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AURIONPRO SOLUTIONS LIMITED

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## COMPANY INFORMATION

### BOARD OF DIRECTORS

<b>Mr. Sanjay A. Desai</b>	: <i>Executive Chairman</i>
<b>Mr. Amit R. Sheth</b>	: <i>Managing Director</i>
<b>Mr. Paresh C. Zaveri</b>	: <i>Promoter Non Executive Director</i>
<b>Mr. Mitesh R. Majithia</b>	: <i>Non Executive Non Independent Director</i>
<b>Mr. Prem G. Rajani</b>	: <i>Independent Director</i>
<b>Dr. Nikunj Kapadia</b>	: <i>Independent Director</i>
<b>Dr. Mahendra F. Mehta:</b>	: <i>Independent Director</i>
<b>Mr. Sandeep Daga</b>	: <i>Independent Director</i>

**COMPANY SECRETARY** : Kinjal Shah

### BOARD COMMITTEES:

#### Audit Committee Members

Dr. Mahendra F. Mehta (Chairman)  
Dr. Nikunj Kapadia  
Mr. Prem Rajani  
Mr. Sandeep Daga  
Mr. Amit Sheth

#### Shareholders' / Investors' Grievance Committee

Dr. Mahendra F. Mehta (Chairman)  
Mr. Prem Rajani  
Mr. Sandeep Daga  
Mr. Amit Sheth

#### Remuneration Committee

Mr. Sandeep Daga (Chairman)  
Mr. Prem Rajani  
Dr. Nikunj Kapadia  
Dr. Mahendra F. Mehta  
Mr. Amit Sheth

### STATUTORY AUDITORS

Chaturvedi & Shah

### BANKERS

HDFC Bank Limited  
State Bank of India  
Yes Bank Limited  
Bank of India

### REGISTERED OFFICE

404, 4<sup>th</sup> Floor,  
Winchester, High Street,  
Hiranandani Bussiness Park,  
Powai, Mumbai – 400 076

### REGISTRARS & TRANSFER AGENTS

**Bigshare Services Private Limited**  
E-2, Ansa Industrial Estate,  
Saki Naka, Andheri – East,  
Mumbai – 400 072

## LETTER TO THE SHAREHOLDERS

Dear Shareholders,

I am pleased to report that your Company continues its growth momentum on a sustained basis and substantial progress across all our business. During the period, the Consolidated total income increased by 67.77% to Rs. 177.89 crore (Rs.106.03 crore for the previous year) and the net profit after tax (including minority interest) increased by 80.18% to Rs.31.10 crore (Rs.17.26 crore for the previous year).

Reflecting the profits made by our Company, the Board of Directors has recommended an increase of final dividend to Rs.1.75 per equity share. Considering the contribution of the shareholders in the success of the Company, a dividend @ 17.50% has been recommended.

The year under review saw challenges for many technology companies operating out of India as Indian Rupee has appreciated as compared to the US dollar. Your Company's strategy of focusing on niche banking products in Asian markets, coupled with deep understanding of customers business and their changing needs have enabled it to maintain its growth momentum and margin.

During the year, your Company continued to scale up strategic relationships, with existing technology savvy customers and also added a number of new banking clients across Asia, both in the existing markets and also in the newer markets like Hong Kong & Thailand. Your Company also augmented its customer base consequent to acquisition of Integro Technologies Pte. Ltd., Singapore, E2E Infotech Ltd., UK. Thus the Company now has more than 80 banking clients across the globe.

During the year, the Company relentlessly pursued its goal of becoming a leader in banking products in Asia and substantially year increased its product portfolio by adding new products as well as acquiring them. In the last fiscal year, your Company has introduced three new products namely Order Routing/ Management Server, dealPro and NostoRecon. The product portfolio also got enhanced by acquisitions of Loans Suite - Smart Lender, Internet Banking & Basel II compliance products from Integro. Encouraged by the product acceptance in existing markets, your Company has significantly expanded its sales team & geographical presence across Asia.

In pursuance of our policy of having close proximity to our global customers, we have incubated representative offices at Manila, Philippines, Bangkok, Thailand and Jakarta, Indonesia. To cater to the banking industry in China, we have incorporated Aurionpro Solutions (Hong Kong) Limited, Hong Kong.

Continuing with its strategy to augment management teams, expand geographical presence, customer base & product and services offering, through acquisitions, your Company acquired two Companies in the last year, namely, Integro Technologies Pte. Limited, Singapore, including their Malaysian subsidiary Integro Technologies SDN. BHD & E2E Infotech Limited, UK, including their Indian subsidiary E2E Infotech Private Limited. On 31st March, 2008, the Company also entered into an agreement for the acquisition of SENA Systems Inc, USA. The Company has successfully integrated their operations with the Company, and has also expanded its products and services offering with the augmented customer base. In the coming year, your Company expects a significant growth through internal mining of the augmented customer base.

Your Company has also constantly kept pace with the changing needs of its customers requirements and has continually evolved its business model to meet these needs. Customers facing margin pressures, due to rising costs and interest rates have begun seeing a lot of value in our Platformed BPO offering.

Our deep operational understanding of customer businesses combined with our ability to leverage technology for operational benefits has resulted in sustained advantages for our customers in BFSI space in India and the Company has seen tremendous growth and success in its Platformed BPO offering for the domestic market. To gain a firm foothold in the business of NBFC's & Insurance, your Company incorporated a wholly owned subsidiary, Aurofidel Outsourcing Limited.

Your Company is expanding its operations rapidly and to meet its projected growth, it is investing in building world class facilities in its development centers. In addition, your Company is continuously working towards attracting the best talent in the Industry. We firmly believe that people wealth is key to our future growth and have enhanced our strength from 550 as on 31st march 2007 to more than 850 as on 31st March 2008. In addition, we continuously enhance their skill sets in alignment with their respective roles through structured training and career development programs, besides providing them with challenging assignments and exposures to new skills, technology and global opportunities. More than 40 such sessions had been held totaling to 2250 man hours of training.

We also had the great honour of being acknowledged by a highly prestigious international firm. We were ranked in the Deloitte Technology Fast 50 and Fast 500 Awards. Deloitte's recognition program was moderated by Deloitte Touche Tohmatsu, highlights successful technology companies in North America, Asia Pacific and the Middle East and Africa. The Company, placed fifth among the top 50 India based Fast 50 winners and 49th out of the 500 Asia Pacific winners.

## AURIONPRO SOLUTIONS LIMITED

To provide for long term growth capital, during the year the management and key investors has invested Rs.61.88 crore through preferential allotment of shares and convertible warrants at Rs.425/- per share/ warrant. This was raised through allotment of 13,35,000 equity shares and 19,35,000 convertible warrants. Assuming full conversion of warrants, an additional Rs.74.02 crore will be raised over next 15 months. This investment highlights their confidence and commitment to long term growth of the Company.

I would like to express my heart felt thanks to you, the esteemed members of the Company, financiers, stakeholders, employees and customers for their continued trust placed in us. It is this confidence that enables us to dream of many more prosperous tomorrows.

With the right ingredients for success already in place, I am confident that Aurionpro will continue to scale new heights in the years to come.

With best wishes and warm regards,

**Sanjay Desai**  
Executive Chairman



## DIRECTORS' REPORT

*To the Members,*

Your Directors have pleasure in presenting the Eleventh Annual Report of the Company together with its Audited Profit and Loss Account for the year ended 31st March, 2008 and the Balance Sheet as on that date:

### 1. FINANCIAL RESULTS

#### Consolidated Financials of the Company and its subsidiaries:

(Rs. in crore)

	Year ended March 31, 2008	Year ended March 31, 2007
<b>Total Revenue</b>	<b>177.89</b>	<b>106.03</b>
Profit before interest, depreciation and tax	48.61	23.40
Less: Interest and Finance Charges	3.30	0.41
Less: Depreciation and amortization	7.33	2.79
<b>Profit before tax</b>	<b>37.98</b>	<b>20.20</b>
Less: Provision for taxation (including Current Tax, Deferred tax, Fringe Benefit Tax and Tax adjustments of earlier years)	6.87	2.93
<b>Net Profit after tax</b>	<b>31.10</b>	<b>17.26</b>
Less: Minority Interest	0.35	-
Add: Surplus brought forward from previous year	20.83	7.17
Amount available for Appropriation	51.93	24.40
<b>Appropriations:</b>		
Transfer to General Reserve & Statutory Reserve	2.47	1.43
Proposed dividend on Equity Shares	2.29	1.82
Corporate tax on dividend	0.39	0.31
Balance Carried to Balance sheet	46.78	20.84

Despite the appreciation of Rupee against US dollar and the slow down of the global economy, your Company has continued to advance its performance for the year ended 31st March, 2008. Total Income increased to Rs. 177.89 crore from Rs. 106.03 crore in the previous year, at a growth rate of 67.77 %. The profit before tax at Rs.37.98 crore as against Rs. 20.20 crore in the previous year represents an increase of 88.01% over the previous year. The profit after tax increased by 80.18% as compared to the previous year.

#### Financials of the Company on a standalone basis:

(Rs. in crore)

	Year ended March 31, 2008	Year ended March 31, 2007
<b>Total Revenue</b>	<b>61.45</b>	<b>31.22</b>
Profit before interest, depreciation and tax	29.04	14.63
Less: Interest and Finance Charges	3.23	0.39
Less: Depreciation and amortization	3.64	2.08
<b>Profit before tax</b>	<b>22.17</b>	<b>12.16</b>
Less: Provision for taxation (including Current Tax, Deferred tax, Fringe Benefit Tax and Tax adjustments of earlier years)	4.66	2.20
<b>Net Profit after tax</b>	<b>17.51</b>	<b>9.95</b>
Add: Surplus brought forward from previous year	13.50	6.71
Amount available for Appropriation	31.18	16.67
<b>Appropriations:</b>		
Transfer to General Reserve	1.50	1.04
Proposed dividend on Equity Shares	2.29	1.82
Corporate tax on dividend	0.39	0.31
Balance carried to Balance Sheet	27.00	13.50

The performance of your Company for the year ended 31st March, 2008 was very encouraging. Total Income increased to Rs. 61.45 crore from Rs.31.22 crore in the previous year, at a growth rate of 96.83%. The profit before tax at Rs. 22.17 crore as against Rs.12.16 crore in the previous year represents an increase of 82.31% over the previous year. The profit after tax increased by 75.97% as compared to the previous year.

**2. Dividend**

Your Directors are pleased to recommend dividend of Rs.1.75/- per equity share of Rs.10/- each, on the enhanced equity capital. The total cash outflow on account of the dividend including tax thereon would be Rs2.68 crore.

The dividend pay out for the year under review has been formulated in accordance with the Company's policy of striving to pay stable dividend, keeping in view the need for funds for its growth plans.

**3. Transfer to reserves**

We propose to transfer Rs.1.50 crore to the general reserve. An amount of Rs.26.95 crore is proposed to be retained in the Profit and Loss Account.

**4. Business Overview:**

Your Company continues to invest in augmenting its products & services portfolio to retain a sustained advantage in the banking, financial services and insurance (BESI) space.

In BFSI segment, your Company has been highly competitive and the Company's focus on domain enriched technology beyond the core banking space continues to show promise and potential for the future years.

The organic growth strategy has helped the Company continue its growth momentum. New customers have been added and existing ones have renewed their commitment to work with us. Product and product related services continue to be the key focus in the organic part of the business, primarily in the BFSI segment. We have launched three new products during the year, namely, dealPro, E2E order Routing/ Management Server and NostoRecon.

Your Company has adopted a strategy of inorganic growth to enhance our presence in different geographies and build size and scale. Entrepreneurs with a vision similar to us, have come on board building our management bandwidth and catapulting our niche areas of operation. This year, to date, your Company has acquired three Companies namely E2E Infotech Limited, UK, Integro Technologies Pte. Ltd., Singapore and SENA Systems Inc, USA.

The Company now has a well established presence across US, UK, Middle East, India and South East Asia.

Your Directors foresee a continued positive outlook for the Company.

**5. FINANCIAL RESOURCES**

**a) Preferential Issue**

- i) The members of the Company at the Extra Ordinary General Meeting held on 7th March, 2007 and the Board of Directors at their meeting held on 22nd March, 2007, had approved allotment of 8,85,000 convertible warrants into equity shares of face value of Rs.10/- each at a price of Rs.252/- for a cash at a premium of Rs.242/- per equity share. During the year, the Company had issued and allotted 7,35,000 equity shares against the said 8,85,000 convertible warrants. Following are the details:

- a. The Board of Directors of the Company at their meeting held on 6th November, 2007 had allotted 6,29,663 equity shares
- b. The Board of Directors of the Company at their meeting held on 31st January, 2008 had allotted 1,05,337 equity shares

As on 31st March 2008, 1,50,000 convertible warrants are outstanding for conversation.

- ii) The Board of Directors of the Company at their meeting held on 19th February, 2008, preferentially allotted 2,25,000 equity shares of face value of Rs. 10/- each at a price of Rs.370/- for a premium other than cash consideration of Rs.360/- per equity share to the 49% stakeholders of E2E Infotech Limited, UK for its acquisition.

**b) ESOP**

The Board of Directors at their Board Meeting held on 30th August, 2006 and the members at the 9th Annual General Meeting held on 18th October, 2006, approved the issue of 5,40,474 equity shares under Employees Stock Option Scheme - 2006 to eligible permanent employees including Directors of the Company and its subsidiary companies to participate in the future growth of the Company. As the Board has not allotted any Equity Shares under ESOP



Scheme, hence the applicable disclosure pursuant to Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines, 1999 is not required.

**c) Loan Funds**

During the year, the Company availed of additional term loans of Rs. 8.19 crore from the State Bank of India and Rs. 22.4 crore from the Yes Bank, which were utilized for the investment in subsidiaries and working capital requirements of the Company.

**6. SUBSIDIARY COMPANIES**

Your Company has fourteen subsidiaries. In terms of approval granted by the Central Government vide order No. 47/511/2008-CL-III dated 5th August, 2008 pursuant to Section 212(8) of the Companies Act, 1956, the Balance Sheet, Profit and Loss Account, Reports of the Board of Directors and Auditors of the following subsidiaries have not been attached to the Balance Sheet of the Company. These documents will be made available upon request by any member of the Company interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection by any investor at the Registered Office of the Company and that of the respective subsidiary companies. However, as directed by the Central Government, the financial data of the subsidiaries has been furnished under 'Details of Subsidiary Companies' forming part of the Annual Report:

- i) Aurionpro Solutions Pte. Ltd., Singapore
- ii) Aurionpro Solutions INC, USA
- iii) SPS Corporation, USA
- iv) Aurionpro Solutions SPC, Bahrain
- v) Coban Corporation, USA
- vi) E2E Infotech Limited, UK
- vii) Aurionpro Solutions (Hong Kong) Limited
- viii) Auroscient Outsourcing Private Limited, India
- ix) AuroFidel Outsourcing Limited, India
- x) Aurionpro Acquisition Corp. I, USA
- xi) Aurionpro Acquisition Corp. II, USA

A Statement containing particulars pursuant to the provisions of Section 212(1)(e) of the Companies Act, 1956, in respect of the above subsidiaries forms part of this Annual Report.

In compliance with Clause 32 of the Listing Agreement, audited consolidated financial statements of the Company and its subsidiaries also form part of this Annual Report.

**7. CORPORATE GOVERNANCE**

The Report on Corporate Governance as per the requirements of Clause 49 of the Listing Agreement forms part of the Annual Report.

The requisite Certificate from the Auditors, M/s. Chaturvedi & Shah, confirming the compliance with the conditions of Corporate Governance as per the requirements of Clause 49 is annexed to this Report.

**8. Management's Discussion and Analysis Report (MDA):**

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in a separate section forming part of the Annual Report.

**9. DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of the provisions of Section 217(2AA) of the Act, your Directors confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;



- ii) 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 your Company at the end of the financial year and of the profit of your Company for that year;
- iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and
- iv) the Directors had prepared the annual accounts on a 'going concern' basis.

## 10. DIRECTORS

In terms of Article 151 of the Articles of Association of the Company, Mr. Prem Rajani and Dr. Nikunj Kapadia, Directors, retire by rotation and being eligible, offer themselves for reappointment at the ensuing Annual General Meeting.

Brief resume of the Directors, nature of their expertise in specific functional areas and names of Companies in which they are directors and members/ Chairman of committees, as stipulated by Clause 49 of the Listing Agreement are provided in the Corporate Governance Report forming part of the Annual Report.

Mr. Bhavesh R. Talsania, Whole Time Director and co-founder of the Company had resigned from the office of Director w.e.f. 30th August, 2008 due to personal reason. Mr. Talsania was instrumental in building best of class delivery processes in the Company. He has successfully led the Company's transition from a generic services provider to a domain focused products and solutions company by building a team of highly experienced bankers and technology specialists. Through his management acumen and experience, he charted out and executed organizational initiatives in people function and team building. The Board records his invaluable contribution made to the Company's growth.

## 11. STRATEGIC ACQUISITIONS, AMALGAMATION, INCORPORATION OF WHOLLY OWNED SUBSIDIARIES AND OPENING OF NEW OFFICES:

### a) Acquisitions

During the year, your Company acquired two Companies along with its subsidiaries, namely E2E Infotech Limited UK, E2E Infotech Private Limited., Integro Technologies Pte. Limited, Singapore and Integro Technologies SDN. BHD., Malaysia. Your Company has successfully integrated their operations with the Company, which has helped considerably to expand the talent pool, product portfolio, customer base and augment management bandwidth for sustained long term growth of the Company.

Your Company has entered into an agreement and plan of merger with SENA Systems, Inc., USA, Aurionpro I Acquisition Corp, USA, Aurionpro II Acquisition Corp., USA and The Principal Stockholders of SENA Systems, Inc. on 31st March, 2008, for the acquisition of SENA Systems Inc, USA, for consideration in cash and equity shares.

### b) Amalgamation with Aurionpro Services Private Limited, Promoter Company

The Honorable High Court, Bombay vide its order dated 28th September, 2007 had approved amalgamation of Aurionpro Services Private Limited with your Company.

### c) Incorporation of Wholly Owned Subsidiaries

During the year, your Company incorporated Aurionpro Solutions (Hong Kong) Limited, Hong Kong, to expand its core business.

Your Company, has ventured into the business of NBFC and Insurance by incorporating wholly owned subsidiary namely Aurofidel Outsourcing Private Limited.

For the acquisition of SENA Systems Inc, USA, your Company incorporated two subsidiaries in the USA namely Aurionpro I Acquisition Corporation and Aurionpro II Acquisition Corporation.

### d) Opening of a new office:

During the year, your Company has set up a Branch Office at Manila, Philippines and Representative Offices at Bangkok, Thailand and Jakarta, Indonesia.

## 12. UTILIZATION OF PROCEEDS RECEIVED FROM INITIAL PUBLIC OFFER (IPO) AND PREFERENTIAL ISSUE

- a) Your Company successfully concluded its Initial Public Offer (IPO) of 30,00,247 Equity Shares of Rs. 10/- each, issued at an Issue price of Rs.90/- per share for cash at a premium of Rs.80/- per share in October, 2005. The Company has been listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited on 25th October, 2005.

Your Company had raised Rs.27 crore from IPO, of which Rs. 11.40 crore utilized in the Financial Year 2005-06 and Rs. 9.66 crore utilized in the Financial Year 2006-07 and Rs. 5.69 crore in the Financial Year 2007-08 and the balance of Rs.0.23 crore are invested in Fixed Deposit with Bank.

- b) For the year ended 31st March 2007, the unutilized proceeds raised from the preferential allotment was Rs.21.70 crore and during the year, your Company had preferentially issued and allotted 7,35,000 equity shares for a cash consideration of Rs.252/- per share and raised Rs. 16.66 crore, aggregating to Rs.38.36 crore.

Your Company had utilized entire proceeds received from preferential allotment in building long term infrastructure and in growth capital.

## 12. AWARD:

Your Company has been ranked in the Deloitte Technology Fast 50 and Fast 500 Awards. Deloitte's recognition program was moderated by Deloitte Touche Tohmatsu, highlights successful technology companies in North America, Asia Pacific and the Middle East and Africa. The Company, placed fifth among the top 50 India based Fast 50 winners and 49th out of the 500 Asia Pacific winners.

## 13. FIXED DEPOSITS

The Company has not accepted fixed deposits.

## 14. AUDITORS AND AUDITORS' REPORT

M/s. Chaturvedi & Shah, Chartered Accountants, Statutory Auditors, retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

To strengthen the current internal control system, necessary steps to improvise the system will be taken by your Company in consultation with our internal auditors M/s D. Kothary and Co., Chartered Accountants.

## 15. PARTICULARS OF EMPLOYEES

Information as prescribed by Section 217(2A) of the Act, read with Companies (Particulars of Employees) (Amendment) Rules, 2002 is given as an annexure to this Report. However, pursuant to the provisions of Section 219(1) (b) (iv) of the Act, the Report and Accounts are being sent to all the members excluding the aforesaid annexure. Members interested in the said information may write to the Company Secretary at the registered office of the Company.

## 16. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

In terms of section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, the Directors furnish herein below the required additional information:

### ➤ Conservation of Energy:

Although the operations of the Company are not energy intensive operations, it continues to adopt energy conservation measures at all operational levels. The requirement of disclosure of particulars in the prescribed format with respect to conservation of energy as prescribed in Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is not applicable to the Company and hence not provided.

### ➤ Research & Development (R&D):

Your Company is predominantly a service provider and therefore has not set up a formal R&D unit, however continuous research and development is carried out at various development centers as an integral part of the activities of the Company.

### ➤ Technology Absorption:

Your Company has not imported any technology during the year under review.