
Actuarial gain/(loss) on obligation	9,47,246	(4,60,455)
Actuarial gain/(loss) on plan assets	—	—
Total gain/(loss) for the year	9,47,246	(4,60,455)
Actuarial gain/(loss) recognised in the year	9,47,246	(4,60,455)

G. Actuarial assumptions

Particulars	2012-13	2011-12
Discount Rate	8.0%	8.0%
Salary Increment	7.0%	6.0%
Return on plan assets	9.2%	9.2%
Attrition rate	1-3%	1-3%

Mortality rates

Based on LIC (1994-1996)

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 the employment market.

Amount for the current and previous three years as follows:

(In ₹)

Particulars	2012-13	2011-12	2010-11	2009-10
Defined Benefit Obligation	28,52,748	31,67,022	25,16,671	17,51,662
Plan Assets	35,88,372	29,37,639	27,42,325	24,36,863
Surplus/(Deficit)	7,35,624	(2,29,383)	2,25,654	6,85,201
Experience adjustments on plan liabilities	—	4,60,455	1,98,633	3,37,839
Experience adjustments on plan assets	9,47,246	—	—	—

The actuarial value of leave entitlement as on 31.03.2013 is ₹ 23,96,941/- (31.03.2012 - ₹ 8,59,978/-) and is provided for in the books of accounts.

25.2 Related Party disclosures: In accordance with the AS 18 - 'Related Party Disclosures', the details of related parties and the transactions with related parties are given below.

Holding Company:

Sundaram Finance Limited

Fellow Subsidiaries:

Sundaram Finance Distribution Ltd.

Sundaram BNP Paribas Home Finance Ltd.

Sundaram Asset Management Company Ltd.

Sundaram Trustee Company Ltd.

LGF Services Ltd.

Infreight Logistics Solutions Ltd.

Sundaram Business Services Ltd.

Professional Management Consultants Ltd.

Sundaram BNP Paribas Fund Services Ltd.

Sundaram Parekh Warehousing Services Ltd.

Sundaram Insurance Broking Services Ltd.

Caltec Servicez Private Ltd.

Sundaram Asset Management Singapore Pte Ltd. (from 06.06.2012)

Sundaram BPO India Ltd. (from 07.08.2012)

Key Management Personnel:

Mr. T Varadarajan, Manager

The nature and volume of transactions of the company for the year ended 31.03.2013, with the related parties are as follows.

(Amount in ₹)

Nature of Transactions	Holding Company		Fellow Subsidiaries		Total	
	2012 - 13	2011 - 12	2012 - 13	2011 - 12	2012 - 13	2011 - 12
INCOME						
Revenue from Operations						
Sundaram Finance Limited	15,45,12,245	12,17,32,218	–	–	15,45,12,245	12,17,32,218
Sundaram BNP Paribas Fund Services Limited	–	–	1,50,51,400	38,52,000	1,50,51,400	38,52,000
Sundaram BNP Paribas Home Finance Limited	–	–	1,69,35,758	2,95,66,415	1,69,35,758	2,95,66,415
Sundaram Business Services Limited	–	–	17,39,655	9,88,050	17,39,655	9,88,050
Sundaram BPO India Limited	–	–	3,75,000	–	3,75,000	–
Sundaram Asset Management Company Ltd.	–	–	98,000	–	98,000	–
Caltex Servicez Private Ltd.	–	–	19,500	–	19,500	–
Total	15,45,12,245	12,17,32,218	3,42,19,313	3,44,06,465	18,87,31,558	15,61,38,683
EXPENSES						
Lease Rent, Office Rent & Branch Rent						
Sundaram Finance Limited	81,29,333	24,35,967	–	–	81,29,333	24,35,967
Internal Audit fee, other expenses						
Sundaram Finance Limited	16,82,317	3,81,433	–	–	16,82,317	3,81,433
Implementation charges - S3G						
Sundaram Finance Limited	88,35,000	–	–	–	88,35,000	–
Payroll Processing						
Sundaram Business Services Limited	–	–	55,900	1,45,500	55,900	1,45,500
Sundaram BPO India Limited	–	–	1,20,000	–	1,20,000	–
Interest						
Sundaram Finance Limited	–	24,12,240	–	–	–	24,12,240
Total	1,86,46,650	52,29,640	1,75,900	1,45,500	1,88,22,550	53,75,140
ASSETS						
Income Receivables as on 31.03.2013						
Sundaram Finance Limited	30,18,659	1,49,95,738	–	–	30,18,659	1,49,95,738
Sundaram BNP Paribas Fund Services Limited	–	–	16,58,820	1,92,800	16,58,820	1,92,800
Advance						
Sundaram Finance Limited	–	19,95,000	–	–	–	19,95,000
Total	30,18,659	1,69,90,738	16,58,820	1,92,800	46,77,479	1,71,83,538
LIABILITIES						
Internal Audit Fees, Payroll Processing charges Outstanding as on 31.03.2013						
Sundaram Finance Limited	75,000	–	–	–	75,000	–
Sundaram Business Services Limited	–	–	–	9,600	–	9,600
Sundaram BPO India Limited	–	–	92,950	–	92,950	–
Total	75,000	–	92,950	9,600	1,67,950	9,600

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

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

25.4 Earnings per share (Basic and Diluted): (In ₹)

Particulars	2012-13	2011-12
A. Profit for the year after taxation (In ₹)	6,54,29,773	18,37,102
B. Total weighted average number of equity shares of ₹ 10/- each outstanding at the end of the year (in numbers)	1,64,00,000	1,34,18,579
C. Basic and diluted earnings per share (A/B)	3.99	0.14

25.5 Expenditure in Foreign currency (on accrual basis): (In ₹)

Particulars	2012-13	2011-12
Professional and consultancy fee	16,42,052	11,64,800
Purchase of Hardware Products	—	18,87,040
Subscription to Association	1,17,985	1,22,476
Other matters – Purchase of Software, Marketing, travelling etc.	3,72,99,225	3,55,65,486

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

As per our report of even date attached
 For **Brahmayya & Co.**,
 Chartered Accountants
 Registration Number: 000511S
L Ravi Sankar
 Partner
 Membership No. 25929
 Chennai
 Dated: 17th May 2013

T T Srinivasaraghavan

Srinivas Acharya

K Rajagopal
Secretary

S Venkatesan
Directors

Cash Flow Statement for the year ended 31.03.2013 (In ₹)

	2012-2013	2011-2012	
A) CASH FLOW FROM OPERATING ACTIVITIES:			
Net Profit	6,54,29,773	18,37,102	
Provision for Taxation	75,234	(2,39,734)	
	6,55,05,007	15,97,368	
Add: Financial Expenses	8,12,054	6,63,17,061	52,45,706
Depreciation		15,03,649	17,86,250
Interest Received		2,56,716	3,66,381
Dividend Received		57,918	97,728
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	6,75,06,076	36,48,338	65,67,847
(Increase) Decrease in other non-current assets	2,24,833	42,315	
(Increase) Decrease in Inventories	49,577	(49,577)	
(Increase) Decrease in Trade Receivables	1,63,775	(96,99,246)	
(Increase) Decrease in short-term loans and advances	6,03,573	(28,07,544)	
(Increase) Decrease in Long-term loans and advances	(2,22,82,072)	(1,02,65,672)	
(Increase) Decrease in other current assets	1,71,318	1,40,763	
Increase (Decrease) in Long-term borrowings	(14,66,340)	(7,19,120)	
Increase (Decrease) in Long-term provisions	13,23,681	2,29,383	
Increase (Decrease) in Trade payable	(1,77,01,341)	2,80,07,352	
Increase (Decrease) in other current liabilities	18,09,784	37,92,941	
Increase (Decrease) in Short-term provisions	(2,77,674)	(3,73,80,886)	1,18,67,885
Cash generated from Operations	3,01,25,190	31,96,290	1,84,35,732
Financial Expenses	8,12,054		36,48,338
Direct Taxes Paid	10,38,911		-
NET CASH FROM OPERATING ACTIVITIES (A)	2,82,74,225	3,01,25,190	1,47,87,394
B) CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	7,98,290	(91,97,875)	
Purchase of Investments	2,30,00,000	3,29,00,000	
Sale of Investments	2,30,00,000	3,29,00,000	
Interest Received	2,56,716	3,66,381	
Dividend Received	57,918	97,728	
NET CASH FROM INVESTING ACTIVITIES (B)	(4,83,656)	3,29,00,000	96,61,984
C) CASH FROM FINANCING ACTIVITIES			
Proceeds from issue of Equity Shares	-	12,40,00,000	
Increase (Decrease) in short term borrowings	-	(13,46,63,484)	
NET CASH FROM FINANCING ACTIVITIES (C)	-	12,40,00,000	(1,06,63,484)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)	2,77,90,569	1,37,85,894	1,37,85,894
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,85,10,924	47,25,030	
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	4,63,01,493	1,85,10,924	1,85,10,924
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR			
Current Account with Banks	4,62,52,108	17,961,646	
Effect of Foreign Exchange rates on Cash and Cash Equivalents	45,385	545,278	
Cash, Stamps and Stamp Papers on Hand	4,000	4,000	
	4,63,01,493	18,510,924	18,510,924

As per our report of even date attached

For **Brahmayya & Co.,**
Chartered Accountants
Registration Number: 000511S
L Ravi Sankar
Partner
Membership No. 25929

T T Srinivasaraghavan

Srinivas Acharya

Chennai
Dated: 17th May 2013

K Rajagopal
Secretary

S Venkatesan
Directors

SUNDARAM INFOTECH SOLUTIONS LIMITED