

SUNDARAM INFOTECH SOLUTIONS LIMITED

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

Board of Directors	T T Srinivasaraghavan Srinivas Acharya S Venkatesan K Swaminathan
Audit Committee	T T Srinivasaraghavan Srinivas Acharya S Venkatesan
Remuneration Committee	T T Srinivasaraghavan Srinivas Acharya S Venkatesan
Manager	T Varadarajan
Senior Executives	Deepa Ramesh Head of Operations V. Shanthi Head – Enterprise Solutions Practice V. Latha Head – Business Transformation Services P. Samuel Dayanidhi Head – Australia S. Seshanarayanan Head – Strategy & Marketing
Secretary	K Rajagopal
Bankers	State Bank of India State Bank of Travancore Hongkong and Shanghai Banking Corporation Ltd. Tamil Nadu Mercantile Bank Ltd.
Auditors	M/s. Brahmayya & Co., Chennai, Chartered Accountants
Registered Office	21, Patullos Road, Chennai 600 002
CIN	U72200TN2005PLC056969
Corporate Office	Desabandhu Plaza, 2nd Floor, 47, Whites Road, Chennai 600 014 Tel : 044 28514066 Fax : 044 28412171 Email : info@sundaraminfotech.in Website : www.sundaraminfotech.in
Overseas Branches	Australia, Singapore, USA, UAE

SUNDARAM INFOTECH SOLUTIONS LIMITED

A wholly-owned subsidiary of



SUNDARAM FINANCE

Enduring values. New age thinking.

SUNDARAM FINANCE LIMITED

Contents

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

Directors' Report

Your Directors have pleasure in presenting the 9th Annual Report and Audited Accounts of the Company for the year ended 31st March, 2014.

The summarised financial results of the Company are given hereunder:

(₹ in lakhs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Total Revenue	19,46.89	32,79.42
Total Expenses	18,55.85	26,24.37
Profit before Tax	91.04	6,55.05
Less: Taxation	0.74	0.75
Profit after Tax	90.30	6,54.30

Review of Operations

During the year under review, your Company earned total revenue of ₹ 1946.89 lakhs as against ₹ 3279.42 lakhs in the previous year. The profit after tax for the year was at ₹ 90.30 lakhs as against ₹ 654.30 lakhs in the previous year.

Your Company has made significant progress in sale of the next generation software solution for Lending Companies, which has received encouraging demand from the market. Your Company has made deeper inroads into the Australian market and has also set up an office in Sharjah, UAE to tap into the potential of the Middle East market. There have been good enquiries from these markets.

Dividend

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

Director

Sri K Swaminathan, 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:

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of

the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

- they have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- they have prepared the annual accounts on a going-concern basis.

Information as per Section 217(1)(e) of the Companies Act, 1956

Your Company has no activity relating to conservation of energy or technology absorption. During 2013-14, expenditure in foreign currencies amounted to ₹ 432.29 lakhs and foreign currency earnings amounted to ₹ 698.58 lakhs.

Personnel

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

Deposits

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

Auditors

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

Acknowledgement

Your Directors thank the holding company, Sundaram Finance Ltd. and the customers for their support. They also place on record their appreciation of all the employees of the Company for their sincere and dedicated service.

T T Srinivasaraghavan
Srinivas Acharya
S Venkatesan
K Swaminathan

Directors

Chennai 600 002

Date: 14th May, 2014

Independent Auditors' Report

To the Members of Sundaram Infotech Solutions Limited

1) Report on the Financial Statements

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

2) Management's Responsibility for the Financial Statements

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

3) Auditor's Responsibility

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

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

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

4) Opinion

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

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

5) Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c. The Balance Sheet, Profit and Loss Statement, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- d. In our opinion, the Balance Sheet, Profit and Loss Statement, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

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

Place: Chennai

Date : 14th May, 2014

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

1. The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. Fixed assets have been physically verified by the management during the year, which in our opinion is reasonable having regard to the size of the Company and the nature of fixed assets. No discrepancies noticed on such verification. There was no disposal of fixed assets during the year.
2.
 - a) The Inventory has been physically verified during the year by the management. In our opinion, the frequency of physical verification is reasonable compared to inventory level.
 - b) The procedures of physical verification of inventories for the year under review followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) The company is maintaining records of inventory. No material discrepancies have been noticed on physical verification of stock as compared to the book records.
3. In our opinion and according to the information and explanations given to us, the company has not granted or taken loans to / from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of clauses iii(a) to iii(g) of Paragraph 4 of the Order are not applicable to the company for the year.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of fixed assets and sale of services. During the course of our audit, no major weaknesses have been noticed in the internal controls and therefore the reporting of the same does not arise.
5.
 - a) In our opinion, and according to the information and explanations given to us, the transactions that need to be entered into a register in pursuance of Section 301 of the Act have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under Section 301 of the Act and exceeding the value of rupees five lakhs in respect of any party during the year, prima facie, have been made at prices which are reasonable having regard to the nature of the services and prevailing market prices at the relevant time.
6. The company has not accepted deposits from public.
7. The company has an internal audit system, which in our opinion, is commensurate with the size and the nature of its business.
8. The Central Government has not prescribed the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956.
9.
 - a) According to the records of the company, income tax, sales tax and service tax was regularly deposited during the period with the appropriate authorities.
 - b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax, sales tax and service tax which are outstanding as at 31st March, 2014 for a period of more than six months from the date they become payable.

10. According to the records of the company and the information and explanations given to us, there are no dues of income tax, sales tax and service tax which have not been deposited on account of any dispute.
11. The company has accumulated losses at the end of the financial year and has not incurred cash loss during the current year.
12. The company has an overdraft facility from a banker, apart from the above, the company does not have any borrowing from financial institutions or by issue of debentures.
13. According to the information and explanations given to us, the company has not:
 - 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) raised funds during the year.
 - e) issued any debentures during the year.
 - f) raised monies by public issue during the year.
14. The company is not a chit fund / nidhi / mutual benefit fund or society.
15. Based on our examination of the records and the information and explanations given to us, the company has not dealt / traded in shares and debentures during the year. As informed and explained to us, proper records have been maintained of the transactions and contracts relating to investments in securities and timely entries have been made therein. The securities have been held by the company in its own name.
16. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.
17. In our opinion and according to the information and explanations given to us, the nature of the company's business/ activities during the year have been such that clauses xiii and xviii of paragraph 4 of the Companies (Auditors Report) Order, 2003 are not applicable to the company.

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

Place: Chennai
Date : 14th May, 2014

Balance Sheet

as at 31st March, 2014

(In ₹)

Particulars	Note	As at 31st March 2014		As at 31st March 2013	
I. EQUITY AND LIABILITIES					
1) Shareholders' funds					
a) Share Capital	2	16,40,00,000		16,40,00,000	
b) Reserves and Surplus	3	(5,34,28,214)		(6,24,58,181)	
c) Money received against share warrants		-	11,05,71,786	-	10,15,41,819
2) Share application money pending allotment			-		-
3) Non-current liabilities					
Long-term borrowings	4	26,20,255		21,91,635	
Deferred tax liabilities (Net)		-		-	
Other Long term liabilities		-		-	
Long-term provisions	5	24,59,432	50,79,687	25,50,659	47,42,294
4) Current liabilities					
Short-term borrowings		-		-	
Trade payables	6	1,49,65,562		1,96,31,448	
Other current liabilities	7	68,10,475		1,30,44,205	
Short-term provisions	8	33,10,439	2,50,86,476	70,35,327	3,97,10,980
TOTAL			14,07,37,949		14,59,95,093
II. ASSETS					
1) Non-current assets					
a) Fixed assets	9				
i) Tangible assets		46,12,020		45,10,616	
ii) Intangible assets		-		-	
iii) Capital work-in-progress		-		-	
iv) Intangible assets under development		-		-	
b) Non-current investments		-		-	
c) Deferred tax assets (net)	10	9,11,307		9,51,285	
d) Long-term loans and advances	11	4,42,04,038		5,80,47,415	
e) Other non-current assets	12	4,02,587	5,01,29,952	2,11,197	6,37,20,513
2) Current assets					
a) Current investments	13	4,25,88,918		-	
b) Inventories		-		-	
c) Trade receivables	14	3,71,44,741		2,86,07,858	
d) Cash and cash equivalents	15	59,67,404		4,63,01,493	
e) Short-term loans and advances	16	45,87,975		70,35,325	
f) Other current assets	17	3,18,959	9,06,07,997	3,29,904	8,22,74,580
TOTAL			14,07,37,949		14,59,95,093

Significant Accounting Policies and Notes to the Accounts 1 to 24

As per our report of even date attached

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

Chennai
Dated: 14th May, 2014

T T Srinivasaraghavan

Srinivas Acharya

S Venkatesan

K Rajagopal
Secretary

K Swaminathan
Directors

SUNDARAM INFOTECH SOLUTIONS LIMITED

Statement of Profit and Loss

for the Year Ended 31st March, 2014

(In ₹)

Particulars	Note	2013-14	2012-13
REVENUE:			
Revenue From Operations	18	18,80,56,440	32,62,33,089
Other income	19	66,32,778	17,09,351
Total Revenue		<u>19,46,89,218</u>	<u>32,79,42,440</u>
EXPENSES:			
Cost of purchases	20	5,64,24,179	10,32,67,128
Employee benefits expenses	21	9,49,55,770	12,10,09,825
Finance expenses	22	3,98,975	8,12,054
Administrative and other expenses	23	3,23,33,705	3,51,72,288
Bad Debts		41,681	6,72,489
Depreciation and amortization expenses		14,31,102	15,03,649
Total Expenses		<u>18,55,85,412</u>	<u>26,24,37,433</u>
Profit before tax		91,03,806	6,55,05,007
Tax expense:			
Minimum Alternate Tax		11,62,565	1,38,34,718
Deferred tax		39,978	(9,63,677)
		<u>12,02,543</u>	<u>1,28,71,041</u>
Less: MAT Credit Entitlement		11,28,704	73,839
		<u>73,839</u>	<u>75,234</u>
Profit after tax for the year from continuing operations		<u>90,29,967</u>	<u>6,54,29,773</u>
Earnings per equity share:			
Face Value per Equity Share (in ₹)		10	10
Number of Equity Shares		1,64,00,000	1,64,00,000
Weighted Average Number of Equity Shares		1,64,00,000	1,64,00,000
Basic and Diluted Earnings per share (in ₹)		0.55	3.99
Significant Accounting Policies and Notes to the Accounts	1 to 24		

As per our report of even date attached
For **Brahmayya & Co.**,
Chartered Accountants
Registration Number: 000511S
L Ravi Sankar
Partner
Membership No. 25929
Chennai
Dated: 14th May, 2014

K Rajagopal
Secretary

T T Srinivasaraghavan
Srinivas Acharya
S Venkatesan
K Swaminathan
Directors

Notes to the Accounts

Note 1

SIGNIFICANT ACCOUNTING POLICIES

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

The preparation of the financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of revenues and expenses during the year and disclosure of contingent liabilities as at that date. The estimates and assumption used in these financial statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of the financial statements. The assets and liabilities have been classified as Non-current and Current based on a twelve month of operating cycle.

- 1.2 Income Recognition:

Income from sales and services is accounted on accrual basis.

- 1.3 Inventory

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

- 1.4 Fixed Assets and Depreciation:

Fixed assets other than assets taken on lease are stated at historical cost less accumulated depreciation.

Depreciation on assets is provided on the Written Down Value Method at rates prescribed in Schedule XIV to the Companies Act, 1956. Assets acquired costing ₹ 5000 or less are written down in the year of acquisition to Re.1.

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

- 1.5 Valuation of Investments:

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

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

- 1.6 Foreign Currency Transactions:

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

- 1.7 Employee Benefits:

- A) Short Term Employee Benefits:

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

NOTES TO THE ACCOUNTS (Contd.)

B) Post employment benefits:

Defined Contribution Plan

(i) Provident Fund

The Company contributes to a Government administered Provident Fund.

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

(ii) Superannuation

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

Defined Benefit Plan

i) Gratuity

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

ii) Leave Encashment

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

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

1.8 Taxation:

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

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

1.9 Intangible Assets:

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

1.10 Impairment of Assets:

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

1.11 Provisions:

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

NOTES TO THE ACCOUNTS (Contd.)

Note 2

SHARE CAPITAL

(In ₹)

Particulars	31.03.2014	31.03.2013
Authorised 1,70,00,000 Equity Shares of ₹ 10/- each	17,00,00,000	17,00,00,000
Issued, Subscribed and fully paid up capital 1,64,00,000 Equity Shares of ₹ 10/- each	16,40,00,000	16,40,00,000

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

Name of the share holder	Status	No. of Shares #	% held as at 31.03.2014	No. of Shares #	% held as at 31.03.2013
Sundaram Finance Ltd	Holding Company	1,64,00,000	100	1,64,00,000	100

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

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

Particulars	31.03.2014	31.03.2013
Opening number of shares outstanding	1,64,00,000	1,64,00,000
Add: Shares issued	—	—
Less: Shares bought back	—	—
Closing number of shares outstanding	1,64,00,000	1,64,00,000

Note 3

RESERVES AND SURPLUS

(In ₹)

Particulars	31.03.2014	31.03.2013
Opening balance	(6,24,58,181)	(12,78,87,954)
Add: Transfer from Surplus in the Profit and Loss statement	90,29,967	6,54,29,773
	<u>(5,34,28,214)</u>	<u>(6,24,58,181)</u>

NOTES TO THE ACCOUNTS (Contd.)

Note 4

LONG TERM BORROWINGS

(In ₹)

Particulars	31.03.2014	31.03.2013
Long term maturities of finance lease obligations	26,20,255	21,91,635

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

(In ₹)

Period	31.03.2014		31.03.2013	
	Future Lease payments	Principal Outstanding	Future Lease payments	Principal Outstanding
2 to 5 years	26,20,255	23,01,296	21,91,635	18,94,476
Above 5 years	Nil	Nil	Nil	Nil

Note 5

LONG TERM PROVISIONS

(In ₹)

Particulars	31.03.2014	31.03.2013
Provision for employee benefits	24,59,432	25,50,659
	<u>24,59,432</u>	<u>25,50,659</u>

Note 6

TRADE PAYABLES

(In ₹)

Particulars	31.03.2014	31.03.2013
For expenses	1,45,02,250	1,91,46,482
For others	4,63,312	4,84,966
	<u>1,49,65,562</u>	<u>1,96,31,448</u>

NOTES TO THE ACCOUNTS (Contd.)

Note 7

OTHER CURRENT LIABILITIES

(In ₹)

Particulars	31.03.2014	31.03.2013
Income received in advance	14,98,800	60,91,778
Current Maturities of Finance Lease Obligations	13,54,515	14,36,160
TDS payable	18,40,529	28,77,842
Service Tax payable	14,85,700	13,89,882
Sales Tax payable	–	10,232
Advance received from customers	3,72,029	12,37,021
Others	2,58,902	1,290
	<u>68,10,475</u>	<u>1,30,44,205</u>

Note 8

SHORT TERM PROVISIONS

(In ₹)

Particulars	31.03.2014	31.03.2013
Provision for employee benefits	33,10,439	70,35,327
	<u>33,10,439</u>	<u>70,35,327</u>

NOTE 9

FIXED ASSETS

(In ₹)

Description	Gross Block at cost				Depreciation			Net Block		
	Cost As at 31.03.2013	Additions	Deductions	Cost As at 31.03.2014	Upto 31.03.2013	Additions	Deductions	Upto 31.03.2014	As at 31.03.2014	As at 31.03.2013
Tangible Assets										
Computer System	77,83,183 (76,74,731)	5,51,275 (1,43,269)	53,24,007 (34,817)	30,10,451 (77,83,183)	73,41,617 (71,00,034)	2,25,578 (2,68,726)	51,14,317 (27,143)	24,52,878 (73,41,617)	5,57,573 (4,41,566)	4,41,566 (5,74,697)
Office Equipment	6,52,860 (4,65,483)	24,463 (1,87,377)	3,174	6,74,149 (6,52,860)	3,13,731 (2,73,727)	63,155 (40,004)	3,173	3,73,713 (3,13,731)	3,00,436 (3,39,129)	3,39,129 (1,91,756)
Furniture and Fixtures	8,02,737 (2,94,236)	-	-	8,02,737 (8,02,737)	2,99,717 (2,54,110)	91,042 (45,607)	-	3,90,759 (2,99,717)	4,11,978 (5,03,020)	5,03,020 (40,126)
Plant and Machinery	1,96,239 (1,96,239)	-	-	1,96,239 (1,96,239)	92,482 (75,718)	14,433 (16,764)	-	1,06,915 (92,482)	89,324 (1,03,757)	1,03,757 (1,20,521)
Total	94,35,019 (86,30,689)	5,75,738 (8,39,147)	53,27,181 (34,817)	46,83,576 (94,35,019)	80,47,547 (77,03,589)	3,94,208 (3,71,101)	51,17,490 (27,143)	33,24,265 (80,47,547)	13,59,311 (13,87,472)	13,87,472 (9,27,100)
Tangible Assets (Under Lease)										
Computers	55,62,448 (90,40,027)	19,34,220	30,55,117 (34,77,579)	44,41,551 (55,62,448)	24,39,304 (47,57,998)	9,04,989 (11,25,702)	14,97,505 (34,44,396)	18,46,788 (24,39,304)	25,94,763 (31,23,144)	31,23,144 (42,82,029)
Office Equipments	-	-	-	-	-	-	-	-	-	-
Vehicle	(3,01,600)	7,89,851	(3,01,600)	7,89,851	(2,94,754)	(6,846)	(3,01,600)	1,31,905	6,57,946	(6,846)
Total	55,62,448 (93,41,627)	27,24,071	30,55,117 (37,79,179)	52,31,402 (55,62,448)	24,39,304 (50,52,752)	10,36,894 (11,32,548)	14,97,505 (37,45,996)	19,78,693 (24,39,304)	32,52,709 (31,23,144)	31,23,144 (42,88,875)
Intangible Assets										
Computer Software	12,81,835 (12,81,835)	-	-	12,81,835 (12,81,835)	12,81,835 (12,81,835)	-	-	12,81,835 (12,81,835)	-	-
Total	12,81,835 (12,81,835)	-	-	12,81,835 (12,81,835)	12,81,835 (12,81,835)	-	-	12,81,835 (12,81,835)	-	-
Grand Total	1,62,79,302	32,99,809	83,82,298	1,11,96,813	1,17,68,686	14,31,102	66,14,995	65,84,793	46,12,020	45,10,616
Previous year										
Tangible Assets	1,79,72,316	8,39,147	38,13,996	1,49,97,467	1,27,56,341	15,03,649	37,73,139	1,04,86,851	45,10,616	52,15,975
Intangible Assets	12,81,835	-	-	12,81,835	12,81,835	-	-	12,81,835	-	-
Total	1,92,54,151	8,39,147	38,13,996	1,62,79,302	1,40,38,176	15,03,649	37,73,139	1,17,68,686	45,10,616	52,15,975

Figures in brackets relate to previous year.

NOTES TO THE ACCOUNTS (Contd.)**Note 10****DEFERRED TAX ASSET (NET)**

(In ₹)

Particulars	31.03.2014	31.03.2013
Employee Benefits	8,74,056	9,42,853
Depreciation	37,251	8,432
	<u>9,11,307</u>	<u>9,51,285</u>

Note 11**LONG-TERM LOANS AND ADVANCES**

(In ₹)

Particulars	31.03.2014	31.03.2013
Advance Tax and Tax Deducted At Source (Net of provision for Taxation)#	2,86,03,511	4,35,75,592
Advance Fringe Benefit Tax (Net of provision) *	13,842	13,842
MAT Credit Entitlement	1,55,86,685	1,44,57,981
	<u>4,42,04,038</u>	<u>5,80,47,415</u>

Advance Tax and TDS receivable is net off of provision for Taxation of ₹ 1,66,59,457/- (31.03.2013 - ₹ 1,54,96,892/-)

* Advance Fringe Benefit tax is net off of provision for tax of ₹ 7,25,158/- (31.03.2013 - ₹ 8,25,640/-)

Note 12**OTHER NON - CURRENT ASSETS**

(In ₹)

Particulars	31.03.2014	31.03.2013
Unamortised future finance charges	3,98,807	2,07,417
Others	3,780	3,780
	<u>4,02,587</u>	<u>2,11,197</u>

Note 13**CURRENT INVESTMENTS**

(In ₹)

Particulars	31.03.2014	31.03.2013
Investments in Mutual Fund	4,25,88,918	-
	<u>4,25,88,918</u>	<u>-</u>

Particulars	As at 31.03.2014		As at 31.03.2013	
	Holding (Number)	Cost (Amount in ₹)	Holding (Number)	Cost (Amount in ₹)
Sundaram Money Fund - Growth	1,63,832	44,16,641	-	-
Sundaram Ultra Short-term Fund - Growth	8,94,169	1,56,72,277	-	-
Sundaram Fixed INC Interval FD Qtrly series	13,65,349	2,25,00,000	-	-
Aggregate amount of Unquoted Investments	-	4,25,88,918	-	-

NOTES TO THE ACCOUNTS (Contd.)

Note 14

TRADE RECEIVABLES

(In ₹)

Particulars	31.03.2014	31.03.2013
Unsecured, considered good		
Outstanding for a period exceeding six months from due date	52,96,401	33,84,395
Others	3,18,48,340	2,52,23,463
	<u>3,71,44,741</u>	<u>2,86,07,858</u>

Note 15

CASH AND CASH EQUIVALENTS

(In ₹)

Particulars	31.03.2014	31.03.2013
Cash on Hand	4,000	4,000
Balances with Banks		
In Current Account	59,63,404	82,97,493
In Deposit Account (Maturing within 3 months)	–	3,80,00,000
	<u>59,67,404</u>	<u>4,63,01,493</u>

Note 16

SHORT TERM LOANS AND ADVANCES

(In ₹)

Particulars	31.03.2014	31.03.2013
Unsecured, considered good		
Rental Deposit	4,07,796	18,64,574
Advance to Staff	4,73,684	6,25,877
Service Tax Input	7,90,426	8,72,370
Advance to Suppliers	76,073	5,00,043
Prepaid Expenses	17,23,274	21,59,772
Others	11,16,722	10,12,689
	<u>45,87,975</u>	<u>70,35,325</u>

Note 17

OTHER CURRENT ASSETS

(In ₹)

Particulars	31.03.2014	31.03.2013
Unamortised future finance charges	3,18,959	2,97,159
Interest Receivable	–	32,745
	<u>3,18,959</u>	<u>3,29,904</u>

NOTES TO THE ACCOUNTS (Contd.)

Note 18

REVENUE FROM OPERATIONS

(In ₹)

Particulars	2013-14	2012-13
Sale of		
Hardware Products and others	1,05,77,148	2,95,50,190
Software Licenses	5,28,64,506	8,94,25,798
Software Services rendered	12,46,14,786	20,72,57,101
	<u>18,80,56,440</u>	<u>32,62,33,089</u>

Revenue from operations includes -	2013-14	2012-13
Net (loss)/gain on foreign currency transaction and translation	(1,09,006)	(78,402)
Earnings in Foreign Currency (on actual basis)		
Sale of Software License and Services rendered	6,98,58,300	7,87,99,096

Note 19

OTHER INCOME

(In ₹)

Particulars	2013-14	2012-13
Interest on Income Tax Refund	19,54,638	2,56,716
Interest on Bank Deposit	2,23,926	36,384
Dividend Income	30,02,705	57,918
Profit on sale and lease back of assets	–	16,169
Profit on sale of tangible asset	–	7,815
Profit on sale of investment	16,604	–
Notice pay received	2,69,365	7,30,451
Miscellaneous Income	11,65,540	6,03,898
Total	<u>66,32,778</u>	<u>17,09,351</u>

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

NOTES TO THE ACCOUNTS (Contd.)

Note 20

COST OF PURCHASES

(In ₹)

Particulars	2013-14	2012-13
Software Licenses		
Opening Stock	–	49,577
Add: Purchase	4,35,09,139	7,35,34,401
Less: Closing Stock	–	–
Total Software License purchases (A)	<u>4,35,09,139</u>	<u>7,35,83,978</u>
Hardware Products		
Opening Stock	–	–
Add: Purchase	38,72,118	1,80,71,943
Less: Closing Stock	–	–
Total Hardware Product purchases (B)	<u>38,72,118</u>	<u>1,80,71,943</u>
Cost of services	90,42,922	1,16,11,207
Total Cost of services (C)	<u>90,42,922</u>	<u>1,16,11,207</u>
Total Cost of Purchases (A + B + C)	<u>5,64,24,179</u>	<u>10,32,67,128</u>

Note 21

EMPLOYEE BENEFIT EXPENSES

(In ₹)

Particulars	2013-14	2012-13
Salaries, allowances and bonus	8,94,51,150	11,66,42,184
Companies contribution to Provident Fund, Employees' State Insurance scheme, Gratuity Fund	46,70,645	27,02,433
Staff welfare expenses	8,33,975	16,65,208
	<u>9,49,55,770</u>	<u>12,10,09,825</u>

Note 22

FINANCIAL EXPENSES

(In ₹)

Particulars	2013-14	2012-13
Interest expense	–	4,02,870
Other Borrowing costs	3,98,975	4,09,184
	<u>3,98,975</u>	<u>8,12,054</u>

NOTES TO THE ACCOUNTS (Contd.)

Note 23

ADMINISTRATIVE AND OTHER EXPENSES

(In ₹)

Particulars	2013-14	2012-13
Rent	72,95,484	81,45,081
Lease Rent	3,84,041	5,17,291
Communication expenses	8,90,637	7,50,953
Electricity expenses	12,18,225	19,74,942
Travelling and conveyance	1,24,54,339	1,17,70,638
Insurance	4,74,448	3,85,051
Repairs and Maintenance	34,71,489	52,06,647
Professional fees	15,87,365	16,63,588
Rates and Taxes	1,81,869	2,29,839
Miscellaneous expenses *	43,75,808	45,28,258
	3,23,33,705	3,51,72,288

* Miscellaneous expenses include Remuneration to Auditors towards:

Particulars	2013-14	2012-13
Statutory Audit	1,00,000	60,000
Tax Audit	50,000	20,000
Certification	96,000	45,000

NOTE 24

GENERAL

24.1 Employee Benefits:

i) Defined Contribution Plan:

(In ₹)

Company Contribution to	2013 - 14	2012 - 13	2011 - 12	2010 - 11	2009 - 10
a) Provident Fund	13,35,551	14,15,791	13,16,772	14,17,475	10,91,033
b) Pension Fund	7,96,236	10,55,719	12,40,371	13,75,175	10,75,946
c) Employees' State Insurance	50,427	1,01,920	2,83,831	2,87,682	67,643
d) Superannuation Fund	2,52,231	45,365	2,12,176	2,05,244	1,69,371

NOTES TO THE ACCOUNTS (Contd.)

ii) Defined Benefit Plan:

Gratuity

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

Particulars	2013-14	2012-13
Present value of benefit obligations as at beginning of the year	28,52,748	31,67,022
Interest cost	2,28,220	2,53,362
Current service cost	8,02,166	7,56,256
Benefits paid	(33,63,386)	(3,76,646)
Actuarial (gain)/loss on obligations	11,57,018	(9,47,246)
Present value of obligations as at the end of the year	<u>16,76,766</u>	<u>28,52,748</u>

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

Particulars	2013-14	2012-13
Fair value of plan assets as at beginning of the year	35,88,372	29,37,639
Expected return on plan assets	1,76,037	2,75,048
Contributions	19,13,109	7,52,331
Benefits paid	(33,63,386)	(3,76,646)
Actuarial gain on plan assets	-	-
Fair value of plan assets as at the end of the year	<u>23,14,132</u>	<u>35,88,372</u>

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

Particulars	2013-14	2012-13
Present value of obligations as at the end of the year	16,76,766	28,52,748
Fair value of plan assets as at the end of the year	23,14,132	35,88,372
Net asset/(liability) recognised in the balance sheet	<u>6,37,366</u>	<u>7,35,624</u>

D. Expenses recognised in the profit and loss statement (In ₹)

Particulars	2013-14	2012-13
Current Service cost	8,02,166	7,56,256
Interest Cost	2,28,220	2,53,362
Expected return of plan assets	(1,76,037)	(2,75,048)
Net Actuarial (Gain)/loss recognized in the year	11,57,018	(9,47,246)
Expenses to be recognized in the profit and loss	<u>20,11,367</u>	<u>(2,12,676)</u>

NOTES TO THE ACCOUNTS (Contd.)

E. Details showing fair value of plan assets

(In ₹)

Particulars	2013-14	2012-13
Fair value of plan assets as at beginning of the year	35,88,372	29,37,639
Actual return on plan assets	1,76,037	2,75,048
Contributions	19,13,108	7,52,331
Benefits paid	(33,63,386)	(3,76,646)
Fair value of plan assets as at the end of the year	23,14,131	35,88,372

F. Actuarial gain/(Loss) recognised

(In ₹)

Particulars	2013-14	2012-13
Actuarial gain/(loss) on obligation	(11,57,018)	9,47,246
Actuarial gain/(loss) on plan assets	-	-
Total gain/(loss) for the year	(11,57,018)	9,47,246
Actuarial gain/(loss) recognised in the year	(11,57,018)	9,47,246

G. Actuarial assumptions

(In ₹)

Particulars	2013-14	2012-13
Discount Rate	8.0%	8.0%
Salary Increment	5.0%	7.0%
Return on plan assets	9.1%	9.2%
Attrition rate	1-3%	1-3%

Mortality rates

Based on LIC (1994-1996)

The estimates of future salary increases considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors like supply and demand in the employment market.

Amount for the current and previous four years as follows:

(In ₹)

Particulars	2013 - 14	2012 - 13	2011 - 12	2010-11	2009-10
Defined Benefit Obligation	16,76,766	28,52,748	31,67,022	25,16,671	17,51,662
Plan Assets	23,14,132	35,88,372	29,37,639	27,42,325	24,36,863
Surplus/(Deficit)	6,37,366	7,35,624	(2,29,383)	2,25,654	6,85,201
Experience adjustments on plan liabilities	11,57,018	-	4,60,455	1,98,633	3,37,839
Experience adjustments on plan assets	-	9,47,246	-	-	-

The actuarial value of leave entitlement as on 31.03.2014 is ₹ 24,32,603/- (31.03.2013 - ₹ 23,96,941/-) and is provided for in the books of accounts

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

Holding Company:

Sundaram Finance Limited

Fellow Subsidiaries:

Sundaram Finance Distribution Ltd.

Sundaram BNP Paribas Home Finance Ltd.

Sundaram Asset Management Company Ltd.

Sundaram Trustee Company Ltd.

LGF Services Ltd.

Infreight Logistics Solutions Ltd.

Sundaram Business Services Ltd.

Sundaram BNP Paribas Fund Services Ltd.

Sundaram Parekh Warehousing Services Ltd.

Sundaram Insurance Broking Services Ltd.

Sundaram Asset Management Singapore Pte Ltd.

Sundaram BPO India Ltd.

Caltec Servicez Private Ltd. (till 15.05.2013)

Professional Management Consultants Ltd. (till 15.05.2013)

Key Management Personnel:

Mr. T Varadarajan, Manager

The nature and volume of transactions of the company for the year ended 31.03.2014, with the related parties are as follows.

(Amount in ₹)

Nature of Transactions	Holding Company		Fellow Subsidiaries		Total	
	2013 - 14	2012 - 13	2013 - 14	2012 - 13	2013 - 14	2012 - 13
INCOME						
Revenue from Operations						
Sundaram Finance Limited	3,98,85,274	15,45,12,245	–	–	3,98,85,274	15,45,12,245
Sundaram BNP Paribas Fund Services Limited	–	–	66,10,471	1,50,51,400	66,10,471	1,50,51,400
Sundaram BNP Paribas Home Finance Limited	–	–	59,81,999	1,69,35,758	59,81,999	1,69,35,758
Sundaram Business Services Limited	–	–	13,76,027	17,39,655	13,76,027	17,39,655
Sundaram BPO India Limited	–	–	6,41,720	3,75,000	6,41,720	3,75,000
Sundaram Asset Management Company Ltd.	–	–	–	98,000	–	98,000
Caltex Servicez Private Ltd.	–	–	–	19,500	–	19,500
Total	3,98,85,274	15,45,12,245	1,46,10,217	3,42,19,313	5,44,95,491	18,87,31,558
EXPENSES						
Lease Rent, Office Rent & Branch Rent						
Sundaram Finance Limited	64,37,818	81,29,333	–	–	64,37,818	81,29,333
Internal Audit fee, other expenses						
Sundaram Finance Limited	45,53,411	16,82,317	–	–	45,53,411	16,82,317
Implementation charges - S3G						
Sundaram Finance Limited	1,37,89,731	88,35,000	–	–	1,37,89,731	88,35,000
Payroll Processing						
Sundaram Business Services Limited	–	–	–	55,900	–	55,900
Sundaram BPO India Limited	–	–	1,50,000	1,20,000	1,50,000	1,20,000
Total	2,47,80,960	1,86,46,650	1,50,000	1,75,900	2,49,30,960	1,88,22,550
ASSETS						
Income Receivables as on 31.03.2014						
Sundaram Finance Limited	12,91,773	30,18,659	–	–	12,91,773	30,18,659
Sundaram BNP Paribas Fund Services Limited	–	–	2,77,500	16,58,820	2,77,500	16,58,820
Total	12,91,773	30,18,659	2,77,500	16,58,820	15,69,273	46,77,479
LIABILITIES						
Internal Audit Fees, Payroll Processing charges Outstanding as on 31.03.2014						
Sundaram Finance Limited	84,93,184	75,000	–	–	84,93,184	75,000
Sundaram BPO India Limited	–	–	–	92,950	–	92,950
Total	84,93,184	75,000	–	92,950	84,93,184	1,67,950

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

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

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

Particulars	2013-14	2012-13
A. Profit for the year after taxation (In ₹)	90,29,967	6,54,29,773
B. Total weighted average number of equity shares of ₹ 10/- each outstanding at the end of the year (in numbers)	1,64,00,000	1,64,00,000
C. Basic and diluted earnings per share (A/B)	0.55	3.99

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

Particulars	2013-14	2012-13
Professional and consultancy fee	8,29,220	16,42,052
Subscription to Association	4,68,682	1,17,985
Other matters – Purchase of Software, Marketing, travelling etc.	4,19,30,879	3,72,99,225

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

As per our report of even date attached
 For **Brahmayya & Co.**,
 Chartered Accountants
 Registration Number: 000511S
L Ravi Sankar
 Partner
 Membership No. 25929
 Chennai
 Dated: 14th May, 2014

K Rajagopal
 Secretary

T T Srinivasaraghavan

Srinivas Acharya

S Venkatesan

K Swaminathan
 Directors

Cash Flow Statement for the year ended 31.03.2014 (In ₹)

	2013-2014	2012-2013
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit	90,29,967	6,54,29,773
Provision for Taxation	73,839	75,234
	91,03,806	6,55,05,007
Add: Financial Expenses	3,98,975	8,12,054
Depreciation	14,31,102	15,03,649
Interest Received	21,78,564	2,93,100
Dividend Received	30,02,705	57,918
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	57,52,614	6,74,69,692
(Increase) Decrease in other non-current assets	(1,91,390)	2,24,833
(Increase) Decrease in Inventories	-	49,577
(Increase) Decrease in Trade Receivables	(85,36,883)	1,63,775
(Increase) Decrease in short-term loans and advances	24,47,350	6,03,573
(Increase) Decrease in Long-term loans and advances	1,38,09,516	(2,33,20,983)
(Increase) Decrease in other current assets	10,945	1,71,318
Increase (Decrease) in Long-term borrowings	4,28,620	(14,66,340)
Increase (Decrease) in Long-term provisions	(91,227)	13,23,681
Increase (Decrease) in Trade payable	(46,65,887)	(1,77,01,341)
Increase (Decrease) in other current liabilities	(62,33,730)	18,09,784
Increase (Decrease) in Short-term provisions	(37,24,888)	(2,77,674)
Cash generated from Operations	(9,94,960)	2,90,49,895
Financial Expenses	3,98,975	8,12,054
Direct Taxes Paid	-	-
NET CASH FROM OPERATING ACTIVITIES (A)	(13,93,935)	2,82,37,841
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	32,99,809	8,39,147
Sale of Fixed Asset	17,67,303	40,857
Purchase of Investments	21,01,06,820	2,30,00,000
Sale of Investments	16,75,17,902	2,30,00,000
Interest Received	21,78,564	2,93,100
Dividend Received	30,02,705	57,918
NET CASH FROM INVESTING ACTIVITIES (B)	(3,89,40,155)	(4,47,272)
C) CASH FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity Shares	-	-
Increase (Decrease) in short term borrowings	-	-
NET CASH FROM FINANCING ACTIVITIES (C)	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)	(4,03,34,090)	2,77,90,569
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	4,63,01,493	1,85,10,924
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	59,67,404	4,63,01,493
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Current Account with Banks	62,15,921	4,62,52,108
Effect of Foreign Exchange rates on Cash and Cash Equivalents	(2,52,517)	45,385
Cash, Stamps and Stamp Papers on Hand	4,000	4,000
	59,67,404	4,63,01,493

As per our report of even date attached

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

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

T T Srinivasaraghavan

Srinivas Acharya

S Venkatesan

K Rajagopal
Secretary

K Swaminathan
Directors

SUNDARAM INFOTECH SOLUTIONS LIMITED