

SUNDARAM INFOTECH SOLUTIONS LIMITED

***10th Annual Report
2014-15***

Board of Directors	Srinivas Acharya K Swaminathan T K Sundararajan S Preetha
Audit Committee	T K Sundararajan S Preetha Srinivas Acharya
Nomination and Remuneration Committee	T K Sundararajan S Preetha Srinivas Acharya
Chief Executive Officer	Deepa Ramesh
Chief Financial Officer	M Ramaswamy
Secretary	K Rajagopal
Bankers	State Bank of Travancore Hongkong and Shanghai Banking Corporation Ltd. Tamil Nadu Mercantile Bank Ltd. State Bank of India
Auditors	M/s. Brahmayya & Co., Chennai, Chartered Accountants 48, Masilamani Road, Balaji Nagar, Royapettah, Chennai 6000 014
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, USA, UAE

SUNDARAM INFOTECH SOLUTIONS LIMITED

A wholly-owned subsidiary of



SUNDARAM FINANCE LIMITED

Contents

Directors' Report	3
Independent Auditors' Report	14
Balance Sheet	18
Statement of Profit and Loss	19
Notes to the Accounts	20
Cash Flow Statement	36

Directors' Report

Your Directors have pleasure in presenting the 10th Annual Report and Audited Accounts of the Company for the year ended 31st March, 2015.

The summarized financial results of the Company are given hereunder:

(₹ in lakhs)

Particulars	Year ended 31 March, 2015	Year ended 31 March, 2014
Total Revenue	1675.25	1946.89
Total Expenses	1912.32	1855.85
Profit / (Loss) before Tax	(237.08)	91.04
Less: Taxation	(4.36)	0.74
Profit / (Loss) after Tax	(232.71)	90.30

REVIEW OF OPERATIONS

During the year under review, your Company earned total revenue of ₹1675.25 lakhs as against ₹1946.89 lakhs in the previous year. The loss after tax for the year was at ₹232.71 lakhs as against profit after tax of ₹90.30 lakhs in the previous year.

Your Company has made good progress in marketing of the next generation software solution for Lending Companies, which has received encouraging response 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. The company has won a number of deals and there have been good enquiries from these markets.

OUTLOOK

Your company looks at the future with cautious optimism. Australian and Middle East markets are expected to grow further. There are early signs of recovery in India and it is hoped that businesses will look at modernising their IT infrastructure. This will create opportunities for your company to grow. The ongoing internal cost control measures will further help your company to grow profitably.

DIVIDEND

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Sri T Varadarajan, Manager, relinquished his position as Manager with effect from 31st August 2014.

Ms. Deepa Ramesh and Sri M Ramaswamy were appointed as Chief Executive Officer and Chief Financial Officer of your company respectively, with effect from 1st September 2014.

Sri T T Srinivasaraghavan and Sri S Venkatesan, Directors of your Company since 2005 and 2006 respectively, resigned their directorships with effect from 28th March 2015. Your Directors wish to place on record the significant contribution made by them to the deliberations of the Board.

Sri T K Sundararajan and Ms. S Preetha were appointed as Independent Directors for a period of 5 years from 28th March 2015 to 27th March 2020.

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

DECLARATION OF INDEPENDENCE BY INDEPENDENT DIRECTORS

The Independent Directors have given a declaration that they meet the criteria of independence as provided under Section 149 (6) of the Companies Act, 2013.

RECONSTITUTION OF AUDIT COMMITTEE AND NOMINATION AND REMUNERATION

The Audit Committee and Nomination and Remuneration Committee of your Company have been reconstituted with the induction of Sri T K Sundararajan and Ms S Preetha, Independent Directors and Sri Srinivas Acharya, Non-Executive Director.

NUMBER OF MEETINGS OF THE BOARD

During the year under review, 5 meetings of the Board of Directors were held.

REMUNERATION POLICY

Company's policy on remuneration is attached as part of this report vide Annexure A. It is the endeavor of your company to attract people to be on the Board of your Company as Directors from variety of backgrounds which are appropriate to the business interests of the Company.

RISK MANAGEMENT

Your Company is in the process of formulating a Risk Management Policy during the current financial year.

DIRECTORS' RESPONSIBILITY STATEMENT

Your directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for that period;
3. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. the directors had prepared the annual accounts on a going concern basis;
5. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

There were no investments made, loans or guarantees given by the Company during the year ended 31st March 2015.

RELATED PARTY TRANSACTIONS

During the year, the Company did not enter into any material transaction with related parties, under Section 188 of the Companies Act, 2013. All transactions entered into by the Company with the related parties were in the ordinary course of business and on an arm's length basis. Form AOC-2, as required under Section 134 (3) (h) of the Act, read with Rule 8 (2) of the Companies (Accounts) Rules 2014, is attached as part of this report vide Annexure B.

EXTRACT OF ANNUAL RETURN

As required pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in MGT-9 is annexed as a part of this report vide Annexure C.

INFORMATION AS PER SECTION 134 (3) (m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014

Your Company has no activity relating to conservation of energy or technology absorption. During 2014-15, expenditure in foreign currencies amounted to ₹563.82 lakhs and foreign currency earnings amounted to ₹831.70 lakhs.

PERSONNEL

None of the employees of the Company is in receipt of remuneration in excess of the limits prescribed under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

DEPOSITS

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

AUDITORS

M/s Brahmaya & Co, Chartered Accountants, Chennai, retire and are eligible for reappointment. A certificate under 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.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. No complaints were received during the year 2014-15.

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.

Srinivas Acharya
K Swaminathan
T K Sundararajan
S Preetha
Directors

Chennai 600 002
Date: 6th May 2015

REMUNERATION POLICY

Sundaram Infotech Solutions Limited (hereinafter referred to as 'the Company') has, since inception, formulated performance based remuneration structures for its employees at all levels, so as to provide ample opportunity for inclusive growth, supported with adequate learning. Accordingly, the remuneration structure is based on the qualification and skill levels at the time of joining the organisation and reviewed on a yearly basis by way of an assessment of their actual performance, through a robust "Performance Management System".

The components forming part of the compensation structure for each grade are designed to reward performance as well as to mitigate some of the location based hardships faced by the employees.

Section 178 (2), (3) and (4) of the Companies Act, 2013 read with the applicable rules thereto provide that the Nomination and Remuneration Committee (NRC) shall identify persons who are qualified to become Directors and shall also recommend to the Board a policy, relating to the remuneration for Directors, Key Managerial Personnel, Senior Management and other employees.

Accordingly, the NRC recommends the following Remuneration Policy of the Company so as to ensure that:

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully and is comparable to the compensation structure obtaining in other companies in the industry
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) remuneration to key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

The following policy shall be hereinafter referred to as "Remuneration Policy of Sundaram Infotech Solutions Limited".

I Definitions

- a) "Remuneration" means any monetary benefit or its equivalent extended to any person for services rendered by him/her and includes perquisites as defined under the Income-tax Act, 1961.
- b) "Key Managerial Personnel" means,
 - i) Managing Director, Chief Executive Officer or Manager;
 - ii) Whole-time Director;
 - iii) Chief Financial Officer;
 - iv) Company Secretary.
- c) "Senior Management", defined herein by the NRC and as may be modified from time to time by the Board, means the CEO of the Company.
- d) "Employee" will mean an employee who has been appointed on the rolls of Sundaram Infotech Solutions Limited (hereinafter referred to as 'the Company') and has been issued an appointment order by the Company.

II Remuneration Pattern

The NRC lays down the following remuneration pattern for Non-executive Directors and Independent Directors, Chief Executive Officer, Key Managerial Personnel, Senior Management and other employees under the Remuneration Policy:

1. The remuneration payable to Non-Executive Directors and Independent Directors shall consist of:
 - a) Sitting fees, if any, payable for every meeting of the Board and sub-committees of the Board will be decided by the Board, from time to time;

-
- b) Reimbursement of expenses for attending meetings of the Board and sub-committees of the Board.
2. The remuneration payable to Chief Executive Officer shall consist of:
- a) Salary, allowances and perquisites;
- b) Bonus for each financial year as may be decided by the Board of Directors, based on the performance;
- The overall remuneration payable to Directors shall be within the limits prescribed under Section 197 of the Companies Act, 2013 read with Schedule V.
3. The remuneration payable to Key Managerial Personnel, Senior Management and other employees of the company shall consist of salary, allowances, perquisites and variable components reflecting the short and long term performance objectives appropriate to the working of the Company, which are aligned to industry standards.

III Implementation of the Remuneration Policy

The remuneration payable to Non-executive Directors and Independent Directors shall be determined by the Board of Directors, after taking into account their performance and contribution.

The Remuneration Policy of the Company, to the extent applicable to Key Managerial Personnel other than Executive Directors, Senior Management and other employees shall be monitored by the Chief Executive Officer, who shall take appropriate steps to ensure that the remuneration is commensurate with their experience, qualification, responsibilities, contributions, performance and industry standards.

The NRC shall take suitable steps to issue guidelines, procedures and such other steps as may be considered appropriate from time to time, for effective implementation of the Remuneration Policy.

Annexure - B

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

All transactions entered into by the Company during the year with related parties were on an arm's length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis

The transactions entered into by the Company during the year with related parties on an arm's length basis were not material in nature.

Srinivas Acharya
K Swaminathan
T K Sundararajan
S Preetha
Directors

Chennai
6th May 2015

SUNDARAM INFOTECH SOLUTIONS LIMITED

Form No.MGT - 9
Extract Of Annual Return
as on the financial year ended on 31st March 2015

[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12 (1)
of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

(i)	CIN	U72200TN2005PLC056969
(ii)	Registration Date	19th July 2005
(iii)	Name of the Company	Sundaram Infotech Solutions Limited
(iv)	Category / Sub-Category of the Company	Public Company / Limited by shares
(v)	Address of the Registered Office and contact details	21, Patullos Road, Chennai 600 002. Tel: 044 2851 4066 Fax: 044 2841 2171 Email: info@sundaraminfotech.in Website: www.sundaraminfotech.in
(vi)	Whether Listed Company Yes / No	No
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated

Sl. No.	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the company
1	Enterprise Solutions	As per National Industrial Classification – 2008: Section J - Information and communication Division 62 – Computer programming, consultancy and related activities	64.26%
2	Business Transformation Services		18.90%
3	Financial Services		12.50%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN / GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1	Sundaram Finance Limited 21, Patullos Road, Chennai 600 002.	L65191TN1954PLC002429	Holding	100.00	2 (46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

	Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoters									
(1)	Indian									
(a)	Individual/HUF	–	–	–	–	–	–	–	–	–
(b)	Central Govt	–	–	–	–	–	–	–	–	–
(c)	State Govt(s)	–	–	–	–	–	–	–	–	–
(d)	Bodies Corp.*	–	16400000	16400000	100.00	–	16400000	16400000	100.00	–
(e)	Banks / FI	–	–	–	–	–	–	–	–	–
(f)	Any Other	–	–	–	–	–	–	–	–	–
	Sub-Total (A)(1)	–	16400000	16400000	100.00	–	16400000	16400000	100.00	–
(2)	Foreign									
(a)	NRIs - Individuals	–	–	–	–	–	–	–	–	–
(b)	Other - Individuals	–	–	–	–	–	–	–	–	–
(c)	Bodies Corp.	–	–	–	–	–	–	–	–	–
(d)	Banks / FI	–	–	–	–	–	–	–	–	–
(e)	Any Other	–	–	–	–	–	–	–	–	–
	Sub-Total (A)(2)	–	–	–	–	–	–	–	–	–
	Total shareholding of Promoter (A) = (A)(1)+(A)(2)	–	16400000	16400000	100.00	–	16400000	16400000	100.00	–
B.	Public Shareholding									
(1)	Institutions									
(a)	Mutual Funds	–	–	–	–	–	–	–	–	–
(b)	Banks / FI	–	–	–	–	–	–	–	–	–
(c)	Central Govt	–	–	–	–	–	–	–	–	–
(d)	State Govt(s)	–	–	–	–	–	–	–	–	–
(e)	Venture Capital Funds	–	–	–	–	–	–	–	–	–
(f)	Insurance Companies	–	–	–	–	–	–	–	–	–
(g)	FIIIs	–	–	–	–	–	–	–	–	–
(h)	Foreign Venture Capital Investors	–	–	–	–	–	–	–	–	–
(i)	Any Other	–	–	–	–	–	–	–	–	–
	Sub-Total (B)(1)	–	–	–	–	–	–	–	–	–
2.	Non-Institutions									
(a)	Bodies Corporate									
(i)	Indian	–	–	–	–	–	–	–	–	–
(ii)	Overseas	–	–	–	–	–	–	–	–	–
(b)	Individuals									

	Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i	Individual shareholders holding nominal shares capital up to ₹1 lakh	–	–	–	–	–	–	–	–	–
ii	Individual shareholders holding nominal shares capital in excess of ₹1 lakh	–	–	–	–	–	–	–	–	–
(c)	Others (specify)									
	Sub-Total (B)(2)	–	–	–	–	–	–	–	–	–
	Total Public Shareholding (B) = (B)(1) + (B)(2)	–	–	–	–	–	–	–	–	–
(C)	Shares held by Custodian for GDRs and ADRs	–	–	–	–	–	–	–	–	–
	GRAND TOTAL (A)+(B)+(C)	–	16400000	16400000	100.00	–	16400000	16400000	100.00	–

* Includes 6 equity shares held by nominees of Sundaram Finance Limited

(ii) Shareholding of promoters

Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
	No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	
Sundaram Finance Limited *	16400000	100.00	–	16400000	100.00	–	–
Total	16400000	100.00	–	16400000	100.00	–	–

* Includes 6 equity shares held by nominees of Sundaram Finance Ltd.

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Name of the Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Sundaram Finance Limited:				
At the beginning of the year *	16400000	100		
Date wise Increase / Decrease	—	—	—	—
At the end of the Year			16400000	100

* Includes 6 equity shares held by nominees of Sundaram Finance Limited.

(iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Name of the Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	Not Applicable			
Date wise Increase / Decrease				
At the end of the Year				

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Sri T T Srinivasaraghavan (upto 28th March 2015)				
	At the beginning of the year *	1	–		
	Date wise Increase / Decrease	–	–	–	–
	At the end of the Year			1	–
2	Sri Srinivas Acharya				
	At the beginning of the year *	1	–		
	Date wise Increase / Decrease	–	–	–	–
	At the end of the Year			1	–
3	Sri K Swaminathan				
	At the beginning of the year *	1	–		
	Date wise Increase / Decrease	–	–	–	–
	At the end of the Year			1	–
4	Sri S Venkatesan (upto 28th March 2015)				
	At the beginning of the year	–	–		
	Date wise Increase / Decrease	–	–	–	–
	At the end of the Year			–	–
5	Sri T K Sundararajan (from 28th March 2015)				
	At the beginning of the year	–	–		
	Date wise Increase / Decrease	–	–	–	–
	At the end of the Year			–	–
6	Ms S Preetha (from 28th March 2015)				
	At the beginning of the year	–	–		
	Date wise Increase / Decrease	–	–	–	–
	At the end of the Year			–	–
7	Ms Deepa Ramesh, Chief Executive Officer (from 1st September 2014)				
	At the beginning of the year	–	–		
	Date wise Increase / Decrease	–	–	–	–
	At the end of the Year			–	–
8	Sri M Ramaswamy, Chief Financial Officer (from 1st September 2014)				
	At the beginning of the year *	1	–		
	Date wise Increase / Decrease	–	–	–	–
	At the end of the Year			1	–
9	Sri K Rajagopal, Company Secretary				
	At the beginning of the year	–	–		
	Date wise Increase / Decrease	–	–	–	–
	At the end of the Year			–	–

* Holding share jointly with others as nominee of Sundaram Finance Limited.

V. INDEBTEDNESS

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	Nil			
(i) Principal Amount				
(ii) Interest due but not paid				
(iii) Interest accrued but not due				
Total (i + ii + iii)				
Change in Indebtedness during the financial year				
Addition				
Reduction				
Net Change				
Indebtedness at the end of the financial year				
(i) Principal Amount				
(ii) Interest due but not paid				
(iii) Interest accrued but not due				
Total (i + ii + iii)				

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and / or Manager:

Sl. No.	Particulars of Remuneration	Name of the MD / WTD / Manager	Total Amount
1	Gross Salary	Not Applicable	
	a) Salary as per provisions contained in Section 17 (1) of the Income-tax Act, 1961		
	b) Value of perquisites u/s 17 (2) Income-tax Act, 1961		
	c) Profits in lieu of salary under section 17 (3) Income-tax Act, 1961		
2	Stock Option		
3	Sweat Equity		
4	Commission		
	- as % of profit		
5	Others, please specify		
	Total (A)		
	Ceiling as per the Act		

B. Remuneration to other directors:

Particulars of Remuneration	Fee for attending board / committee meetings	Commission	Others	Total Amount
Independent Directors	Nil			
Sri T K Sundararajan				
Ms S Preetha				
Total (1)				
Other Non-Executive Directors				
Sri Srinivas Acharya				
Sri K Swaminathan				
Total (2)				
Total (B) = (1 + 2)				
Total Managerial Remuneration				
Overall Ceiling as per the Act	Not Applicable since the Company has incurred loss during the Financial Year 2014-15			

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

Sl. No.	Particulars of Remuneration	CEO	Company Secretary*	CFO*	Total Amount
1	Gross Salary				
	a) Salary as per provisions contained in Section 17 (1) of the Income-tax Act, 1961	2591998	Nil	Nil	2591998
	b) Value of perquisites u/s 17 (2) Income-tax Act, 1961	304322	Nil	Nil	304322
	c) Profits in lieu of salary under section 17 (3) Income-tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock Option	Not Applicable	Not Applicable	Not Applicable	Not Applicable
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission				
	- as % of profit	Not Applicable	Not Applicable	Not Applicable	Not Applicable
5	Others, please specify	Not Applicable	Not Applicable	Not Applicable	Not Applicable
	Total (A)	2896320	Nil	Nil	2896320

* Sri M Ramaswamy, Chief Financial Officer and Sri K Rajagopal, Company Secretary have been nominated by Sundaram Finance Limited, the Holding Company and no remuneration is borne by this Company.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

There were no penalties / punishment / compounding of offences against the Company, Directors and other Officers in Default during the year ended 31st March 2015.

Independent Auditor's 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 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which

are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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, 2015;
- b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5. **Emphasis of Matter**

We draw attention to the financial statements being prepared on a “going concern” basis despite the company having accumulated losses and having incurred a loss for the year and in view of the measures contemplated by the company, as mentioned in Note 23.7 to the financial statements.

Our opinion is not qualified in respect of this matter.

6. **Report on Other Legal and Regulatory Requirements**

- i) As required by the Companies (Auditor’s Report) Order, 2015 (“the Order”) issued by the Central Government of India in terms of sub-section 11 of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraph 3 of the Order.
- ii) As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the company has disclosed the effect of the pending litigations in its financial statements as mentioned in Note 23.8 of the Notes to the Accounts;
 - ii. the company did not have any long term contracts including derivative contracts.
 - iii. there was no amount to be transferred to the Investor Education and Protection Fund by the Company during the year.

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

Place: Chennai
Date : 6th May, 2015

Annexure to the Auditor's Report referred to in paragraph 6 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 the fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
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 any loans secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, clauses (iii) (a) and (b) of paragraph 3 of the Order are not applicable to the Company for the year.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and for services rendered. During the course of our audit, no major weaknesses were noticed in the internal controls and therefore the reporting of the same does not arise.
5. The company has not accepted deposits from public.
6. The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act.
7. i) 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, Value Added tax, Central Sales 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 2015 for a period of more than six months from the date they became payable.
ii) According to the records of the Company and the information and explanations given to us, there are no dues of Income tax, Value Added tax, Central Sales tax and Service tax which have not been deposited on account of any dispute.
iii) Based on our examination of the records and the information and explanations given to us, there was no amount to be transferred to Investor Education and Protection Fund by the Company during the year in accordance with the relevant provision of the Companies Act, 1956 and the rules made thereunder.
8. The Company has accumulated losses at the end of the financial year and has incurred cash losses during the current and immediately preceding financial year.

9. Based on our audit procedures and the information and explanations given by the Management, the company does not have any borrowings from bank, financial institutions or by issue of debentures.
10. 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.
11. Based on our examination of the records and the information and explanations given to us, the company has not availed any term loans during the year under review.
12. To the best of our knowledge and belief and according to the information and explanations given to us, during the year no fraud by the Company and no fraud on the Company were noticed or reported during the course of our audit.

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

Place: Chennai
Date : 6th May, 2015

Balance Sheet

as at 31st March, 2015

(In ₹)

Particulars	Note	As at 31st March 2015		As at 31st March 2014	
I. EQUITY AND LIABILITIES					
1 Shareholders' funds					
a) Share Capital	2	16,40,00,000		16,40,00,000	
b) Reserves and Surplus	3	(7,66,99,403)		(5,34,28,214)	
c) Money received against share warrants		—	8,73,00,597	—	11,05,71,786
2 Share application money pending allotment		—		—	
3 Non-current liabilities					
Long-term borrowings	4	32,60,440		26,20,255	
Deferred tax liabilities (Net)		—		—	
Other Long term liabilities		—		—	
Long-term provisions	5	33,17,652	65,78,092	24,59,432	50,79,687
4 Current liabilities					
Short-term borrowings		—		—	
Trade payables	6	1,15,47,205		1,45,02,250	
Other current liabilities	7	66,65,857		68,10,475	
Short-term provisions	8	18,06,016	200,19,078	37,73,751	2,50,86,476
TOTAL		<u>11,38,97,767</u>		<u>14,07,37,949</u>	
II. ASSETS					
1 Non-current assets					
a) Fixed assets	9				
i) Tangible assets		49,18,437		46,12,020	
ii) Intangible assets		—		—	
iii) Capital work-in-progress		—		—	
iv) Intangible assets under development		—		—	
b) Non-current investments		—		—	
c) Deferred tax assets (net)	10	13,47,743		9,11,307	
d) Long-term loans and advances	11	4,93,88,005		4,42,04,038	
e) Other non-current assets	12	4,74,528	5,61,28,713	3,98,807	5,01,26,172
2 Current assets					
a) Current investments	13	1,59,53,026		4,25,88,918	
b) Inventories		—		—	
c) Trade receivables	14	2,89,67,466		3,71,44,741	
d) Cash and cash equivalents	15	59,87,729		59,67,404	
e) Short-term loans and advances	16	64,70,522		45,91,755	
f) Other current assets	17	3,90,311	5,77,69,054	3,18,959	9,06,11,777
TOTAL		<u>11,38,97,767</u>		<u>14,07,37,949</u>	

Significant Accounting Policies and Notes to the Accounts 1 to 23

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: 6th May, 2015

Deepa Ramesh
Chief Executive Officer

M Ramaswamy
Chief Financial Officer

K Rajagopal
Secretary

Srinivas Acharya

K Swaminathan

T K Sundararajan

S Preetha
Directors

SUNDARAM INFOTECH SOLUTIONS LIMITED

Statement of Profit and Loss

for the Year Ended 31st March, 2015

(In ₹)

Particulars	Note	2014-15	2013-14
REVENUE:			
Revenue From Operations	18	16,46,88,080	18,80,56,440
Other income	19	28,36,723	66,32,778
Total Revenue		<u>16,75,24,803</u>	<u>19,46,89,218</u>
EXPENSES:			
Cost of purchases	20	6,55,51,045	5,64,24,179
Employee benefits expenses	21	8,85,45,237	9,49,55,770
Administrative and other expenses	22	3,39,11,971	3,27,32,680
Bad Debts		15,13,625	41,681
Depreciation and amortization expenses	9	17,10,550	14,31,102
Total Expenses		<u>19,12,32,428</u>	<u>18,55,85,412</u>
Profit before tax		(2,37,07,625)	91,03,806
Tax expense:			
Minimum Alternate Tax		-	11,62,565
Deferred tax		(4,36,436)	39,978
		<u>(4,36,436)</u>	<u>12,02,543</u>
Less: MAT Credit Entitlement		-	73,839
		<u>(4,36,436)</u>	<u>11,28,704</u>
Profit after tax for the year from continuing operations		<u>(2,32,71,189)</u>	<u>90,29,967</u>
Earnings per equity share:			
Face Value per Equity Share (in Rupees)		10	10
Number of Equity Shares		16400000	16400000
Weighted Average Number of Equity Shares		16400000	16400000
Basic and Diluted Earnings per share (in Rupees)		-1.42	0.55
Significant Accounting Policies and Notes to the Accounts	1 to 23		

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: 6th May, 2015

Deepa Ramesh
Chief Executive Officer

M Ramaswamy
Chief Financial Officer

K Rajagopal
Secretary

Srinivas Acharya

K Swaminathan

T K Sundararajan

S Preetha
Directors

Notes to the Accounts

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, 2013.

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 / Amortisation:

Tangible assets are carried at historical cost less accumulated depreciation and impairment, if any.

Depreciation on tangible assets is provided on the written-down value method over the useful life of assets estimated by the Company. Depreciation for assets purchased / sold during the year is charged on a pro-rata basis.

The Company estimates the useful lives for the fixed assets as follows:

Computers Equipment - End user Devices	7 years
Office Equipment	8 years

For these class of assets, based on an internal assessment, the Company believes that the useful life mentioned above represents the period over which, the Company expects to use these assets. Hence the useful life for these assets is different from the useful life as prescribed under Part C of Schedule II to the Companies Act, 2013.

Intangible assets represent Computer Software acquired/developed, of which cost is amortised over expected useful life which is governed as per the Accounting Standard for Intangible Assets issued by the Institute of Chartered Accountants of India.

- 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.

iii) Medical expenses

Liability on account of Medical reimbursement 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	31.03.2015	31.03.2014
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 31.03.2015	No. of Shares #	% held as at 31.03.2014
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	31.03.2015	31.03.2014
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	31.03.2015	31.03.2014
Opening balance	(534,28,214)	(624,58,181)
Add: Transfer from Surplus in the Profit and Loss statement	(232,71,189)	90,29,967
	<u>(766,99,403)</u>	<u>(534,28,214)</u>

NOTES TO THE ACCOUNTS (Contd.)

Note 4

LONG TERM BORROWINGS

(In ₹)

Particulars	31.03.2015	31.03.2014
Long term maturities of finance lease obligations	32,60,440	26,20,255

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

(In ₹)

Period	31.03.2015		31.03.2014	
	Future Lease payments	Principal Outstanding	Future Lease payments	Principal Outstanding
2 to 5 years	32,60,440	28,70,129	26,20,255	23,01,296
Above 5 years	Nil	Nil	Nil	Nil

Note 5

LONG TERM PROVISIONS

(In ₹)

Particulars	31.03.2015	31.03.2014
Provision for employee benefits	33,17,652	24,59,432
	<u>33,17,652</u>	<u>24,59,432</u>

Note 6

TRADE PAYABLES

(In ₹)

Particulars	31.03.2015	31.03.2014
For expenses	110,60,851	136,95,334
For others	4,86,354	8,06,916
	<u>115,47,205</u>	<u>145,02,250</u>

NOTES TO THE ACCOUNTS (Contd.)

Note 7

OTHER CURRENT LIABILITIES

(In ₹)

Particulars	31.03.2015	31.03.2014
Income received in advance	15,41,118	14,98,800
Current Maturities of Finance Lease Obligations	15,85,345	13,54,515
TDS payable	12,45,521	18,40,529
GST payable	9,71,704	14,85,700
Sales Tax payable	14,689	–
Advance received from customers	13,07,480	3,72,029
Others	–	2,58,902
	66,65,857	68,10,475

Note 8

SHORT TERM PROVISIONS

(In ₹)

Particulars	31.03.2015	31.03.2014
Provision for employee benefits	18,06,016	37,73,751
	18,06,016	37,73,751

NOTES TO THE ACCOUNTS (Contd.)

NOTE 9

FIXED ASSETS

(In ₹)

Description	Gross Block at cost				Depreciation			Net Block		
	Cost As at 31.03.2014	Additions	Deductions	Cost As at 31.03.2015	Upto 31.03.2014	Additions	Deductions	Upto 31.03.2015	As at 31.03.2015	As at 31.03.2014
Tangible Assets										
Computer System	30,10,451 (77,83,183)	4,010 (5,51,275)	17,78,204 (53,24,007)	12,36,257 (30,10,451)	24,52,878 (73,41,617)	2,04,701 (2,25,578)	17,39,712 (51,14,317)	9,17,867 (24,52,878)	3,18,390 (5,57,573)	5,57,573 (4,41,566)
Office Equipment	6,74,149 (6,52,860)	41,004 (24,463)	- (3,174)	7,15,153 (6,74,149)	3,73,713 (3,13,731)	99,200 (63,155)	- (3,173)	4,72,913 (3,73,713)	2,42,240 (3,00,436)	3,00,436 (3,39,129)
Furniture and Fixtures	8,02,737 (8,02,737)	-	-	8,02,737 (8,02,737)	3,90,759 (2,99,717)	1,12,077 (91,042)	-	5,02,836 (3,90,759)	2,99,901 (4,11,978)	4,11,978 (5,03,020)
Plant and Machinery	1,96,239 (1,96,239)	-	-	1,96,239 (1,96,239)	1,06,915 (92,482)	12,364 (14,433)	-	1,19,279 (1,06,915)	76,960 (89,324)	89,324 (1,03,757)
Total	46,83,576 (94,35,019)	45,014 (5,75,738)	17,78,204 (53,27,181)	29,50,386 (46,83,576)	33,24,265 (80,47,547)	4,28,342 (3,94,208)	17,39,712 (51,17,490)	20,12,895 (33,24,265)	9,37,491 (13,59,311)	13,59,311 (13,87,472)
Tangible Assets (Under Lease)										
Computers	44,41,551 (55,62,448)	20,10,450 (19,34,220)	- (30,55,117)	64,52,001 (44,41,551)	18,46,788 (24,39,304)	10,99,911 (9,04,989)	- (14,97,505)	29,46,699 (18,46,788)	35,05,302 (25,94,765)	25,94,763 (31,23,144)
Office Equipments	-	-	-	-	-	-	-	-	-	-
Vehicle	7,89,851	-	-	7,89,851	1,31,905	1,82,302	-	3,14,207	4,75,644	6,57,946
Total	52,31,402 (55,62,448)	20,10,450 (27,24,071)	- (30,55,117)	72,41,852 (52,31,402)	19,78,693 (24,39,304)	12,82,213 (10,36,894)	- (14,97,505)	32,60,906 (19,78,693)	39,80,946 (32,52,709)	32,52,709 (31,23,144)
Intangible Assets										
Computer Software	12,81,835 (12,81,835)	-	-	12,81,835 (1,281,835)	1,281,835 (1,281,835)	-	-	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	1,11,96,813	20,55,464	17,78,204	1,14,74,073	65,84,793	17,10,555	17,39,712	65,55,636	49,18,437	46,12,020
Previous year										
Tangible Assets	1,49,97,467	32,99,809	83,82,298	99,14,978	1,04,86,851	1,43,1102	66,14,995	53,02,958	46,12,020	45,10,616
Intangible Assets	12,81,835	-	-	12,81,835	12,81,835	-	-	12,81,835	-	-
Total	1,62,79,302	32,99,809	83,82,298	1,11,96,813	1,17,68,686	1,43,1102	66,14,995	65,84,793	46,12,020	45,10,616

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

(In ₹)

Particulars	31.03.2015	31.03.2014
Employee Benefits	12,77,597	8,74,056
Depreciation	70,146	37,251
	13,47,743	9,11,307

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

(In ₹)

Particulars	31.03.2015	31.03.2014
Advance Tax and Tax Deducted At Source (Net of provision for Taxation)#	3,37,87,478	2,86,03,511
Advance Fringe Benefit Tax (Net of provision) *	13,842	13,842
MAT Credit Entitlement	1,55,86,685	1,55,86,685
	4,93,88,005	4,42,04,038

Advance Tax and TDS receivable is net off of provision for Taxation of ₹1,66,59,457/- (31.03.2014 - ₹1,66,59,457/-)

* Advance Fringe Benefit tax is net off of provision for tax of ₹7,25,158/- (31.03.2014 - ₹7,25,158/-)

Note 12**OTHER NON - CURRENT ASSETS**

(In ₹)

Particulars	31.03.2015	31.03.2014
Unamortised future finance charges	4,74,528	3,98,807
	4,74,528	3,98,807

Note 13**CURRENT INVESTMENTS**

(In ₹)

Particulars	31.03.2015	31.03.2014
Investments in Mutual Fund	159,53,026	425,88,918
	159,53,026	425,88,918

Particulars	As at 31.03.2015		As at 31.03.2014	
	Holding (Number)	Cost (Amount in ₹)	Holding (Number)	Cost (Amount in ₹)
Sundaram Money Fund - Growth	3,17,263	93,02,625	1,63,832	44,16,641
Sundaram Ultra Short-term Fund - Growth	3,79,433	66,50,400	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		1,59,53,025		4,25,88,918

NOTES TO THE ACCOUNTS (Contd.)

Note 14

TRADE RECEIVABLES

(In ₹)

Particulars	31.03.2015	31.03.2014
Unsecured, considered good		
Outstanding for a period exceeding six months from due date	21,87,627	52,96,401
Others	2,67,79,839	3,18,48,340
Unsecured, considered Doubtful		
Outstanding for a period exceeding six months from due date	15,94,285	-
Less: Provision for doubtful debts	15,94,285	-
	<u>2,89,67,466</u>	<u>3,71,44,741</u>

Note 15

CASH AND CASH EQUIVALENTS

(In ₹)

Particulars	31.03.2015	31.03.2014
Cash on Hand	4,000	4,000
Balances with Banks		
In Current Account	59,83,729	59,63,404
	<u>59,87,729</u>	<u>59,67,404</u>

Note 16

SHORT TERM LOANS AND ADVANCES

(In ₹)

Particulars	31.03.2015	31.03.2014
Unsecured, considered good		
Rental Deposit	4,08,704	4,07,796
Advance to Staff	4,44,144	4,73,684
Input credit - Unutilised	22,19,114	8,25,250
Advance to Suppliers	67,648	76,073
Prepaid Expenses	14,97,865	17,23,274
Others	18,33,047	10,85,678
	<u>64,70,522</u>	<u>45,91,755</u>

Note 17

OTHER CURRENT ASSETS

(In ₹)

Particulars	31.03.2015	31.03.2014
Unamortised future finance charges	3,90,311	3,18,959
	<u>3,90,311</u>	<u>3,18,959</u>

NOTES TO THE ACCOUNTS (Contd.)

Note 18

REVENUE FROM OPERATIONS

(In ₹)

Particulars	2014 - 15	2013 - 14
Sale of		
Hardware Products and others	21,58,293	1,05,77,148
Software Licenses	5,35,21,853	5,28,64,506
Software Services rendered	10,90,07,934	12,46,14,786
	<u>16,46,88,080</u>	<u>18,80,56,440</u>

Revenue from operations includes -	2014 - 15	2013 - 14
Net (loss)/gain on foreign currency transaction and translation	(17,56,259)	(1,09,006)
Earnings in Foreign Currency (on actual basis)		
Sale of Software License and Services rendered	8,31,70,125	6,98,58,300

Note 19

OTHER INCOME

(In ₹)

Particulars	2014-15	2013-14
Interest on Income Tax Refund	–	19,54,638
Interest on Bank Deposit	–	2,23,926
Dividend Income	–	30,02,705
Profit on sale of investment	25,64,115	16,604
Notice pay received	1,61,695	2,69,365
Miscellaneous Income	1,10,913	11,65,540
Total	<u>28,36,723</u>	<u>66,32,778</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	2014-15	2013-14
Software Licenses		
Opening Stock	-	-
Add: Purchase	4,21,40,691	4,35,09,139
Less: Closing Stock	-	-
Total Software License purchases (A)	<u>4,21,40,691</u>	<u>4,35,09,139</u>
Hardware Products		
Opening Stock	-	-
Add: Purchase	6,52,245	38,72,118
Less: Closing Stock	-	-
Total Hardware Product purchases (B)	<u>6,52,245</u>	<u>38,72,118</u>
Cost of services	2,27,58,109	90,42,922
Total Cost of services (C)	<u>2,27,58,109</u>	<u>90,42,922</u>
Total Cost of Purchases (A + B + C)	<u>6,55,51,045</u>	<u>5,64,24,179</u>

Note 21

EMPLOYEE BENEFIT EXPENSES

(In ₹)

Particulars	2014 - 15	2013 - 14
Salaries, allowances and bonus	8,53,41,713	8,94,51,150
Companies contribution to Provident Fund, Employees' State Insurance scheme, Gratuity Fund	<u>24,72,650</u>	<u>46,70,645</u>
Staff welfare expenses	7,30,874	8,33,975
	8,85,45,237	9,49,55,770

NOTES TO THE ACCOUNTS (Contd.)

Note 22

ADMINISTRATIVE AND OTHER EXPENSES

(In ₹)

Particulars	2013-14	2012-13
Rent	72,64,005	72,95,484
Lease Rent	5,23,614	3,84,041
Communication expenses	7,57,704	8,90,637
Electricity expenses	12,51,893	12,18,225
Travelling and conveyance	1,07,77,936	1,24,54,339
Insurance	3,15,361	4,74,448
Repairs and Maintenance	51,26,287	34,71,489
Professional fees	15,88,454	15,87,365
Rates and Taxes	5,91,133	1,81,869
Provision for doubtful debts	15,94,285	–
Miscellaneous expenses	41,21,299	47,74,783
	3,39,11,971	3,27,32,680

NOTE 23

GENERAL

23.1 Employee Benefits:

i) Defined Contribution Plan:

(In ₹)

Company Contribution to	2014 - 15	2013 - 14	2012 - 13	2011 - 12	2010 - 11
a) Provident Fund	9,11,761	13,35,551	14,15,791	13,16,772	14,17,475
b) Pension Fund	8,95,309	7,96,236	10,55,719	12,40,371	13,75,175
c) Employees' State Insurance	–	50,427	1,01,920	2,83,831	2,87,682
d) Superannuation Fund	2,08,914	2,52,231	45,365	2,12,176	2,05,244

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	2014 - 15	2013 - 14
Present value of obligations as at beginning of the year	16,76,766	28,52,748
Interest cost	1,34,141	2,28,220
Current service cost	3,46,351	8,02,166
Benefits paid	(3,71,319)	(33,63,386)
Actuarial (gain)/loss on obligations	(226)	11,57,018
Present value of obligations as at the end of the year	<u>17,85,713</u>	<u>16,76,766</u>

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

Particulars	2014 - 15	2013 - 14
Fair value of plan assets as at beginning of the year	23,14,132	35,88,372
Expected return on plan assets	2,43,184	1,76,037
Contributions	10,22,479	19,13,109
Benefits paid	(3,71,319)	(33,63,386)
Actuarial gain on plan assets	—	—
Fair value of plan assets as at the end of the year	<u>32,08,476</u>	<u>23,14,132</u>

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

Particulars	2014 - 15	2013 - 14
Present value of obligations as at the end of the year	17,85,713	16,76,766
Fair value of plan assets as at the end of the year	32,08,476	23,14,132
Net asset/(liability) recognised in the balance sheet	<u>14,22,763</u>	<u>6,37,366</u>

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

Particulars	2014 - 15	2013 - 14
Current Service cost	3,46,351	8,02,166
Interest Cost	1,34,141	2,28,220
Expected return of plan assets	(2,43,184)	(1,76,037)
Net Actuarial (Gain)/loss recognized in the year	(226)	11,57,018
Expenses to be recognized in the profit and loss	<u>2,37,082</u>	<u>20,11,367</u>

NOTES TO THE ACCOUNTS (Contd.)

E. Details showing fair value of plan assets

(In ₹)

Particulars	2014 - 15	2013 - 14
Fair value of plan assets as at beginning of the year	23,14,132	35,88,372
Actual return on plan assets	2,43,184	1,76,037
Contributions	10,22,479	19,13,109
Benefits paid	(3,71,319)	(33,63,386)
Fair value of plan assets as at the end of the year	32,08,476	23,14,132

F. Actuarial gain/(Loss) recognised

(In ₹)

Particulars	2014 - 15	2013 - 14
Actuarial gain/(loss) on obligation	226	(11,57,018)
Actuarial gain/(loss) on plan assets	-	-
Total gain/(loss) for the year	226	(11,57,018)
Actuarial gain/(loss) recognised in the year	226	(11,57,018)

G. Actuarial assumptions

Particulars	2014 - 15	2013 - 14
Discount Rate	8.0%	8.0%
Salary Increment	6.0%	5.0%
Return on plan assets	8.8%	9.1%
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	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
Defined Benefit Obligation	17,85,713	16,76,766	28,52,748	31,67,022	25,16,671
Plan Assets	32,08,476	23,14,132	35,88,372	29,37,639	27,42,325
Surplus/(Deficit)	14,22,763	6,37,366	7,35,624	(2,29,383)	2,25,654
Experience adjustments on plan liabilities	-	11,57,018	-	4,60,455	1,98,633
Experience adjustments on plan assets	226	-	9,47,246	-	-

The actuarial value of leave entitlement as on 31.03.2015 is ₹32,94,785/- (31.03.2014 - ₹24,32,603/-) and is provided for in the books of accounts.

NOTES TO THE ACCOUNTS (Contd.)

23.2 Miscellaneous expenses include Remuneration to Auditors towards:

(In ₹)

Particulars	2014 - 15	2013 - 14
Statutory Audit	1,00,000	1,00,000
Tax Audit	50,000	50,000
Certification	1,00,000	96,000

23.3 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.

Key Management Personnel:

Deepa Ramesh - Chief Executive Officer

Ramaswamy M - Chief Financial Officer

Rajagopal K - Secretary

* Sundaram Parekh Warehousing services Limited has been merged with Infreight Logistics Solutions Limited with effect from 01st April 2014, pursuant to the order passed by the Honourable High Court of Judicature at Madras on 18th March 2015.

23.4 The nature and volume of transactions of the company for the year ended 31.03.2015, with the related parties are as follows.

(Amount in ₹)

Nature of Transactions	Holding Company		Fellow Subsidiaries		Related Party		Total	
	31-03-2015	31-03-2014	31-03-2015	31-03-2014	31-03-2015	31-03-2014	31-03-2015	31-03-2014
INCOME								
Revenue from Operations								
Sundaram Finance Limited	80,78,113	398,85,274					80,78,113	398,85,274
Sundaram BNP Paribas Fund Services Limited			34,83,479	66,10,471			34,83,479	66,10,471
Sundaram BNP Paribas Home Finance Limited			35,96,440	59,81,999			35,96,440	59,81,999
Sundaram Business Services Limited			–	13,76,027			–	13,76,027
Sundaram BPO India Limited			1,28,880	6,41,720			1,28,880	6,41,720
Total	80,78,113	398,85,274	72,08,799	146,10,217			152,86,912	544,95,491
EXPENSES								
Lease Rent, Office Rent								
Sundaram Finance Limited	66,18,954	64,37,818					66,18,954	64,37,818
Internal Audit fee, other expenses								
Sundaram Finance Limited	59,56,015	45,53,411					59,56,015	45,53,411
Implementation charges - S3G								
Sundaram Finance Limited	207,15,546	137,89,731					207,15,546	137,89,731
Payroll Processing								
Sundaram BPO India Limited			1,91,000	1,50,000			1,91,000	1,50,000
Employee benefits expenses								
Deepa Ramesh					25,91,998	–	–	
Total	332,90,515	247,80,960	1,91,000	1,50,000	25,91,998	–	334,81,515	249,30,960
ASSETS								
Income Receivables as on 31.03.2015								
Sundaram Finance Limited	6,18,545	12,91,773	–	–			6,18,545	12,91,773
Sundaram BNP Paribas Fund Services Limited		–	3,51,176	2,77,500			3,51,176	2,77,500
Sundaram BNP Paribas Home Finance Limited		–	–	–			–	–
Sundaram BPO India Limited			1,44,810	–			1,44,810	–
Total	6,18,545	12,91,773	4,95,986	2,77,500	–	–	11,14,531	15,69,273
LIABILITIES								
Internal Audit Fees, Payroll Processing charges Outstanding as on 31.03.2015								
Sundaram Finance Limited	83,78,261	84,93,184	–	–			83,78,261	84,93,184
Sundaram BPO India Limited	–	–	16,779	–			16,779	–
Total	83,78,261	84,93,184	16,779	–	–	–	83,95,040	84,93,184

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

NOTES TO THE ACCOUNTS (Contd.)

- 23.5 The Chief Financial Officer Mr. M Ramaswamy and The Company Secretary Mr. K Rajagopal have been nominated by M/s. Sundaram Finance Limited the Holding company and no remuneration is borne by this company.
- 23.6 In accordance with the provisions of The Companies Act, 2013 the Company has during the year reviewed its policy of providing depreciation on tangible fixed assets and also has reassessed the remaining useful lives of those assets as on 1st April 2014. The assets have been depreciated on the written-down value method over the useful life as assessed by the Company which is different from the useful life specified in Schedule II to the Companies Act, 2013.
Consequently depreciation for the year ended 31st March 2015 is lower by ₹2.55 lakhs.
- 23.7 The Accounts of the Company have been prepared on a “going concern” basis notwithstanding the company having accumulated losses and having incurred loss for the year, the company is contemplating measures such as productivity improvement, pricing, cost control measures and client on board which are likely to have a favorable impact on the financial position of the company.
- 23.8 The list of pending litigations as on 31st March, 2015 have been compiled by the company and reviewed by the Statutory Auditors. The effect of the current position of the litigations has been evaluated and appropriately considered and disclosed in the financial statements.
- 23.9 There is no amount due to Small Scale Industries in terms of “The Micro, Small and Medium Enterprises Development Act, 2006”.

23.10 Earnings per share (Basic and Diluted):

(In ₹)

Particulars	2014 - 15	2013 - 14
A. Profit for the year after taxation (In ₹)	(2,32,71,189)	90,29,967
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)	-1.42	0.55

23.11 Expenditure in Foreign currency (on accrual basis):

(In ₹)

Particulars	2014 - 15	2013 - 14
Professional and consultancy fee	11,22,623	8,29,220
Subscription to Association	1,04,799	4,68,682
Other matters – Purchase of Software, Marketing, travelling etc.	5,51,55,013	4,19,30,879

- 23.12 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: 6th May, 2015

Deepa Ramesh
Chief Executive Officer

M Ramaswamy
Chief Financial Officer

K Rajagopal
Secretary

Srinivas Acharya

K Swaminathan

T K Sundararajan

S Preetha
Directors

Cash Flow Statement for the year ended 31.03.2015 (In ₹)

	2014-2015	2013-2014
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit	(232,71,189)	90,29,967
Provision for Taxation	(4,36,436)	73,839
	(237,07,625)	91,03,806
Add: Financial Expenses	– (237,07,625)	– 91,03,806
Depreciation	17,10,550	14,31,102
Interest Received	–	21,78,564
Dividend Received	–	30,02,705
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(219,97,075)	53,53,639
(Increase) Decrease in other non-current assets	(75,721)	(1,91,390)
(Increase) Decrease in Inventories	–	–
(Increase) Decrease in Trade Receivables	81,77,275	(85,36,883)
(Increase) Decrease in short-term loans and advances	(18,78,767)	24,47,350
(Increase) Decrease in Long-term loans and advances	(51,83,967)	138,09,516
(Increase) Decrease in other current assets	(71,352)	10,945
Increase (Decrease) in Long-term borrowings	6,40,185	4,28,620
Increase (Decrease) in Long-term provisions	8,58,220	(91,227)
Increase (Decrease) in Trade payable	(29,55,041)	(46,65,886)
Increase (Decrease) in other current liabilities	(1,44,618)	(62,33,730)
Increase (Decrease) in Short-term provisions	(19,67,735)	(37,24,888)
Cash generated from Operations	(245,98,596)	(13,93,934)
Financial Expenses	–	–
Direct Taxes Paid	–	–
NET CASH FROM OPERATING ACTIVITIES (A)	(245,98,596)	(13,93,934)
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	20,55,464	32,99,809
Sale of Fixed Asset	38,492	17,67,303
Purchase of Investments	639,45,088	2101,06,820
Sale of Investments	905,80,981	1675,17,902
Interest Received	–	21,78,564
Dividend Received	–	30,02,705
NET CASH FROM INVESTING ACTIVITIES (B)	246,18,921	(389,40,155)
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)	20,325	(403,34,089)
Cash and Cash Equivalents at the beginning of the year	59,67,404	463,01,493
Cash and Cash Equivalents at the end of the year	59,87,729	59,67,404
Components of cash and Cash Equivalents at the end of the year		
Current Account with Banks	66,45,906	62,15,921
Effect of Foreign Exchange rates on Cash and Cash Equivalents	(6,62,177)	(2,52,517)
Cash, Stamps and Stamp Papers on Hand	4,000	4,000
	59,87,729	59,67,404

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: 6th May, 2015

Deepa Ramesh
Chief Executive Officer

M Ramaswamy
Chief Financial Officer

K Rajagopal
Secretary

Srinivas Acharya

K Swaminathan

T K Sundararajan

S Preetha
Directors