

***SUNDARAM BUSINESS SERVICES LIMITED***

*2<sup>nd</sup> Annual Report 2006-07*



## **Board of Directors**

T. T. Srinivasaraghavan  
Srinivas Acharya  
P. S. Raghavan  
A. N. Raju

## **Bankers**

State Bank of Travancore

## **Auditors**

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

## **Registered Office**

21, Patullos Road  
Chennai 600 002

**SUNDARAM BUSINESS SERVICES LIMITED**

A wholly-owned subsidiary of



**SUNDARAM FINANCE LIMITED**

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## Directors' Report

Your Directors have pleasure in presenting the Second Annual Report and Audited Accounts of the Company for the year ended 31st March 2007.

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

(Rs.)

Particulars	Year ended March 31, 2007	Period ended March 31, 2006
Total Income	–	–
Total Expenditure	8,99,150/-	33,940/-
Loss before Taxation	8,99,150/-	33,940/-
Provision for Taxation	–	–
Loss for the year	8,99,150/-	33,940/-

### REVIEW OF OPERATIONS

During the year, your Company had entered into a strategic alliance with “Professional Management Consultants Private Limited”, a domestic BPO with over 10 years record of operations. This step together with certain overseas strategic partnerships / joint ventures would improve growth prospects for your Company.

### SHARE CAPITAL

During the year, the Company had increased its paid-up capital from Rs.5.00 lakhs to Rs.3.24 cr. by issuing rights shares to the existing shareholders, as under:

- 3,50,000 shares of Rs.10/- (fully paid-up)
- 71,00,000 shares of Rs.10/- (Rs.4/- per share paid-up)

Further, during April 2007, with receipt of call money of Rs.6/- per share on 71,00,000 equity shares, the paid-up capital increased to Rs.7.50 cr.

### DIRECTORS

Sri Srinivas Acharya and Sri P. S. Raghavan retire by rotation and, being eligible, offer themselves for re-election.

### DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies Act, 1956, your directors confirm:

- that in the preparation of the annual accounts, the applicable accounting standards had been followed;

- that they had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- that they had 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
- that they had 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. Your Company did not have any foreign exchange earnings or outgo during the year.

### PERSONNEL

Your Company has no employees on its payroll. The provisions of Section 217(2A) of the Companies Act, 1956 are not applicable.

### DEPOSITS

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

### AUDITORS

M/s Brahmayya & Co, Chartered Accountants, Chennai, Statutory Auditors of your Company, hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. The Company has received a certificate from them to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1)(b) of the Companies Act, 1956.

### ACKNOWLEDGEMENT

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

**T. T. Srinivasaraghavan**  
**Srinivas Acharya**  
**P. S. Raghavan**  
**A. N. Raju**  
 Directors

Chennai 600 002  
 16th May 2007

## Auditors' Report

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

1. We have audited the attached Balance Sheet of Sundaram Business Services Limited, (the company) as at 31st March 2007, the Profit and Loss Account and the Cash Flow Statement of the company for the year ended on that date, annexed thereto. 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 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) we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (ii) in our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
    - (iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
    - (iv) in our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, to the extent applicable.
    - (v) on the basis of written representations received from the directors, as on 31st March 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2007 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 give the information required by the Companies Act, 1956, 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 2007;
      - (b) in the case of the Profit and Loss Account, 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.

Chennai  
16th May 2007

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

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

1. In our opinion and according to the information and explanation 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 provision of clauses iii(a) to iii(d) of paragraph 4 of the Order are not applicable.
2. 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 that section have been so entered.  
b) In our opinion, according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have prima facie been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
3. The company has not accepted deposits.
4. The paid up capital and reserves of the company did not exceed rupees fifty lakhs at the commencement of the accounting period. Therefore, the company is excluded from the applicability of having an internal audit system.
5. The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956.
6. The company has accumulated losses at the end of the previous financial year and has incurred cash loss during the current year. The accumulated losses at the end of the financial year are less than fifty percent of its networth.
7. The company does not have any borrowing from financial institutions, banks or by issue of debentures.
8. According to the information and explanations given to us, the company has not:
  - a) granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
  - b) given any guarantees for loan taken by others from banks or financial institutions.
  - c) availed any term loan during the year.
  - d) issued any debentures.
  - e) raised monies by public issue during the year.
9. The company is not a chit fund / nidhi / mutual benefit fund or society.
10. The company has issued equity shares to the existing equity shareholders on a "Rights Basis" during the year. Based on the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
11. 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.
12. In our opinion and according to the information and explanations given to us, the nature of the company's business/ activities during the period have been such that clauses i, ii, iv, ix, xiii and xiv of paragraph 4 of the Companies (Auditors Report) Order, 2003 are not applicable to the company for the year.

Chennai  
16th May 2007

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

## Balance Sheet

as at 31st March, 2007

	Schedule	31.03.2007		31.03.2006	
		Rs.	Rs.	Rs.	Rs.
<b>I SOURCES OF FUNDS</b>					
<b>1. Shareholders' Funds</b>					
(a) Capital	1	3,24,00,000		5,00,000	
(b) Reserves and Surplus		—	3,24,00,000	—	5,00,000
<b>2. Loan Funds</b>					
(a) Secured Loans		—		—	
(b) Unsecured Loans		—	—	—	—
<b>Total</b>		<b>3,24,00,000</b>		<b>5,00,000</b>	
<b>II APPLICATIONS OF FUNDS</b>					
<b>1 Fixed Assets</b>					
			—		—
<b>2. Investments</b>					
	2		<b>3,09,31,500</b>		—
<b>3. Current Assets, Loans and Advances</b>					
(a) Current Assets	3	5,37,822		4,67,182	
(b) Loans and Advances	4	3,200		—	
	(A)	5,41,022		4,67,182	
Less: Current Liabilities and Provisions					
(a) Current Liabilities		—		—	
(b) Provisions		5,612		1,122	
	(B)	5,612		1,122	
Net Current Assets	(A-B)		5,35,410		4,66,060
<b>4. Debit Balance in Profit and Loss account</b>					
			9,33,090		33,940
	<b>Total</b>	<b>3,24,00,000</b>		<b>5,00,000</b>	
Notes to the accounts	7				

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

**L. Ravi Sankar**  
Partner

Chennai,  
16th May, 2007

**K. Subramanian**  
Secretary

**T. T. Srinivasaraghavan**

**Srinivas Acharya**

**P. S. Raghavan**

**A. N. Raju**

Directors

## Profit and Loss Account

for the Year Ended 31<sup>st</sup> March 2007

	Schedule	2006-07 Rs.	Period Ended 31/03/2006 Rs.
<b><u>INCOME</u></b>			
<b>Total</b>	<b>(A)</b>	-	-
<b><u>EXPENDITURE</u></b>			
Establishment expenses	5	54,847	-
Administrative and other expenses	6	8,44,303	2,222
Preliminary expenses written off		-	31,718
<b>Total</b>	<b>(B)</b>	<b>8,99,150</b>	<b>33,940</b>
<b>Loss before Tax</b>	<b>(A-B)</b>	<b>8,99,150</b>	<b>33,940</b>
<b>Less:</b>			
Provision for Taxation		-	-
<b>Loss for the year / period after Taxation</b>		<b>8,99,150</b>	<b>33,940</b>
Loss brought forward from previous period		33,940	-
Loss carried to Balance Sheet		<b>9,33,090</b>	<b>33,940</b>
Notes to the accounts	7		
Earnings per Equity Share (Refer Note 2.5 Schedule 7)			
Number of Shares considered (Face Value of Rs.10/- per share)		5,20,000	43,750
Basic and Diluted earnings per share (in Rupees)		(1.73)	(0.78)

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

**L. Ravi Sankar**  
Partner

Chennai,  
16th May, 2007

**K. Subramanian**  
Secretary

**T. T. Srinivasaraghavan**

**Srinivas Acharya**

**P. S. Raghavan**

**A. N. Raju**

Directors



## SCHEDULES

	31.03.2007 Rs.	31.03.2006 Rs.
<b>1. Capital</b>		
<b>Authorised</b>		
1,50,00,000 Equity Shares of Rs.10/- each	<u>15,00,00,000</u>	<u>10,00,000</u>
<b>Issued and Subscribed</b>		
75,00,000 Equity Shares of Rs.10/- each (Previous year 50,000 Equity shares of Rs.10/- each)	<u>7,50,00,000</u>	<u>5,00,000</u>
<b>Fully paid-up</b>		
4,00,000 Equity Shares of Rs.10/- each (Previous year 50,000 Equity shares of Rs.10/- each)	40,00,000	5,00,000
<b>Partly paid-up</b>		
71,00,000 Equity Shares of Rs.4/- each (Previous year 'NIL') (The equity shares are held by Sundaram Finance Ltd and its nominees)	2,84,00,000	-
	<u><b>3,24,00,000</b></u>	<u><b>5,00,000</b></u>
<b>2. Investments</b>		
<b>A. Long Term Investments - At Cost</b>		
In Equity Shares		
Unquoted		
Gulf Outsourcing Services Private Ltd (*) (2,88,000 equity shares of face value Rs.10 each acquired during the year)	28,80,000	-
Professional Management Consultants Private Limited (**) (57,356 equity shares of face value Rs.10 each purchased during the year)	2,00,51,500	-

**SCHEDULES**

	31-Mar-07		31-Mar-06	
	Rs.	Rs.	Rs.	Rs.
<b>B. Current Investments - At Cost</b>				
In Trust Securities				
Unquoted				
SBI Magnum Insta Cash Fund - Cash Option (4,77,790.8791 units of Rs.10 each purchased during the year)		80,00,000		—
		<u>3,09,31,500</u>		<u>—</u>
(*) Subject to a 'Lock in Period' till 07/08/2016				
(**) Subject to a 'Lock in Period' till 01/04/2009				
<b>3. Current Assets</b>				
Cash and Bank Balances with Scheduled Bank In				
- Current Account		5,37,822		4,67,182
		<u>5,37,822</u>		<u>4,67,182</u>
<b>4. Loans and Advances</b>				
Advances and deposits recoverable in cash or kind or for value to be received				
Prepaid expenses		3,200		—
		<u>3,200</u>		<u>—</u>
<b>5. Establishment Expenses</b>				
Salary and allowances		54,847		—
		<u>54,847</u>		<u>—</u>
<b>6. Administrative and other expenses</b>				
Rates and taxes		8,33,500		—
Professional Charges		1,011		—
Domain Charges		2,800		—
Audit Fees	5,000		1,000	
Service Tax	<u>612</u>	5,612	<u>122</u>	1,122
Bank charges		1,380		800
General Expenses		—		300
		<u>8,44,303</u>		<u>2,222</u>

## SCHEDULES

### 7. NOTES TO THE ACCOUNTS

#### 1 SIGNIFICANT ACCOUNTING POLICIES

1.1 The financial Statements are prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the relevant provisions of the Companies Act, 1956 and the applicable Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).

1.2 Valuation of Investments

Long-term investments are stated at cost. Current investments are valued at lower of cost and net asset value.

1.3 Retirement Benefits

The Company's liability towards gratuity to the employees is covered by a Group Policy with SBI Life Insurance Company Ltd.

#### 2 GENERAL

2.1 The authorised share capital was increased to Rs.15,00,00,000 during the year.

2.2 In accordance with Accounting Standard – AS 18 – 'Related Party' issued by the Institute of Chartered Accountants of India, the details of Related Parties are as follows:

**Holding Company:**

Sundaram Finance Ltd.

**Fellow Subsidiaries:**

Sundaram Home Finance Ltd.

Sundaram BNP Paribas Asset Management Company Ltd.

Sundaram BNP Paribas Trustee Company Ltd.

Royal Sundaram Alliance Insurance Company Ltd. (till 23/11/06)

Sundaram Finance Distribution Ltd.

Sundaram Infotech Solutions Ltd.

LGF Services Ltd.

Infreight Logistics Solutions Ltd. (from 24/11/06)

**Associates:**

Sundaram BNP Paribas Mutual Fund

Professional Management Consultants Private Ltd. (from March 7, 2007)

**Joint Venture:**

Gulf Outsourcing Services Private Ltd. (from August 14, 2006)

**Related Party Transactions:**

- a) Receipt of Equity Share Capital of Rs.3,19,00,000/- from the holding company during the year.
- b) Equity Share Capital of Rs.3,24,00,000/- held by Sundaram Finance Ltd. as at 31st March 2007.
- c) Equity Share Capital receivable from the holding company (when called up) at the end of the year Rs.4,26,00,000/-.
- d) Rs.28,80,000/- invested in the equity shares of Gulf Outsourcing Services Private Ltd.
- e) Rs.2,00,51,500/- invested in the equity shares of Professional Management Consultants Private Ltd.
- f) Rs.54,847/- reimbursed to Sundaram Finance Ltd. towards salary and allowances.
- 2.3 The employee of the Company is on deputation from Sundaram Finance Ltd.
- 2.4 There is no amount due to Small Scale Industries in terms of 'The Micro, Small and Medium Enterprises Development Act, 2006'.
- 2.5 Earnings per Share (Basic and diluted) (In Rupees)
- |  | 2006-07      | 2005-06      |
|--|--------------|--------------|
| A Profit for the year after taxation (Rs.)   | (8,99,150)   | (33,940)     |
| B Adjustment factor based on fair value per share before and after call money  | NA           | NA           |
| C Profit for the year after taxation (A / B)   | (8,99,150)   | (33,940)     |
| D Total number of equity shares of Rs.10/- each outstanding at the end of the year (in numbers)  | 75,00,000    | 50,000       |
| E Weighted average number of equity shares<br>(50,000 equity shares at Rs.10/- per share for full year and 3,50,000 equity shares of Rs.10/- per share for 8 months and 71,00,000 equity shares of Rs.4/- per share for 1 month) | 5,20,000     | NA           |
| F Weighted average number of equity shares<br>(50,000 equity shares at Rs.10/- per share for 7months)  | NA           | 43,750       |
| G Basic and diluted earnings per share (Rs.)   | (C/E) (1.73) | (C/F) (0.78) |
- 2.6 Previous year figures have been regrouped wherever necessary to conform to the current year's classification.
- 2.7 The figures of the previous accounting period pertain to the period 12th August 2005 (date of incorporation) to 31st March 2006. Therefore, the figures are not comparable to those of the current accounting year.
- 2.8 Figures have been rounded off to the nearest rupee.

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**Signatures to Schedules 1 to 7**

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

**L. Ravi Sankar**  
Partner

Chennai,  
16th May, 2007

**K. Subramanian**  
Secretary

**T. T. Srinivasaraghavan**

**Srinivas Acharya**

**P. S. Raghavan**

**A. N. Raju**

Directors

## Balance Sheet Abstract and Company's General Business Profile

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

### I Registration Details

Registration No.       State Code

Balance Sheet Date

Date                      Month                      Year

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

Public Issue	Rights Issue
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="0"/>
Bonus Issue	Private Placement
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/>

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

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

### IV Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenditure
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="9"/>
+ - Profit / (Loss) Before Tax	+ - Profit / (Loss) After Tax
<input type="text" value=""/> <input checked="" type="checkbox"/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="9"/>	<input type="text" value=""/> <input checked="" type="checkbox"/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="9"/>

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

Earnings Per Share	Rs.	Ps.	Dividend Rate %
	<input type="text" value="-"/> <input type="text" value="1"/> <input type="text" value="."/> <input type="text" value="7"/> <input type="text" value="3"/>		<input type="text" value="-"/> <input type="text" value="-"/>

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

Item Code No. (ITC Code)

Product / Service Description

## CASH FLOW STATEMENT

	2006-07	2005-06
	(Rs.)	(Rs.)
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Loss	(8,99,150)	(33,940)
Add: Preliminary expenses written off	—	31,718
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>(8,99,150)</b>	<b>(2,222)</b>
Increase/(Decrease) in Current Liabilities	4,490	—
(Increase)/Decrease in Current Assets	—	—
(Increase)/Decrease in Loans and Advances	(3,200)	—
Preliminary expenses paid	—	(31,718)
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<b>(8,97,860)</b>	<b>(33,940)</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investment during the year	(3,09,31,500)	—
<b>NET CASH FROM INVESTING ACTIVITIES (B)</b>	<b>(3,09,31,500)</b>	<b>—</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Equity Shares	3,19,00,000	—
<b>NET CASH FROM FINANCING ACTIVITIES (C)</b>	<b>3,19,00,000</b>	<b>—</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)</b>	<b>70,640</b>	<b>(33,940)</b>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4,67,182	—
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>5,37,822</b>	<b>4,67,182</b>
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		
Current Account with Banks	5,37,822	4,67,182
Cash, Stamps and Stamp Papers on Hand	—	—
	<b>5,37,822</b>	<b>4,67,182</b>

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

**L. Ravi Sankar**  
Partner

Chennai,  
16th May, 2007

**K. Subramanian**  
Secretary

**T. T. Srinivasaraghavan**

**Srinivas Acharya**

**P. S. Raghavan**

**A. N. Raju**

Directors