

SUNDARAM BUSINESS SERVICES LIMITED

3rd Annual Report 2007-08



Board of Directors

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

Audit Committee

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

Chief Executive Officer

P. S. Raghavan

Secretary

H. Venkatesan

Bankers

State Bank of Travancore
HDFC Bank Limited

Auditors

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

Registered Office

21, Patullos Road, Chennai 600 002

Corporate Office

20, Patullos Road, Chennai 600 002
Tel: 044 2859 9900
Fax: 044 2858 7054
Website: www.sundarambizserv.com

Subsidiary

Professional Management Consultants Private Limited

SUNDARAM BUSINESS SERVICES LIMITED

A wholly-owned subsidiary of



SUNDARAM FINANCE LIMITED

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Directors' Report

Your Directors have pleasure in presenting the Third Annual Report and Audited Accounts of the Company for the year ended 31st March 2008.

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

(Rs. in lakhs)

| Particulars | Year Ended 31.03.2008 | Period ended 31.03.2007 |
|------------------------------------|--------------------------|----------------------------|
| Total Income | 132.03 | – |
| Total Expenditure | 107.35 | 8.99 |
| Profit / (Loss) before Taxation | 24.68 | (8.99) |
| Provision for Taxation | 8.20 | – |
| Profit/(Loss) after taxation | 16.48 | (8.99) |

REVIEW OF OPERATIONS

During the Financial Year 2007-08, a part of the BPO business, relating to Insurance, hitherto transacted in a division of Sundaram Finance Limited, was migrated to your Company. Currently these processes are carried out from two delivery centers in Chennai and Madurai. During the year, Professional Management Consultants Private Limited (PMC) has become a subsidiary of your company with a share holding of 74%. Your company has increased its stake in PMC to 87% in May 2008.

During the Financial Year 2008-09, all other BPO processes carried out in the division of Sundaram Finance Limited are intended to be migrated to your Company. The necessary action is being taken to contact clients to accomplish this. Your Company would continue to remain focused on the Banking, Financial Services and Insurance segments and the Accounting and Payroll horizontals. The outlook

for the current Financial Year 2008-09 is bright for the BPO business, considering the active interest evinced in Australian and domestic markets.

SHARE CAPITAL

During the year, the Company had increased its paid-up capital from Rs.7.50 cr. to Rs.8.50 cr. by issuing 10,00,000 equity shares of Rs.10/- each on rights basis.

Subsequently, your Company had increased its paid-up capital from Rs.8.50 cr. to Rs.10.50 cr. by issuing 20,00,000 equity shares of Rs.10/- each on rights basis during May 2008.

MANAGER

Your Company had appointed Sri P. S. Raghavan, a director, as Manager as defined under the Companies Act, 1956 with effect from 01.09.2007 for a period of 5 years.

AUDIT COMMITTEE

Your company, constituted an "Audit Committee", in August 2007. The Committee which meets every quarter deals with financial reporting, internal audit and internal controls and systems.

SUBSIDIARY

Professional Management Consultants Private Limited

PMC earned a gross income of Rs.877 lakhs as against Rs.653.99 lakhs in the previous year. The company reported a profit after tax of Rs.92.72 lakhs as against Rs.50.46 lakhs in the previous year.

DIRECTOR

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

DIRECTORS' RESPONSIBILITY STATEMENT

Your directors confirm that:

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

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

Your Company has no activity relating to conservation of energy or technology absorption. 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 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 Limited for its support.

Chennai 600 002

20th May 2008

T. T. Srinivasaraghavan

Srinivas Acharya

P. S. Raghavan

A. N. Raju

Directors

Auditors' Report

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

1. We have audited the attached Balance Sheet of Sundaram Business Services Limited as at 31st March 2008, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, (the Act) and based on the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - (iii) the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (iv) in our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable.
 - (v) on the basis of written representations received from the directors, as on 31st March 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2008 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 2008;
 - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

Chennai
20th May, 2008

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 have been physically verified by the management during the year, in accordance with an annual plan of verification which in our opinion is reasonable having regard to the size of the Company and the nature of fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets have not been disposed off by the Company during the year.
2. In our opinion and according to the information and explanations given to us, the Company has neither granted nor taken any loans secured or unsecured to / from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, clauses (iii)b, (iii)c, (iiid), (iii)f and (iii)g of paragraph 4 of the Order are not applicable to the Company for the year.
3. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets. During the course of our audit, no major weaknesses have been noticed in the internal controls and therefore the reporting of the same does not arise.
4. a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered in the register maintained under Section 301 of the Act have been so entered.
b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under Section 301 of the Act and exceeding the value of rupees five lakhs in respect of any party during the year, prima facie, have been made at prices which are reasonable having regard to the nature of the services and prevailing market prices at the relevant time.
5. The Company has not accepted any deposits from the Public during the year.
6. The Company has an internal audit system, which in our opinion, is commensurate with the size and the nature of its business.
7. The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Act.
8. According to the records of the Company and the information and explanations given to us, undisputed statutory dues, including Provident Fund, Employees State Insurance, Income tax, Wealth tax and Service tax and other material statutory dues have been regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, there are no arrears of statutory dues which are outstanding as at 31st March, 2008 for a period of more than six months from the date they become payable.
9. According to the records of the Company and the information and explanations given to us, there are no dues of Income tax, Sales tax, Wealth tax, Service tax, Excise duty and Cess which have not been deposited on account of any dispute.
10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the current and immediately preceding financial years.

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

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

Chennai
20th May, 2008

Balance Sheet

as at 31st March, 2008

| Schedule | 31.03.2008 | | 31.03.2007 | |
|----------------------------------------------------|------------|---------------------------|---------------------------|-------------|
| | Rs. | | Rs. | |
| I SOURCES OF FUNDS | | | | |
| 1. Shareholders' Funds | | | | |
| (a) Capital | 1 | 8,50,00,000 | 3,24,00,000 | |
| (b) Reserves and Surplus | 2 | 7,14,948 | 8,57,14,948 | 3,24,00,000 |
| 2. Loan Funds | | | | |
| (a) Secured Loans | | - | - | |
| (b) Unsecured Loans | | - | - | |
| 3. Deferred Tax Liability (Net) | 2A | 30,433 | - | |
| Total | | <u>8,57,45,381</u> | <u>3,24,00,000</u> | |
| II APPLICATION OF FUNDS | | | | |
| 1. Fixed Assets | | | | |
| Gross Block | 3 | 3,95,820 | - | |
| Less: Depreciation | | 13,037 | - | |
| Net Block | | 3,82,783 | - | |
| 2. Investments | 4 | 7,12,37,559 | 3,09,31,500 | |
| 3. Current Assets, Loans and Advances | | | | |
| (a) Current Assets | 5 | 1,53,67,238 | 5,37,822 | |
| (b) Loans and Advances | 6 | 49,22,972 | 3,200 | |
| | (A) | <u>2,02,90,210</u> | <u>5,41,022</u> | |
| Less: Current Liabilities and Provisions | | | | |
| (a) Current Liabilities | 7 | 61,65,171 | 5,612 | |
| (b) Provisions | | - | - | |
| | (B) | <u>61,65,171</u> | <u>5,612</u> | |
| Net Current Assets | (A-B) | 1,41,25,039 | 5,35,410 | |
| 4. Debit Balance in Profit and Loss account | | - | 9,33,090 | |
| Total | | <u>8,57,45,381</u> | <u>3,24,00,000</u> | |
| Notes to the accounts | 11 | | | |

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

L. Ravi Sankar
Partner

Chennai
20th May, 2008

H. Venkatesan
Secretary

T.T. Srinivasaraghavan

Srinivas Acharya

P. S. Raghavan

A.N. Raju
Directors

Profit and Loss Account

for the Year Ended 31st March 2008

| | Schedule | 2007-08 Rs. | 2996-07 Rs. |
|------------------------------------------------------------------|--------------|---------------------------|--------------------------|
| <u>INCOME</u> | | | |
| Income from Operations | | 1,22,02,136 | - |
| Other Income | 8 | 10,00,438 | - |
| Total | (A) | <u>1,32,02,574</u> | <u>-</u> |
| <u>EXPENDITURE</u> | | | |
| Establishment expenses | 9 | 67,58,590 | 54,847 |
| Administrative and other expenses | 10 | 39,62,893 | 8,44,303 |
| Depreciation | | 13,037 | - |
| Total | (B) | <u>1,07,34,520</u> | <u>8,99,150</u> |
| Profit / (Loss) before Tax | (A-B) | 24,68,054 | (8,99,150) |
| Less: | | | |
| Taxation | | | |
| Current Tax | | 7,73,418 | - |
| Deferred Tax | | 30,433 | - |
| Fringe Benefits Tax | | 16,165 | - |
| | | <u>8,20,016</u> | <u>-</u> |
| Profit / (Loss) for the year | | 16,48,038 | (8,99,150) |
| Balance of loss brought forward from the previous year | | (9,33,090) | (33,940) |
| Surplus/(Loss) carried to Balance Sheet | | <u>7,14,948</u> | <u>(9,33,090)</u> |
| Notes to the accounts | 11 | | |
| Earnings per Equity Share (Refer Note 3.3 Schedule 11) | | | |
| Number of Shares considered (Face Value of Rs.10/- per share) | | | |
| | | 75,83,333 | 5,20,000 |
| Basic and Diluted earnings per share (in Rupees) | | 0.22 | (1.73) |

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

L. Ravi Sankar
Partner

Chennai
20th May, 2008

H. Venkatesan
Secretary

T.T. Srinivasaraghavan

Srinivas Acharya

P. S. Raghavan

A.N. Raju
Directors

SCHEDULES

| | 31.03.2008 Rs. | 31.03.2007 Rs. |
|----------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------------------------|
| 1. Capital | | |
| Authorised | | |
| 1,50,00,000 Equity Shares of Rs.10/- each | <u>15,00,00,000</u> | <u>15,00,00,000</u> |
| Issued and Subscribed | | |
| 85,00,000 Equity Shares of Rs.10/- each (previous year 75,00,000 Equity shares of Rs.10/- each) | <u>8,50,00,000</u> | <u>7,50,00,000</u> |
| Fully paid-up | | |
| 85,00,000 Equity Shares of Rs.10/- each (previous year 4,00,000 Equity shares of Rs.10/- each) | 8,50,00,000 | 40,00,000 |
| Partly paid-up | | |
| 'NIL' (previous year 71,00,000 Equity Shares of Rs.4/- each) (The entire equity shares are held by Sundaram Finance Ltd and its nominees) | - | 2,84,00,000 |
| | <u>8,50,00,000</u> | <u>3,24,00,000</u> |
| 2. Reserves and Surplus | | |
| Surplus in Profit & Loss Account | <u>7,14,948</u> | - |
| | <u>7,14,948</u> | - |
| 2A. Deferred Tax Liability (Net) | | |
| Deferred Tax Liabilities | 34,745 | - |
| Deferred Tax Assets | <u>(4,312)</u> | - |
| | <u>30,433</u> | - |

3. Fixed Assets

(in Rs.)

| DESCRIPTION | GROSS BLOCK AT COST | | | | DEPRECIATION | | | | NET BLOCK | |
|---------------------|---------------------|-----------|------------|-----------------|--------------|-----------|------------|---------------|------------|-----------------|
| | As at | | | As at | Upto | | | Upto | As at | As at |
| | 31.03.2007 | Additions | Deductions | 31.03.2008 | 31.03.2007 | Additions | Deductions | 31.03.2008 | 31.03.2007 | 31.03.2008 |
| 1. Computers | - | 3,80,320 | - | 3,80,320 | - | 12,678 | - | 12,678 | - | 3,67,642 |
| 2. Office Equipment | - | 15,500 | - | 15,500 | - | 359 | - | 359 | - | 15,141 |
| Total | - | 3,95,820 | - | 3,95,820 | - | 13,037 | - | 13,037 | - | 3,82,783 |

SCHEDULES
4. Investments
A. Long Term Investments - At Cost
In Equity Shares
Unquoted:

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

28,80,000

28,80,000

 Professional Management Consultants Private Limited (**)
 1,63,244 equity shares of face value Rs.10 each
 (1,05,888 equity shares of face value Rs.10 each
 purchased during the year)

6,33,57,559

2,00,51,500

B. Current Investments - At Cost

In Trust Securities

Unquoted

 SBI Magnum Insta Cash Fund - Cash Option
 (Opening balance of 4,77,791 units of Rs.10 each,
 redeemed during the year)

–

80,00,000

 Birla Cash Plus Retail Growth Liquid Fund
 (2,29,914 units of Rs.10 each purchased during the year)

50,00,000

–

 ICICI Prudential Institutional Liquid Plan -
 Super Institutional Growth
 (45,88,835 units of Rs.10 each purchased
 and redeemed during the year)

–

–

7,12,37,559
3,09,31,500

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

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

5. Current Assets
Sundry Debtors

Outstanding for a period exceeding six months

–

–

Others

68,87,998

68,87,998

–

–

Cash and Bank Balances

with Scheduled Banks In

– Current Account

84,79,240

5,37,822

1,53,67,238
5,37,822
6. Loans and Advances

 Advance Income Tax and Tax Deducted at Source
 (Net of Provision for Taxation)

18,57,626

–

 Advances and deposits recoverable in cash or
 kind or for value to be received

30,65,346

3,200

49,22,972
3,200
7. Current Liabilities (*)

Sundry Creditors

For expenses

21,16,260

5,612

Others

40,48,911

61,65,171

–

5,612

61,65,171
5,612

 (*) There are no amounts due and outstanding to be credited
 to Investor Education and Protection Fund

SCHEDULES**8. Other Income**

Profit on sale of Investments

10,00,438

—

10,00,438—**9. Establishment Expenses**

Salaries, allowances, commission and bonus

52,46,213

54,847

Company's contribution to Provident Fund,
Superannuation and Employees' State Insurance Schemes

5,39,448

—

Staff welfare expenses

4,81,508

—

Gratuity

4,91,421

—

67,58,59054,847**10. Administrative and other expenses**

Accounting and Administration charges

2,00,000

—

Consultancy charges

9,00,000

—

Electricity charges

3,79,209

—

Fuel charges

34,157

—

Internet charges

2,73,920

—

Office Maintenance

18,958

—

Rates and taxes

3,000

8,33,500

Rent

16,40,332

—

Repairs and Maintenance

14,231

—

Travelling and conveyance

2,18,756

—

Miscellaneous expenses

2,43,245

5,191

Statutory Audit Fees

25,000

5,000

Tax Audit Fees

8,000

—

Service Tax

4,085

37,085

612

5,612

39,62,8938,44,303

SCHEDULES

11. NOTES TO THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

- 1.1 The financial Statements are prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the relevant provisions of the Companies Act 1956 and the applicable Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).
- 1.2 Income Recognition:
Income from Services has been recognised on accrual basis
- 1.3 Fixed Assets and Depreciation:
Fixed assets are stated at historical cost less accumulated depreciation. Depreciation on assets is provided on the Written Down Value method at rates prescribed in Schedule XIV to the Companies Act, 1956. Assets costing Rs.5000 or less acquired during the year are fully depreciated.
- 1.4 Valuation of Investments:
Long-term investments are stated at cost. Current investments are valued at lower of cost and net asset value.
- 1.5 Retirement Benefits:
The Company's liability towards gratuity to the employees is covered by a Group Policy with Life Insurance Corporation of India.
- 1.6 Taxation:
Current tax is provided on the taxable income for the year.
Deferred Tax liabilities arising from timing differences have been fully provided for. Deferred tax assets are recognised on the consideration of prudence.
- 1.7 Provisions:
Provisions are recognised when there is existence of present legal or constructive obligations, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of obligation.

2. BALANCE SHEET

- 2.1 Share Capital:
71,00,000 equity shares remained partly paid up Rs. 4/- each as on 31.03.2007. The balance amount of Rs.6 per share was called up and fully paid. Further, Rights issue was made for 10,00,000 Equity shares of Rs.10/- each fully paid.
- 2.2 Loans & Advances:
Advance Income Tax and Tax deducted at source is net of Provision for Income Tax of Rs. 7,73,418/- and Provision for Fringe Benefit Tax of Rs.16,165/-

3. GENERAL

3.1 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 Limited

Fellow Subsidiaries:

Sundaram BNP Paribas Home Finance Limited

Sundaram BNP Paribas Asset Management Company Limited

Sundaram BNP Paribas Trustee Company Limited

Sundaram Finance Distribution Limited

Sundaram Infotech Solutions Limited

LGF Services Limited

Infreight Logistics Solutions Ltd

Subsidiary Company:

Professional Management Consultants Private Limited (from May 15, 2007)

Associate:

Sundaram BNP Paribas Mutual Fund

Joint Venture:

Gulf Outsourcing Services Private Limited

Related Party Transactions for the year ended 31st March 2008

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

| Nature of Transactions | Holding Companies (Rs.) | Subsidiary Companies (Rs.) |
|--------------------------------------------------|----------------------------|-------------------------------|
| EXPENSES | | |
| Sundaram Finance Ltd | | |
| d) Staff Deputation cost | 5,94,020 | |
| e) Rent | 14,01,230 | |
| f) Accounting and Administration Charges | 2,00,000 | |
| g) Travelling Expenses | 1,52,986 | |
| ASSETS | | |
| Investments in Equity Shares | | |
| Professional Management Consultants Private Ltd. | | 6,33,57,559 |
| LIABILITIES | | |
| Investments in Equity Shares | | |
| Sundaram Finance Limited | 8,50,00,000 | |

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

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

| | 2007-08 | 2006-07 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| A Profit for the year after taxation (Rs.) | 16,48,038 | (8,99,150) |
| 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) | 16,48,038 | (8,99,150) |
| D Total number of equity shares of Rs.10/- each outstanding at the end of the year (in numbers) | 85,00,000 | 75,00,000 |
| E Weighted average number of equity shares (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 |
| F Weighted average number of equity shares (75,00,000 equity shares at Rs.10/- per share for full year and 10,00,000 equity shares of Rs.10/- each for 1 month) | 75,83,333 | |
| G Basic and diluted earnings per share (Rs.) | (C/F) 0.22 | (C/E) (1.73) |

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

3.5 Figures have been rounded off to the nearest rupee.

Signatures to Schedules 1 to 11

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

L. Ravi Sankar
Partner

Chennai
20th May, 2008

T.T. Srinivasaraghavan

Srinivas Acharya

P. S. Raghavan

H. Venkatesan
Secretary

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="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="1"/> <input type="text" value="0"/> <input type="text" value="0"/> <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="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/> | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/> |

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

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

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

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

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

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

Item Code No. (ITC Code)

Product / Service Description

Statement pursuant to Section 212(1) (e) of the Companies Act, 1956 relating to Subsidiary Company

(Rs. in lakhs)

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|
| 1. Name of the Subsidiary Company | Professional Management Consultants Private Ltd. |
| 2. Financial year of the Subsidiary ended on | 31.03.2008 |
| 3. Holding Company's interest in the Subsidiary | 1,63,244 Equity Shares of Rs.10/- each (74%) |
| 4. Net aggregate amount of the profits of the subsidiary not dealt with in the Holding Company's accounts | |
| a) For the financial year of the Subsidiary Company | 68.61 |
| b) For the previous financial years since it became a Subsidiary Company | 83.98 |
| 5. Net aggregate amount of the profits of the subsidiary dealt with in the Holding Company's accounts by way of dividends on the shares held in Subsidiary Company | |
| a) For the financial year of the Subsidiary Company | Nil |
| b) For the previous financial years since it became a Subsidiary Company | Nil |

T.T. Srinivasaraghavan

Srinivas Acharya

P. S. Raghavan

Chennai
20th May, 2008

H. Venkatesan
Secretary

A.N. Raju
Directors

CASH FLOW STATEMENT

| | 2007-08 (Rs.) | 2006-07 (Rs.) |
|----------------------------------------------------------------------------------|----------------------|----------------------|
| A) CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit | 16,48,038 | (8,99,150) |
| Add: | | |
| Provision for Taxation | 8,20,016 | - |
| Depreciation | 13,037 | - |
| (Profit) loss on sale of Investments | (10,00,438) | - |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | 14,80,653 | (8,99,150) |
| (Increase) Decrease in Loans and Advances | (24,19,451) | (3,200) |
| (Increase) Decrease in Other Receivables | (68,87,998) | - |
| Increase (Decrease) in Current Liabilities | 53,81,535 | 4,490 |
| Cash generated from Operations | (24,45,261) | (8,97,860) |
| Direct Taxes Paid | (25,11,880) | - |
| NET CASH FROM OPERATING ACTIVITIES (A) | (49,57,141) | (8,97,860) |
| B) CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (3,95,820) | - |
| Purchase of Investments | (9,82,00,000) | (80,00,000) |
| Purchase of Investments in Subsidiaries/Joint Venture | (4,33,06,059) | (2,29,31,500) |
| Sale of Investments | 10,22,00,438 | - |
| NET CASH FROM INVESTING ACTIVITIES (B) | (3,97,01,441) | (3,09,31,500) |
| C) CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Issue of Equity Shares | 5,26,00,000 | 3,19,00,000 |
| NET CASH FROM FINANCING ACTIVITIES (C) | 5,26,00,000 | 3,19,00,000 |
| D) Effect of Foreign Exchange rates on Cash and Cash Equivalents, net (D) | - | - |
| NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)+(D) | 79,41,418 | 70,640 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 5,37,822 | 4,67,182 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 84,79,240 | 5,37,822 |
| COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | | |
| Current Account with Banks | 84,79,240 | 5,37,822 |
| Cash, Stamps and Stamp Papers on Hand | - | - |
| | 84,79,240 | 5,37,822 |

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

L. Ravi Sankar
Partner

Chennai
20th May, 2008

H. Venkatesan
Secretary

T.T. Srinivasaraghavan

Srinivas Acharya

P. S. Raghavan

A.N. Raju
Directors

Board of Directors

P. S. Raghavan
Harsha Viji
S.V. Krishnamurthy

Bankers

Indian Bank
ICICI Bank Limited
Citibank
State Bank of India

Auditors

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

Registered Office

148, First Floor, Greams Road
Chennai 600 006
Tel: 044 2829 0718
Fax: 044 2829 1172
Website: www.pmcindia.com

Directors' Report

Your Directors have pleasure in presenting the 13th Annual Report with audited accounts of the Company for the year ended 31st March 2008.

During the year, Sundaram Business Services Limited (SBSL) increased its stake in your Company from 26% to 74%, consequent to which your Company became a subsidiary of SBSL with effect from 16th May 2007.

The summarised financial results of the Company are given hereunder:

(Rs. In lakhs)

| Particulars | Year ended | Year ended |
|------------------------|------------|------------|
| | 31.03.2008 | 31.03.2007 |
| Total Income | 877.00 | 653.99 |
| Total Expenditure | 732.32 | 578.23 |
| Profit before Taxation | 144.68 | 75.76 |
| Provision for Taxation | 51.96 | 25.30 |
| Profit after taxation | 92.72 | 50.46 |

REVIEW OF OPERATIONS

During the Financial Year 2007 – 08, your Company won a client, "Reliance Money Limited". Operations started in November 2007 with 10 persons and the current team strength is 55. Further, during the year under review, Fullerton India Credit Corporation Limited (FICCL) substantially increased the volumes of Operations.

Consequent to the above, revenue during the year increased to Rs. 877 lakhs, registering a growth of 34% over the previous year. Profitability of the operations increased on account of improved productivity. The employee strength was at 741 as on 31st March 2008. With a view to conserving resources and building up reserves, your Directors do not recommend any dividend for the year.

For the Financial Year 2008 – 09, we will be increasing the team strength in Reliance Money Limited to 150 and in FICCL to 215.

DIRECTORS

Mrs. Hemalathaa K Murthy has relinquished the office of Directorship with effect from 29th February 2008. The Directors wish to place on record their appreciation for the contribution made by Mrs. Hemalathaa K Murthy.

Sri SV Krishnamurthy, Director, retires by rotation and being eligible offers himself for re-election.

DIRECTORS' RESPONSIBILITY STATEMENT

Your directors confirm that:

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

SECRETARIAL COMPLIANCE CERTIFICATE

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

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

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

PERSONNEL

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

DEPOSITS

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

AUDITORS

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

ACKNOWLEDGEMENT

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

Chennai 600 006
Date: 19 May 2008

P. S. Raghavan
Harsha Viji
S.V.Krishnamurthy
Directors

Secretarial Compliance Certificate

CIN : U74140TN1995PTC032521

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

I have examined the registers, records, books and papers of **PROFESSIONAL MANAGEMENT CONSULTANTS PRIVATE LIMITED**, (the company) as required to be maintained under the Companies Act, 1956, (the act) and the rules made thereafter and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended **31st March 2008**. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate as per the provisions and the rules made there under and all entries have been duly recorded.
2. The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made hereunder or otherwise with additional fees for late filing of forms/returns under the Act and the rules made there under.
3. The company being private limited company has the minimum prescribed paid up capital and its maximum number of members during the said financial year was 3 excluding its present and past employees and the company, during the year under scrutiny:
 - i) It has not invited public to subscribe for its shares or debentures and
 - ii) It has not invited or accepted any deposits from persons other than its members, directors or their relatives.
4. The Board of Directors duly met 6 times on 16th May 2007, 19th September 2007, 29th October 2007, 5th November 2007, 7th February 2008 and 29th February 2008 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the minutes book maintained for the purpose.
5. The company has not opted to close its register of members.
6. The Annual General Meeting for the year ended on 31st March, 2007 was held on 28th September 2007 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in the minutes book maintained for the purpose.
7. One Extraordinary General Meeting was held on 30-11-2007 during the financial year, the provisions of the Act complied with.
8. The company has not advanced loans to its directors referred in Section 295 of the Act and as per the Articles of Association of the company.
9. The company has duly complied with the provisions of Section 297 of the Act in respect of contracts specified in that Section.
10. The company has made necessary entries in the Register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from Board of Directors, members or the Central Government as the case may be.
12. The Company has not issued any duplicate share certificate during the financial year.
13. The Company has:
 - i) transfer of shares made during the financial year under review, the provisions of the Act complied with:
 - ii) not deposited any amount in a separate bank account as no dividend was declared during the financial year;
 - iii) not paid / posted warrants for dividends to all the members as no dividend was declared during the financial year;
 - iv) no unpaid dividend outstanding in the books of account.
 - v) duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted and

- the appointment of Directors , Additional Directors, Alternate Directors, and Directors to fill casual vacancies have been duly made.
15. As the company is a private limited company the provision of Section 269 read with Schedule XIII to the Act not applicable.
 16. The Company has not appointed any sole-selling agents during the financial year.
 17. The company was not required to obtain any approval from the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act.
 18. The directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and Rules made there under.
 19. The Company has not issued any shares during the financial year under review.
 20. The Company has not bought back shares during the financial year.
 21. There was no redemption of any preference shares /debentures during the financial year.
 22. There were no transactions necessitating the company to keep in abeyance the rights to dividends, rights shares, and bonus shares pending registration of transfers of shares in compliance of the Act.
 23. The Company has not invited / accepted any deposits including any unsecured loan or advances falling within the purview of sec.58A and 58AA read with the Companies (Acceptance of Deposit) Rules, 1975 / the applicable directions issued by the Reserve Bank of India / any other authorities in respect of deposits accept.
 24. As the Company is a private limited company, the company need not comply with the requirements of Section 293 (1)(d) of the Act.
 25. The company has not made any loans, advances, or given guarantees or provided securities to other bodies corporate and consequently no entries were made in the register kept for the purpose.
 26. The Company has not altered the provisions of Memorandum of Association with respect to the situation of the company's registered office from one state to another during the year under scrutiny after complying with the provisions of the Act.
 27. The Company has not altered the provisions of Memorandum of Association with respect to the objects of the company during the financial year, the provisions of the Act complied with.
 28. The Company has not altered the provisions of Memorandum of Association with respect to the name of the company during the year under scrutiny.
 29. The Company has not altered the provisions of Memorandum of Association with respect to share capital of the company during the year under scrutiny
 30. The Company has not altered the Articles of Association during the financial year.
 31. There was no prosecution initiated against the company for alleged offences under the Act and not received show cause notices.
 32. The company has not received any money as security from its employees during the year.
 33. The company was regular in depositing Provident Fund with statutory authorities; it has no PF Trust on its own as envisaged under Section 418 of the Act.

Place: Chennai

T. MURUGAN, B.Sc., ACA, ACS

Date: 17.5.2008

CP 4393

Annexure - A

Registers maintained by the Company:

1. Register of Members
2. Register of Directors.
3. Register of Directors' Shareholding.
4. Register of Transfers.
5. Common Seal Register.
6. Declaration of Interest.
7. Minutes of Board Meetings.
8. Minutes of General Body Meeting.
9. Attendance Register of Board Meetings.
10. Register of contracts in which directors are interested.

Annexure - B

1. Form 23AC & 23ACA filed on 13-10-2007 SRN PI0525418
2. Form 66 filed on 13-10-2007 SRN PI0525558
3. Form 20B filed on 13-10-2007 SRN PI0525244

Auditors' Report

To The Members of Professional Management Consultants Private Limited

1. We have audited the attached Balance Sheet of Professional Management Consultants Private Limited as at 31st March 2008, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, (the Act) and based on the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - iii) the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - iv) in our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable.
 - v) on the basis of written representations received from the directors, as on 31st March 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2008 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 2008;
 - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **BRAHMAYYA & CO.,**
Chartered Accountants
P.BABU
Partner
Membership No.203358

Chennai
19th May, 2008

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

1. a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) Fixed assets are being physically verified by the management in accordance with a plan of verification which in our opinion is reasonable having regard to the size of the Company and the nature of fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets have not been disposed off by the Company during the year.
2. In our opinion and according to the information and explanations given to us, the Company has neither granted nor taken any loans secured or unsecured to / from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, clauses (iii)b, (iii)c, (iiid), (iii)f and (iii)g of paragraph 4 of the Order are not applicable to the Company for the year.
3. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets. During the course of our audit, no major weaknesses have been noticed in the internal controls and therefore the reporting of the same does not arise.
4. a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered in the register maintained under Section 301 of the Act have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under Section 301 of the Act and exceeding the value of rupees five lakhs in respect of any party during the year, prima facie, have been made at prices which are reasonable having regard to the nature of the services and prevailing market prices at the relevant time.
5. The Company has not accepted any deposits from the Public during the year.
6. The Company has an internal audit system, which in our opinion, is commensurate with the size and the nature of its business.
7. The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Act.
8. According to the records of the Company and the information and explanations given to us, undisputed statutory dues, including Provident Fund, Employees State Insurance, Income tax, Wealth tax and Service tax and other material statutory dues have been regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, there are no arrears of statutory dues which are outstanding as at 31st March, 2008 for a period of more than six months from the date they become payable.
9. According to the records of the Company and the information and explanations given to us, there are no dues of Income tax, Sales tax, Wealth tax, Service tax, Excise duty and Cess which have not been deposited on account of any dispute.
10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the current and immediately preceding financial years.
11. Based on our audit procedures and the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
14. Based on our examination of the records and the information and explanations given to us, the Company has not dealt / traded in shares and debentures during the year. As informed and explained to us, proper records have been maintained of the transactions and contracts relating to investment in securities and timely entries have been made therein. The securities have been held by the Company in its own name.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
16. The Company has not obtained any term loan during the year.
17. According to the information and explanations given to us, the Company has not raised funds on short term or long term basis during the year.
18. According to the information and explanations given to us, the Company has not issued debentures during the year.
19. The Company has not raised monies by public issue during the year.
20. To the best of our knowledge and belief and according to the information and explanations given to us, during the year no fraud by the Company and no material fraud on the Company was noticed or reported during the course of our audit.
21. In our opinion and according to the information and explanations given to us, the nature of the company's business/ activities during the year has been such that clause ii, xiii and xviii of paragraph 4 of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company for the year.

For **BRAHMAYYA & CO.**,
Chartered Accountants
P.BABU
Partner
Membership No.203358

Chennai
19th May, 2008

Balance Sheet

as at 31st March, 2008

| Schedule | 31.03.2008 | | 31.03.2007 | |
|----------------------------------------------|------------|--------------------|--------------------|--------------------|
| | Rs. | | Rs. | |
| I SOURCES OF FUNDS | | | | |
| 1. Shareholders' Funds | | | | |
| a) Capital | 1 | 22,06,000 | | 22,06,000 |
| b) Reserves and Surplus | 2 | 2,06,20,901 | 2,28,26,901 | 1,13,49,070 |
| 2. Loan Funds | | | | |
| Secured Loans | 3 | | 2,89,275 | - |
| 3. Deferred Tax Liability | | | | |
| Total | | <u>2,33,35,630</u> | | <u>1,36,97,070</u> |
| II APPLICATION OF FUNDS | | | | |
| 1. Fixed Assets | | | | |
| a) Gross Block | 4 | | 1,03,41,956 | 85,37,628 |
| b) Less: Depreciation | | | <u>39,78,563</u> | <u>23,65,679</u> |
| c) Net Block | | | 63,63,393 | 61,71,949 |
| 2. Investments | | | | |
| Total | 5 | | 45,51,343 | 2,52,000 |
| 3. Current Assets, Loans and Advances | | | | |
| a) Current Assets | 6 | 2,19,22,155 | | 1,30,78,609 |
| b) Loans and Advances | 7 | 30,38,640 | | 24,07,618 |
| | (A) | | <u>2,49,60,795</u> | <u>1,54,86,227</u> |
| Less: Current Liabilities and Provisions | | | | |
| a) Current Liabilities | 8 | 1,24,03,515 | | 81,22,864 |
| b) Provisions | 9 | 1,36,386 | | 90,242 |
| | (B) | | <u>1,25,39,901</u> | <u>82,13,106</u> |
| Net Current Assets | (A-B) | | 1,24,20,894 | 72,73,121 |
| Total | | <u>2,33,35,630</u> | | <u>1,36,97,070</u> |
| Notes to the Accounts | 14 | | | |

As per our report of even date attached

For **Brahmayya & Co.**,

Chartered Accountants

P. Babu

Partner

Chennai

19th May, 2008

P.S. Raghavan

Harsha Viji

S.V. Krishnamurthy

Directors

Profit and Loss Account

for the Year Ended 31st March 2008

| Schedule | 2007-08 Rs. | 2006-07 Rs. |
|------------------------------------------------------------|-------------------------------|--------------------|
| <u>INCOME</u> | | |
| Income from Services | 8,74,33,137 | 6,52,25,192 |
| Other Income | 10 2,67,327 | 1,74,176 |
| Total | (A) 8,77,00,464 | 6,53,99,368 |
| <u>EXPENDITURE</u> | | |
| Establishment Expenses | 11 5,34,92,705 | 4,10,00,407 |
| Administrative and Other expenses | 12 1,79,41,298 | 1,51,14,729 |
| Financial Expenses | 13 16,730 | 2,07,403 |
| Depreciation | 17,81,660 | 15,01,253 |
| Total | (B) 7,32,32,393 | 5,78,23,792 |
| Profit before Tax | (A-B) 1,44,68,071 | 75,75,576 |
| Taxation | | |
| - Current | 49,00,000 | 24,60,000 |
| - Deferred Tax | 77,454 | (13,000) |
| - Fringe Benefit Tax | 2,18,786 | 82,500 |
| Profit after Tax | 92,71,831 | 50,46,076 |
| Add: Balance brought forward from Previous Year | 86,49,070 | 42,02,994 |
| | 1,79,20,901 | 92,49,070 |
| <u>APPROPRIATIONS</u> | | |
| General Reserve | - | 6,00,000 |
| Surplus carried to Balance Sheet | 1,79,20,901 | 86,49,070 |
| | 1,79,20,901 | 92,49,070 |
| Notes to the Accounts | 14 | |
| Earnings per Equity Share | | |
| Number of Shares considered (Face value Rs.10/- per share) | 2,20,600 | 2,20,600 |
| Basic and Diluted earnings per Share (in Rupees) | 42.03 | 22.87 |

As per our report of even date attached

For **Brahmayya & Co.,**

Chartered Accountants

P. Babu

Partner

Chennai

19th May, 2008

P.S. Raghavan

Harsha Viji

S.V. Krishnamurthy

Directors

SCHEDULES

| | 31.03.2008 | | 31.03.2007 | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-------------|------------|-------------|
| | Rs. | | Rs. | |
| 1 Share Capital | | | | |
| Authorised Capital | | | | |
| 3,75,000 Equity Shares of Rs.10/- each | 37,50,000 | | 37,50,000 | |
| 125000 Preference Shares of Rs.10/- each | 12,50,000 | 50,00,000 | 12,50,000 | 50,00,000 |
| | | 22,06,000 | | 22,06,000 |
| Issued, Subscribed and Paid up | | | | |
| 2,20,600 Equity Shares of Rs.10/- each (Includes 2,10,300 Equity Shares issued as fully paid bonus Shares by way of Capitalisation of Reserves) | | | | |
| 2 Reserves and Surplus | | | | |
| General Reserve | | | | |
| Per Last Balance Sheet | 27,00,000 | | 21,00,000 | |
| Add: Transfer from Profit and Loss account | — | 27,00,000 | 6,00,000 | 27,00,000 |
| Surplus in Profit and Loss account | | | | |
| Per Last Balance Sheet | 86,49,070 | | 42,02,994 | |
| Balance Carried from Profit and Loss account | 92,71,831 | 1,79,20,901 | 44,46,076 | 86,49,070 |
| | | 2,06,20,901 | | 1,13,49,070 |
| 3 Secured Loans | | | | |
| Overdraft facility with Scheduled bank | | 2,89,275 | | — |
| | | 2,89,275 | | — |

4. Fixed Assets

| DESCRIPTION | GROSS BLOCK | | | | DEPRECIATION BLOCK | | | | WDV BLOCK | |
|------------------------------|---------------------|------------------|------------------|---------------------|---------------------|------------------|------------------|---------------------|---------------------|---------------------|
| | As at 01.04.2007 | Additions | Sales / Adj | As at 31.03.2008 | As at 01.04.2007 | Additions | Sales / Adj | As at 31.03.2008 | As at 31.03.2008 | As at 31.03.2007 |
| 1. Computers and Accessories | 2108693 | 1528990 | — | 3637683 | 344164 | 525235 | — | 869399 | 2768284 | 1764529 |
| 2. Computer - Software | — | 436272 | — | 436272 | — | 211621 | — | 211621 | 224651 | — |
| 3. Plant and Machinery | 1855497 | 581811 | — | 2437308 | 360478 | 115285 | — | 475763 | 1961545 | 1495019 |
| 4. Office Equipment | 221164 | 5063 | — | 226227 | 32386 | 10575 | — | 42961 | 183266 | 188778 |
| 5. Furnitures and Fixtures | 1301506 | 242200 | — | 1543706 | 184695 | 133363 | — | 318058 | 1225648 | 1116811 |
| 6. Temporary Partitions | 2060761 | — | — | 2060761 | 1275180 | 785581 | — | 2060761 | — | 785581 |
| 7. Motor Cars | 990007 | — | 990007 | — | 168776 | — | 168776 | — | — | 821231 |
| | 8537628 | 2794335 | 990007 | 10341956 | 2365679 | 1781660 | 168776 | 3978563 | 6363393 | 6171949 |
| Previous Year | 61,52,784 | 49,67,577 | 25,82,733 | 85,37,628 | 23,38,063 | 15,01,253 | 14,73,637 | 23,65,679 | 61,71,949 | 38,14,721 |

| | 31.03.2008 | | 31.03.2007 | |
|----------------------------------------------------------------------------------------------------------|-------------|---------------------------|-------------|---------------------------|
| | Rs. | | Rs. | |
| 5 Investments | | | | |
| Long Term | | | | |
| Sterling Resort - Time Shares | | – | | 2,52,000 |
| Current (Unquoted) | | | | |
| HDFC Cash Savings Management (1,04,113.051 units of Rs. 10/- each purchased during the year) | | 10,43,097 | | – |
| Birla Sunlife Liquid Plus (1,00,593.203 units of Rs. 10/- each purchased during the year) | | 10,08,246 | | – |
| Birla Sunlife Quarterly Plan (2,50,000 units of Rs. 10/- each purchased during the year) | | 25,00,000 | | – |
| | | <u>45,51,343</u> | | <u>2,52,000</u> |
| 6 Current Assets | | | | |
| a) Sundry Debtors | | | | |
| Unsecured, considered Good | | | | |
| Exceeding Six Months | | – | | – |
| Less than Six months | 1,36,28,277 | 1,36,28,277 | 1,03,83,413 | 1,03,83,413 |
| b) Cash and bank balances | | | | |
| Cash on hand | | 21,376 | | 12,643 |
| Balance with Scheduled Banks in | | | | |
| Current account | | 57,72,502 | | 1,82,553 |
| Deposit account (Lien marked in favour of a Bank) | | 25,00,000 | | 25,00,000 |
| | | <u>82,93,878</u> | | <u>26,95,196</u> |
| | | <u>2,19,22,155</u> | | <u>1,30,78,609</u> |
| 7 Loans and Advances | | | | |
| Advances and deposits recoverable in cash or kind or for value to be received | | 24,99,778 | | 16,95,932 |
| Advance Income Tax and Tax Deducted at Source (Net of Provision for Taxation) | | 5,38,862 | | 7,11,686 |
| | | <u>30,88,640</u> | | <u>24,07,618</u> |
| 8 Current Liabilities * | | | | |
| Sundry Creditors | | | | |
| - For Expenses | | 1,00,16,392 | | 61,30,449 |
| - For Others | | 18,86,123 | | 14,91,415 |
| Advances received from Customers | | 5,01,000 | | 5,01,000 |
| (* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund) | | <u>1,24,03,515</u> | | <u>81,22,864</u> |
| 9 Provisions | | | | |
| - for Fringe Benefit Tax | | 1,36,386 | | 90,242 |
| | | <u>1,36,386</u> | | <u>90,242</u> |

| | 2007-08 | 2006-07 |
|---------------------------------------------------------------|---------------------------|---------------------------|
| | Rs. | Rs. |
| 10 Other Income | | |
| Dividend Receipts | 71,244 | – |
| Interest receipts (Including TDS - Rs.41,523/- PY - Rs.34176) | 1,83,695 | 1,70,856 |
| Provision for Income Tax and FBT written back | 12,388 | 3,320 |
| | <u>2,67,327</u> | <u>1,74,176</u> |
| 11 Establishment Expenses | | |
| Salaries, Wages and Bonus | 4,90,25,601 | 3,72,00,804 |
| Contribution to PF and other Funds | 29,43,493 | 29,03,117 |
| Staff Welfare Expenses | 10,07,053 | 4,45,628 |
| Gratuity | 5,16,558 | 4,50,858 |
| | <u>5,34,92,705</u> | <u>4,10,00,407</u> |
| 12 Administrative and Other expenses | | |
| Rent Paid | 40,78,800 | 25,27,932 |
| Professional Fees Paid | 39,64,267 | 12,64,510 |
| Rates and Taxes | 11,653 | – |
| Electricity Charges | 25,21,361 | 10,06,403 |
| Directors Remuneration | – | 43,89,300 |
| Insurance | 1,60,949 | 1,36,195 |
| Printing and Stationery | 17,26,649 | 13,47,712 |
| Filing fees | 1,500 | 5,800 |
| Repairs - Buildings | 91,944 | 3,55,084 |
| Repairs - Others | 7,58,746 | 6,76,935 |
| Miscellaneous Expenses | 46,25,353 | 27,55,184 |
| Amortisation of Deferred Revenue Expenses | – | 12,600 |
| Loss on Sale of Assets / Obsolete Assets | – | 6,34,263 |
| Bad Debts | – | 2,811 |
| Diminution in value of investments | 76 | – |
| | <u>1,79,41,298</u> | <u>1,51,14,729</u> |
| 13 Financial Expenses | | |
| Interest - Banks | 3,519 | 7,970 |
| - Others | – | 1,88,620 |
| Bank Charges | 13,211 | 10,813 |
| | <u>16,730</u> | <u>2,07,403</u> |

SCHEDULES

14. NOTES TO THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

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

1.2 Income recognition:

Income from Services is recognised on accrual basis.

1.3 Fixed Assets and Depreciation:

Fixed Assets are stated at historical cost less accumulated depreciation.

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

1.4 Valuation of Investments:

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

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

1.5 Employee Benefits

A) Short Term Employee Benefits:

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

B) Post employment benefits:

Defined Contribution Plan

(i) Provident Fund

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

Defined Benefit Plan

(i) Gratuity

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

(ii) Leave Encashment

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

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

1.6 Taxation:

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

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

SCHEDULES

14. NOTES TO THE ACCOUNTS (Contd.)

1.7 Intangible Assets:

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

1.8 Impairment of Assets:

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

1.9 Provisions:

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

2. BALANCE SHEET

2.1 Secured Loans

Overdraft facility obtained from a scheduled bank secured by a lien on the fixed deposits held by the company.

2.2 Deferred Tax Liability

The details of Deferred Tax Liability are as follows:

| | | 31/03/2008 | 31/03/2007 |
|----------------------------|-----------|-----------------|-----------------|
| | | (Rs) | (Rs) |
| i) Deferred Tax Liability: | | | |
| Depreciation | (A) | <u>5,96,871</u> | <u>2,19,800</u> |
| ii) Deferred Tax Assets: | | | |
| Others – Employee Benefits | (B) | <u>3,77,417</u> | <u>77,800</u> |
| | (A) – (B) | <u>2,19,454</u> | <u>1,42,000</u> |

2.3. Current Liabilities includes

Amount due to Directors as at 31st March 2008 was Rs.1,91,192/- (Previous Year Rs 5,962/-)

2.4 Loans and Advances

Advance Income Tax and Tax Deducted at Source is net of Provision for Tax of Rs.1,04,10,000 (Previous Year Rs.55,10,000/-)

SCHEDULES

14. NOTES TO THE ACCOUNTS (Contd.)

3. PROFIT & LOSS ACCOUNT

| | | |
|------------------------------------------------------|----------|----------|
| 3.1 Details of payments to Auditors are as follows : | 31.03.08 | 31.03.07 |
| | (Rs) | (Rs) |
| a) Statutory Audit | 75,000 | 25,000 |
| b) Tax Audit | 25,000 | 10,000 |
| c) Income tax matters | – | 5,000 |
| d) Consultancy charges | – | 18,000 |
| e) Service tax | 12,360 | 5049 |

3.2 Employee Benefits :

i) Defined Contribution Plan :

Company Contribution to

Rs.

i) Provident fund 14,38,456/-

ii) Employees State Insurance 13,19,244/-

iii) Defined Benefit Plan:

Gratuity

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

Rs.

Present value of obligations as at 01.04.2007 16,46,065

Interest cost 1,16,472

Current service cost 3,40,125

Benefits paid 1,86,202

Actuarial loss on obligation 2,19,394

Present value of obligations as at 31.03.2008 21,35,854

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

Rs.

Fair value of plan assets as at 01.04.2007 17,83,291

Expected return on plan assets 1,40,496

Contributions 3,66,182

Benefits paid 1,86,202

Actuarial gain on plan assets 18,937

Fair value of plan assets as at 31.03.2008 21,22,704

SCHEDULES

14. NOTES TO THE ACCOUNTS (Contd.)

| | | |
|-------------------------------------------------------------------------------------------------------------------------------------|---------------------------|------------|
| C. Reconciliation of present value of defined benefit obligation and fair value of plan assets to the assets and liabilities | | Rs. |
| Present value of obligations as at 31.03.2008 | | 21,35,854 |
| Fair value of plan assets as at 31.03.2008 | | 21,22,704 |
| Net liability recognised in the balance sheet | | 13,150 |
| | | |
| D. Expenses recognised in the profit and loss statement | | Rs |
| Current Service cost | | 3,40,125 |
| Interest Cost | | 1,16,472 |
| Expected return on plan assets | | 1,40,496 |
| Net Actuarial loss recognized in the year | | 2,00,457 |
| Expenses to be recognized in the profit & loss | | 5,16,558 |
| | | |
| E. Details showing fair value of plan assets | | Rs. |
| Fair value of plan assets as at 01.04.2007 | | 17,83,291 |
| Actual return on plan assets | | 1,59,433 |
| Contributions | | 3,66,182 |
| Benefit Paid | | 1,86,202 |
| Fair value of plan assets as at 31.03.2008 | | 21,22,704 |
| | | |
| F. Actuarial Gain / Loss recognized | | Rs. |
| Actuarial loss on obligation | | 2,19,394 |
| Actuarial gain on plan assets | | 18,937 |
| Total loss for the year | | 2,00,457 |
| Actuarial loss recognized in the year | | 2,00,457 |
| | | |
| G. Actuarial assumption | 31-03-2008 | 31-03-2007 |
| Discount Rate | 8.00% | 7.50% |
| Salary Increment | 6.00% | 3.50% |
| Mortality rates | Based on LIC (1994 -1996) | |

SCHEDULES

14. NOTES TO THE ACCOUNTS (Contd.)

4. GENERAL

4.1 Related Parties

4.1.1 Related party disclosures:

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

Related party transactions for the year ended 31st March 2008 :

The nature and volume of transaction of the Company during the year, with the above related party is as follows.

| Related Party | Nature of Transaction | Amount (in Rs) |
|-----------------------|---------------------------------------|----------------|
| Mr. S.V.Krishnamurthy | Rent Paid | 7,44,000 |
| | Purchase of Asset | 14,22,031 |
| | Sale of Asset | 8,21,231 |
| | Amount payable at the end of the year | 1,91,192 |

4.2 Contingent Liabilities :

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

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

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

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

4.5 Figures are rounded off to the nearest rupee.

As per our report of even date attached

For **Brahmayya & Co.,**

Chartered Accountants

P. Babu

Partner

Chennai

19th May, 2008

Signatures to schedules 1 to 14

P.S. Raghavan

Harsha Viji

S.V. Krishnamurthy

Directors

Balance Sheet Abstract and Company's General Business Profile

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

I Registration Details

Registration No. State Code

Balance Sheet Date

Date Month Year

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

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

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

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

IV Performance of Company (Amount in Rs. Thousands)

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

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

| | | | |
|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|----------------------------------------------------------------------------------------------|
| Earnings Per Share | Rs. | Ps. | Dividend Rate % |
| | <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="3"/> | | <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> |

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

Item Code No. (ITC Code) Not Applicable

Product / Service Description

CASH FLOW STATEMENT

| | 2007-08 (Rs.) | 2006-07 (Rs.) |
|-----------------------------------------------------------------------|--------------------|--------------------|
| A) CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit | 92,71,831 | 5,046,076 |
| Add: | | |
| Provision for Taxation | <u>51,96,240</u> | <u>25,29,500</u> |
| | 1,44,68,071 | 75,75,576 |
| Add: Financial Expenses | <u>16,730</u> | <u>2,07,403</u> |
| Depreciation | 17,81,660 | 15,01,253 |
| Diminution - Value of investments | 76 | |
| (Profit) loss on sale of assets | - | 6,34,263 |
| Investments written off | 2,51,999 | 12,600 |
| Interest / Dividend Income | (2,54,939) | (1,70,856) |
| Effect of Foreign Exchange rates on Cash and Cash Equivalents, net | - | - |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | 1,62,63,597 | 97,60,239 |
| (Increase) Decrease in Sundry Debtors | (32,44,864) | (38,89,915) |
| (Increase) Decrease in Loans and Advances | (6,31,021) | (12,72,358) |
| (Increase) Decrease in Other Receivables | | |
| (Increase) Decrease in Bank Deposits (net) | | |
| (Increase) Decrease in SLR Investments - net of sales | | |
| Increase (Decrease) in Current Liabilities | <u>42,80,650</u> | <u>20,40,224</u> |
| Cash generated from Operations | 4,04,765 | (31,22,049) |
| Financial Expenses paid | 1,66,68,362 | 66,38,190 |
| Direct Taxes Paid | (16,730) | (2,07,403) |
| | <u>(50,72,642)</u> | <u>(24,70,847)</u> |
| NET CASH FROM OPERATING ACTIVITIES (A) | 1,15,78,990 | 39,59,940 |
| B) CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (27,94,335) | (49,67,577) |
| Sale of Fixed Assets | 821,231 | 4,74,833 |
| Purchase of Investments | (45,51,419) | - |
| Loans Secured | 2,89,275 | - |
| Sale of Investments | - | - |
| Sale/Redemption of Investments in Subsidiaries/Joint Venture | - | - |
| Interest Received | 1,83,695 | 1,70,856 |
| Dividend Received | 71,244 | - |
| NET CASH FROM INVESTING ACTIVITIES (B) | (59,80,309) | (43,21,888) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B) | 55,98,682 | (3,61,948) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 1,95,196 | 557,144 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 57,93,878 | 1,95,196 |
| COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | | |
| Current Account with Banks | 57,72,502 | 182,553 |
| Cash, Stamps and Stamp Papers on Hand | <u>21,376</u> | <u>12,643</u> |
| | 57,93,878 | 1,95,196 |

As per our report of even date attached

For **Brahmayya & Co.,**

Chartered Accountants

P. Babu

Partner

Chennai

19th May, 2008

P.S. Raghavan

Harsha Viji

S.V. Krishnamurthy

Directors