

STPI

ANNUAL REPORT
2012-2013



Software Technology Parks of India

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The Governing Council*

CHAIRMAN

Shri Kapil Sibal

Hon'ble Union Minister for
Communications & IT and Law & Justice,
Govt. of India

VICE CHAIRMAN

Shri J. Satyanarayana

Secretary,
Department of Electronics & Information
Technology,
Ministry of Communications & IT,
Govt. of India

MEMBERS

Shri R. K. Goyal

Joint Secretary (Societies) and Group
Coordinator for STPI,
Department of Electronics & Information
Technology,
Ministry of Communications & IT,
Govt. of India

Shri J.B. Mohapatra

Joint Secretary & Financial Advisor,
Department of Electronics &
Information Technology,
Ministry of Communications & IT,
Govt. of India

Shri G.P. Srivastava

Dy. Director General (DS),
Department of Telecommunications,
Ministry of Communications & IT,
Govt. of India

Shri Rakesh Singh

Joint Secretary (IS-1),
Ministry of Home Affairs,
Govt. of India

Shri P. S. Purohit

Joint Director
Intelligence Bureau Ministry of Home Affairs,
Govt. of India

Shri K. K. Sharma

Director General
Systems & Data Management,
Central Board of Excise & Customs,
Department of Revenue,
Ministry of Finance, Govt. of India

Shri J.K. Dadoo

Joint Secretary (Electronics & Computer
Software),
Department of Commerce,
Govt. of India

Shri Nalin Kohli

Chairman (Vision Committee)
Electronics and Software Export Promotion
Council (ESC)

Shri N. Chandrasekaran

CEO & MD
M/s Tata Consultancy Services

Prof. Dinesh Singh

Vice Chancellor
University of Delhi

Shri A.K. Upadhyay

Retired Secretary to the Govt. of India

Shri R. Chandrasekhar

President Designate
NASSCOM

Shri Vishnu R. Dusad

MD & CEO
M/s Nucleus Software Exports Ltd, and
Founder Member, Indian Software Product
Industry Round Table (iSPIRT)

MEMBER SECRETARY

Dr. Omkar Rai

Director General, STPI

* Position as in November 2013

The General Body*

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Software)
Department of Commerce,
Govt. of India

MEMBER SECRETARY

Dr. Omkar Rai

Director General, STPI

* Position as in November 2013

The Management Structure of STPI

Governing Council

The Governing Council (GC) is the apex management body of Software Technology Parks of India (STPI), which directs and oversees the overall functioning of STPI and provides policy direction. Hon'ble Union Minister for Communications & Information Technology, Government of India is the "Chairman" of the Governing Council. The Secretary to the Government of India, Department of Electronics & Information Technology, is the "Vice Chairman" of the Governing Council. The members of the Governing Council are representatives from Ministry of Commerce, Ministry of Finance, Ministry of Home Affairs, Department of Telecommunications, Department of Electronics & Information Technology and IT industry and Industry associations.

Director General

The Director General (DG) is the Member Secretary of Governing Council of STPI and is responsible for the management and running of STPI under the guidance of the Governing Council. DG is delegated with necessary executive powers and authority for efficient running of Society.

Executive Committee of Directors

The Executive Committee of Directors (ECOD), an organ of the Society as per the

Memorandum, shall perform functions i.e. review and approve administrative, financial, operational and such other policy matters on behalf of the Governing Council and the Administrative Ministry. ECOD is Chaired by Secretary, DeitY and Vice Chairman, GC STPI.

Standing Executive Board

Standing Executive Board (SEB) is constituted for each State where the STPI has a Centre to act as an interface with the industry and the State Government for policy and operational issues. SEBs shall also prepare the future expansion plans for the STPI Centre/Sub Centres, augmentation of facilities, Annual Plan and Budget for each STP and advise the Chief Executive Officer. Officers-in-Charge of the Centres / Sub Centres shall attend the SEB meetings. DG may co-opt any other person, as may be necessary.

Senior Director

Senior Director (SD) is the Head of STPI Headquarter. SD acts as Jurisdictional Director for administration of STP/EHTP scheme.

Director

Director is the Technical and Administrative Head of STPI Centre. Director acts as Jurisdictional Director for administration of STP/EHTP scheme in respective jurisdictions.

Indian IT Scenario

The Indian IT-Business Process Management (BPM) industry has exhibited rapid evolution - in terms of expanding their vertical and geographic markets, attracted new customer segments, transformed from technology partners to strategic business partners, offering considerably wider spectrum of services over the years. During the year 2012-13, there has been transition and transformation for the Indian IT-BPM industry as it continued its growth trajectory despite the global economic uncertainty.

The sector is estimated to aggregate revenues of US\$ 108 billion in 2012-13, with the IT software and services sector (excluding hardware) accounting for over US\$ 95 billion of revenues.

The Indian software and services exports including Information Technology enabled Services (ITES)/BPM are estimated at US\$ 75.8 billion in 2012-13, as compared to US\$ 68.8 billion in 2011-12, an increase of 10.2 per cent. The IT services exports is estimated to be US\$ 43.9 billion in 2012-13 as compared to US\$ 39.9 billion in 2011-12, showing a growth of 10 per cent. ITES/BPM exports is estimated to grow from US\$ 15.9 billion in 2011-12 to US\$ 17.8 billion in 2012-13, a year-on-year growth of about 12 percent. IT services contributed 57 percent of total IT-BPM exports in 2011-12, followed by BPM at 23 percent and ER&D & Software products at 19 percent.

US continues to drive IT-BPM exports growth and retaining its largest market share at 61.5 percent in 2012-13. Continental Europe and UK, the second largest markets for Indian IT-BPM exports are set to about 28 percent of the market share in 2012-13.

In 2012-13, IT software and services added about 1,88,000 jobs (consisting of 30 percent women employees), taking the direct employment number to 2.96 million, a year-on-year growth of over 7 per cent whereas the indirect employment attributed to the sector is nearly 9.5 million.

The spectacular growth performance in the IT-BPM industry in the last decade has helped the industry to contribute substantially to India's GDP. As a proportion of our GDP, the IT-BPM sector (including hardware) revenues have grown from 1.2% during 1998-99 to nearly 8% in 2012-13.

The exports made by the STPI registered units has increased from ₹ 2,26,712 crore in 2011-12 to ₹ 2,51,498 crore in 2012-13 with a growth rate of 10.93%. As regards the new STP registrations during the year, the number of new STP units registered in the year 2012-13 were 109 as against 133 which were registered during the year 2011-12.

As we are aware, the Income Tax benefit available under section 10A of the Income Tax Act for the STP units, has expired on March 31, 2011. The IT/ ITES sector has already been facing multiple challenges, ranging from macro to micro and with the withdrawal of such tax holiday, IT/ ITES sector have to pay higher taxes and surcharge, which may adversely impact their growth. In order to mitigate the impact of withdrawal of the fiscal benefit of Income Tax exemption (10A) and to support IT/ITES industry in effectively meeting the above challenges, necessary measures are being taken by the government.

The National Policy on Information Technology (NPIT) approved by the Cabinet on 14th September 2012 envisions to boost the IT and ITES sector further. The measures that are under consideration in line with NPIT 2012 are about promoting dispersal of IT industry to Tier-II & III cities, to create incubation program for start-ups in order to promote innovation and product development, to provide marketing assistance to MSME sector across the country and abroad, to enhance productivity and adoption of quality and security standards.

STPI – An Overview

Software Technology Parks of India was established and registered as an autonomous society under the Societies Registration Act 1860, under the then Department of Electronics (the present Department of Electronics & Information Technology), Ministry of Communications and Information Technology, Government of India on 5th June 1991 with an objective to implement STP/EHTP Scheme, set-up and manage infrastructure facilities and provide other services like technology assessment and professional training.

Objectives of the Society

The objectives of the Software Technology Parks of India are:

- (a) To promote the development and export of software and software services including ITES/ Bio- IT.
- (b) To provide statutory and other promotional services to the exporters by implementing Software Technology Park (STP)/ Electronics Hardware Technology Park (EHTP) schemes and such other schemes which may be formulated and entrusted by the Government from time to time.
- (c) To provide data communication services including value added services to IT / ITES related industries.
- (d) To promote micro, small and medium entrepreneurs by creating conducive environment for entrepreneurship in the field of IT/ITES.



Performance of STPI registered Units

In order to meet the objectives of the society, the key achievements and the activities performed during the year are as follows:

1. Provision of Statutory Services

STPI has been providing Statutory Services on a single window clearance mechanism from various STPI centers spread across the country under the following scheme right from inception:

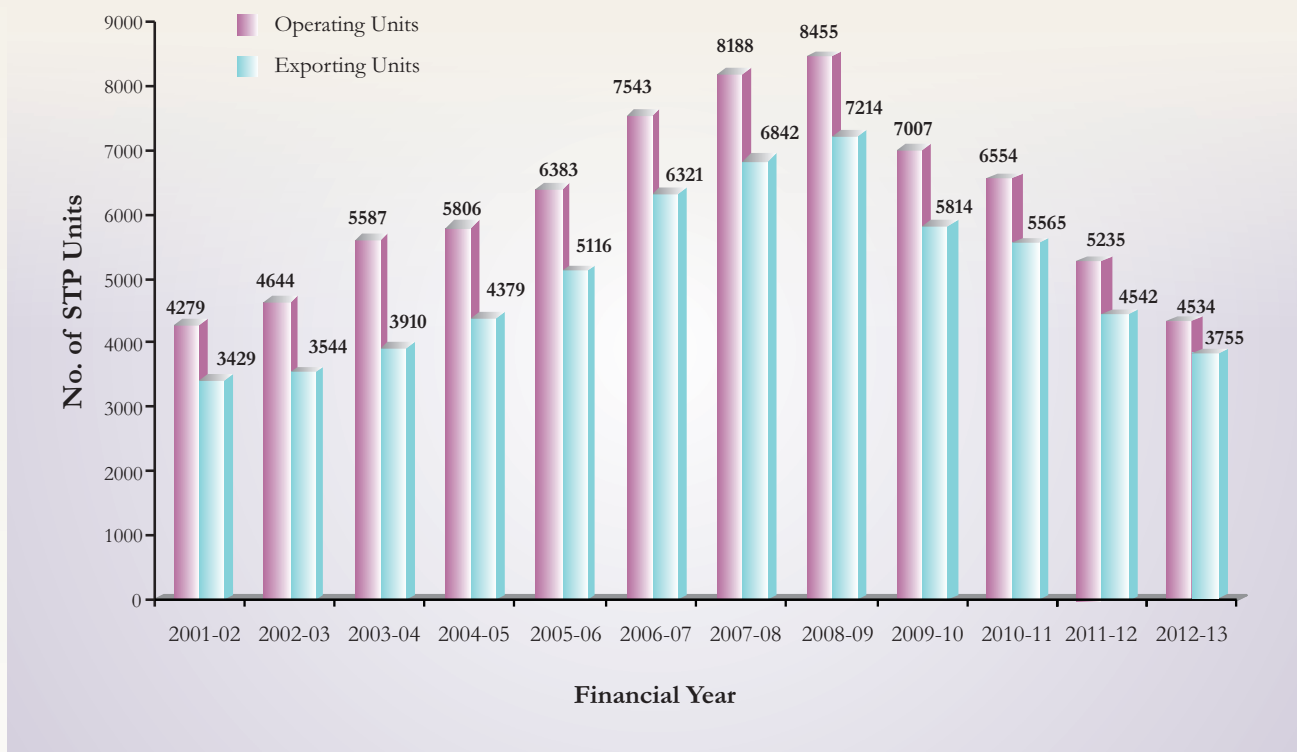
(a) Software Technology Parks (STP) Scheme

(b) Electronics Hardware Technology Parks (EHTP) Scheme

Performance of STPI registered Units

STP Units

During the year 2012-13, 109 new units were registered under STP Scheme. As on 31st March 2013, 4534 units were operative out of which 3755 units were actually exporting. The number of operating & exporting units during the last 12 years is as under:





Exports by STP Units

The overall exports increased from ₹ 2,26,712 crore in 2011-12 to ₹ 2,51,498 crore in 2012-13, an increase of 10.93 %.



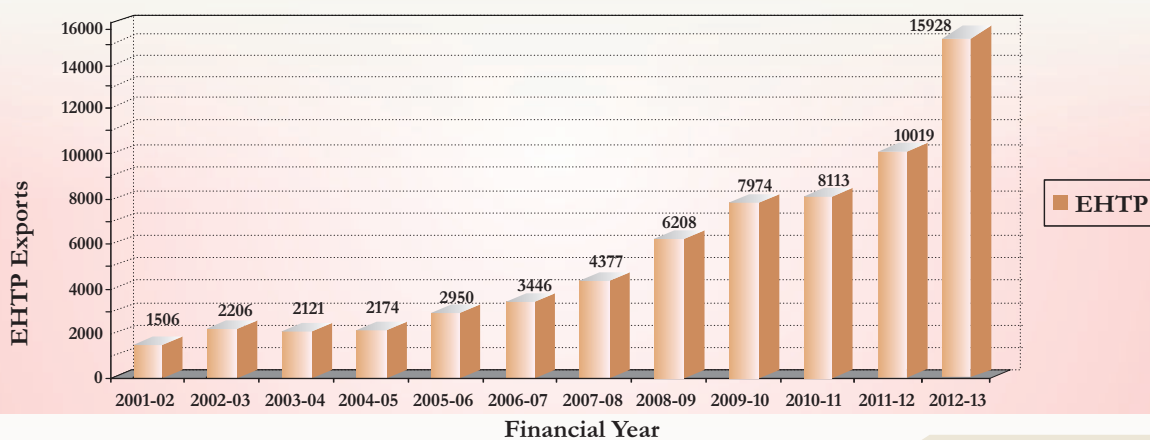
State wise Software Exports made by registered units through STPI is as under:

(₹ in Crore)

S.No.	Name of State	2012-13
1	Andhra Pradesh	34492.00
2	Assam	0.92
3	Bihar	8.14
4	Chandigarh	405.10
5	Chhattisgarh	12.29
6	Delhi	1461.51
7	Gujarat	982.40
8	Haryana	15363.69
9	Himachal Pradesh	6.28
10	Jammu Kashmir	1.41
11	Jharkhand	7.04
12	Karnataka	95048.25
13	Kerala	2240.70
14	Madhya Pradesh	244.54
15	Maharashtra	49796.30
16	Meghalaya	2.59
17	Orissa	1702.43
18	Pondicherry	117.20
19	Punjab	505.21
20	Rajasthan	637.76
21	Tamilnadu	29182.80
22	Uttar Pradesh	13194.68
23	Uttarakhand	54.54
24	West Bengal	6030.00
	Total	251497.78

Exports by EHTP Units

The exports made by EHTP units increased by 58.97 % from ₹ 10019.53 Crore in 2011-12 to ₹ 15927.65 Crore in 2012-13.



Statutory and other Support Services

2. Expansion/Opening of Centres for provision of Statutory and other Support services

In an effort to achieve its prime objective of promotion of development and export of software and software services as well as to provide statutory and incubation services to industry, major thrust was given to establishment of new centres and revamping of existing centres:

- **New Centre at Gwalior**

STPI Centre at Gwalior has become operational with incubation infrastructure, data communication and other STPI facilities. The center was inaugurated on 22nd October 2012.

- **Centre at Aizwal**

Renovation of the STPI building at Aizwal is under progress.

- **Foundation Stone Laying Function of STPI Mohali building**

STPI Noida organized the foundation stone laying function of STPI building with an approximate area of 1.4 lakh sq. ft. in Mohali on 06th August 2012.

- **Creation of additional Incubation space at STPI Shillong**

Construction of additional incubation space of approx. 5000 sq. ft. at Shillong is under progress

- **Creation of additional built-up space at STPI Vijayawada**

Construction of 4000 sq. ft. office building at STPI Vijayawada is under progress

- **Development of Incubation facility at STPI Warangal**

Incubation space of 3500 sq.ft. at Warangal has been developed.

- **Setting up of new STPI Centres**

Following six centres in the Tier II / III locations have been approved for the promotion of the IT/ITES industry:-

- Amritsar
- Bokarao
- Balasore
- Chhindwara
- Deoghar
- Jabalpur



STPI Centres

As of now, a total of 53 STPI Centres are operational across the country. Out of these 53 Centres, 46 Centres are in Tier II and Tier III cities.

STPI CENTRES 53 Centres throughout the country



Data Communication Services

3. Provision of data communication services

One of the STPI's remarkable contributions to the software-exporting sector is provision of High-Speed Data Communication (HSDC) services. SoftNET, the state-of-the-art HSDC network, designed and developed by STPI is available to software exporters at competitive prices.

Local access to International Gateways at STPI centres is provided through Point-to-Point & Point-to-Multipoint microwave radios for the local loop, which has overcome the last mile problem and enabled STPI to maintain a high up time of nearly 99.9%. The terrestrial cables (fiber/copper) are also used wherever feasible. These communication facilities immensely contribute to the development of offshore software activities and act as the backbone for the success of many IT/ITES enterprises.

STPI provides the following HSDC services through its network:

- International Private Leased Circuits (IPLCs) - SoftPOINT
- Shared Internet Services - SoftLINK
- VSAT Services
- Co-location services

SoftPOINT

The SoftPOINT service is the provisioning of "International Private Leased Circuit" (IPLC). IPLCs are digital circuits available for

international communications, which are used for data transmission, communication etc. Secure and exclusive to the user, IPLCs are ideal for companies that have high volume of International data transmission.

SoftLINK

SoftLINK is a service offering Internet access on a shared and dedicated basis. The service was launched to cater to the rising demands of the industry for better quality and commitment. Today, SoftLINK service enjoys a large customer base. In 2012-13, STPI was carrying approximately 1660 Mbps of internet bandwidth to customers across the country, mostly STPI units.

Access Network/ Last Mile Connectivity

In order to provide reliable last mile connectivity, STPI has set up its own Microwave networks using Point-to-Point and Point-to-Multipoint wireless networks, which cater to the primary needs of the STP units. With the use of new technology Microwave Ethernet Radios, the network is further strengthened enabling to deliver huge bandwidth with elongated distance over the last mile under the STPI's overall control.

STPI-Bengaluru has been providing Satellite Carrier Monitoring Services (CMS) over the last ten years. This service is commonly used for monitoring the downlink signals covering the IOR (Indian Ocean Region) through the CSME facility (Communication System & Monitoring Equipment).

Project Management and Consultancy services

4. Project Management and Consultancy (PMC) services

Facility Management Services

Directorate of Municipal Administration (DMA), Government of Karnataka is a nodal agency for Government of Karnataka to supervise the function of municipalities, work out suitable human resource policies, monitor the tax collection of Urban Local Bodies (ULB's) etc. STPI Bengaluru has been providing Operations and Maintenance for Data Centre, IT Management, DNS hosting, SAN and Internet services.

Up gradation of Datacenter's IT infrastructure

Municipal Reforms Cell (MRC) was created in the year 2005 under the DMA, Government of Karnataka, exclusively for implementation of computerization and other reforms in all the Urban Local Bodies (ULBs) of Karnataka.

MRC is upgrading the infrastructure of its Datacenter to meet the capacity requirements of new applications. Presently, MRC has rolled out 26 citizen based centric applications across the state of Karnataka. The overall objective of the Up gradation of the Datacenter is to overcome hardware & software constraints of the existing setup and to meet the benchmark of Datacenter standards. STPI Bengaluru has provided project management and monitoring support to MRC.

Setting up of backup network solution

Department of Treasuries, Government of Karnataka has planned to roll out the application called Khajane-II. In order to support the upgraded version of Software and the volume of transactions, department has envisaged to setup a suitable Backup network to meet the bandwidth requirements and also the IT infrastructure. Department has availed project management and consultancy services of STPI Bengaluru for setting up the back up network.

Internet VSAT Connectivity

Rural Development Department (RDD), Government of Mizoram has availed the project management consultancy services of STPI for the preparation of Detailed Project Report (DPR) on Internet VSAT Connectivity for its offices located across the state.

IT Security Audit

Bharat Electronics Ltd., Bengaluru has availed the project management consultancy services of STPI for IT Security Audit.

Setting up of Semiconductor Characterization Lab

Semiconductor Characterization lab is being setup jointly by STPI and Government of Karnataka with an objective of facilitating semiconductor and hardware industries for enabling testing and validation of the semiconductor chips. The project is under implementation stage.

Special Incentive Package Scheme Project

STPI has been providing assistance to Department of Electronics & Information Technology, Government of India for financial appraisal of various investment proposals received from various companies under Special Incentive Package Scheme (SIPS) by engaging external consultant.

Third Party Audit (TPA) for Goa Broadband Network (GBBN)

STPI is acting as a third party Audit Agency to carry out the Audit and Service level Agreement monitoring for the Goa State Broadband Network (GBBN).

Implementation of campus Local Area Network(LAN)

STPI has implemented campus LAN and IT

infrastructure of Institute of Life Science (ILS), Government of India.

PMC Assignments in North-East

STPI- Guwahati has been involved in implementation of following projects, as a part of PMC initiative:

- a) Turnkey consultancy for “Computerization of Employment Exchanges in the state of Assam”. Project has been completed.
- b) Turnkey consultancy for setting up of IT Park on behalf of Government of Manipur at Imphal, Manipur. The construction of the IT Park for the phase-I is nearing completion and Phase-II work has started.



Promotional Activities

5. Promotion of small and medium entrepreneurs by creating a conducive environment in the field of Information Technology

STPI has been promoting SMEs and their cause by offering incubation services, organizing events, sponsoring / co-sponsoring events, participation in events, human resource development and exports promotion efforts as given below:

Incubation services

STPI has been providing incubation facilities to start-up units at its various centres. This has been of immense help to start up companies and entrepreneurs.

Organization of events

In an effort to help beneficial industry interaction, STPI organized a number of events during 2012-13, most important ones being;

- a. “Advantage AP 2012” from 21st – 22nd June 2012 at Hyderabad.
- b. “Industry Meet with IT/ITES Units” on 09th April, 30th August, 29th October 2012 at Vijayawada.
- c. “Industry Meet with IT/ITES Units” on 01st September 2012 at Tirupati.
- d. “STPI IT Export Awards 2012” on 18th October 2012 at Bangaluru.
- e. “Open House meet of STP/EHTP units” for reviewing the STP/EHTP schemes on 30th November 2012 at Bangaluru.

- f. “Open House meet of STP/EHTP units” for reviewing the STP/EHTP schemes on 21st December 2012 at Jaipur.
- g. “Open House meet of STP/EHTP units” for reviewing the STP/EHTP schemes on 15th January 2013 at Pune.
- h. “Open House meet of STP/EHTP units” for reviewing the STP/EHTP schemes on 24th January 2013 at Bhubaneswar.

Sponsorship/Co-sponsorship of events

- a. Sponsored “Conference on Revolutionizing Education: The Technology Outreach” on 26th July 2012 at New Delhi.
- b. Co-hosted “ICTACT BRIDGE 2012” on 27th July 2012 at Coimbatore.
- c. Sponsored “International Conferences on Advances in Cloud Computing (ACC2012)” from 26th to 28th July 2013 at Bengaluru.
- d. Sponsored “ICT East 2012” from 08th to 09th August 2012 at Kolkata.
- e. Sponsored “NICT 2012” from 23rd to 24th August 2012 at Guwahati.
- f. Sponsored “NICT 2012” on 14th September 2012 at Shillong.
- g. Sponsored “DestinationIT@North” from 22nd to 23rd September 2012 at Chandigarh.
- h. Sponsored “ICC Conclave2012” on 28th September 2012 at Kolkata.



Foundation stone laying of STPI Incubation Centre, Mohali



Inauguration of STPI Centre, Gwalior



Bangalore IT.Biz 2012



Destination@NORTH

- I. Sponsored “TiECon Delhi 2012” from 28th to 29th September 2012 at New Delhi.
- j. Co-hosted the premier ICT event, “Bangalore IT.biz 2012” along with Govt of Karnataka from 17th to 19th October 2012 at Bengaluru.
- k. Co-hosted “ICTACT BRIDGE 2012” on 31st October 2012 at Madurai.
- l. Sponsored “INFOCOM 2012” from 06th – 09th December 2012 at Kolkata.
- m. Sponsored “8th North East Business Summit” from 09th to 10th January 2013 at New Delhi.
- n. Sponsored “NASSCOM Emerge out Conclave 2012” on 12th January 2012 at Kolkata.
- o. Sponsored “26th National Convention of Computer Engineers” from 04th – 5th February 2012 at Guwahati.
- p. Co-hosted “CONNECT2013” on 07th February 2013 at Coimbatore.
- q. Sponsored “India Leadership Forum 2012” from 13th to 15th February 2013 at Mumbai.
- r. Sponsored “ISA Vision summit 2013” from 14th to 15th February 2013 at Bengaluru.
- s. Sponsored “INDIASOFT 2013” from 21st to 22nd March 2013 at Hyderabad.

Participation in Events

In order to understand industry trends and



requirements, STPI participated in number of events as follows:

- a. “16th National Expo from 07th to 12th September 2011 at Kolkata.
- b. “eINDIA2012” from 15th to 16th November 2012 at Hyderabad.
- c. “India Telecom 2012” from 13th to 15th December 2012 at New Delhi.
- d. “eGov Knowledge Exchange Forum 2012” from 13th to 15th December 2012 at Udaipur.
- e. “Invest@Bhubaneswar2012” from 21st to 22nd December 2012 at Bhubaneswar.
- f. “Northern India International Trade Fair” from 13th to 15th February 2012 at Dehradun.

Exports Promotional activities

STPI participated in “TiECON 2012” from 18th to 19th May 2012 at Santa Clara, “CeBIT 2012” from 22nd to 24th May 2012 at Sydney as a part of exports promotional program and efforts to find out opportunities for mainly SMEs in IT sector in India.

MTNL-STPI Joint Venture

6. MTNL STPI Joint Venture

MTNL-STPI IT Services Limited (MSITSL), a joint venture company of MTNL and STPI, has set up a state of the art world class Tier-III Data center of size 3500 sq ft with associated office (over 5000 sq ft) and upward scalable at Chennai.

The main objective is to host company's own infrastructure as well as enable company to offer hosting services.

Around 1200 sq. ft of Data Center space at Chennai has been provided to Ministry of External Affairs (MEA) for “Passport Sewa Project”.



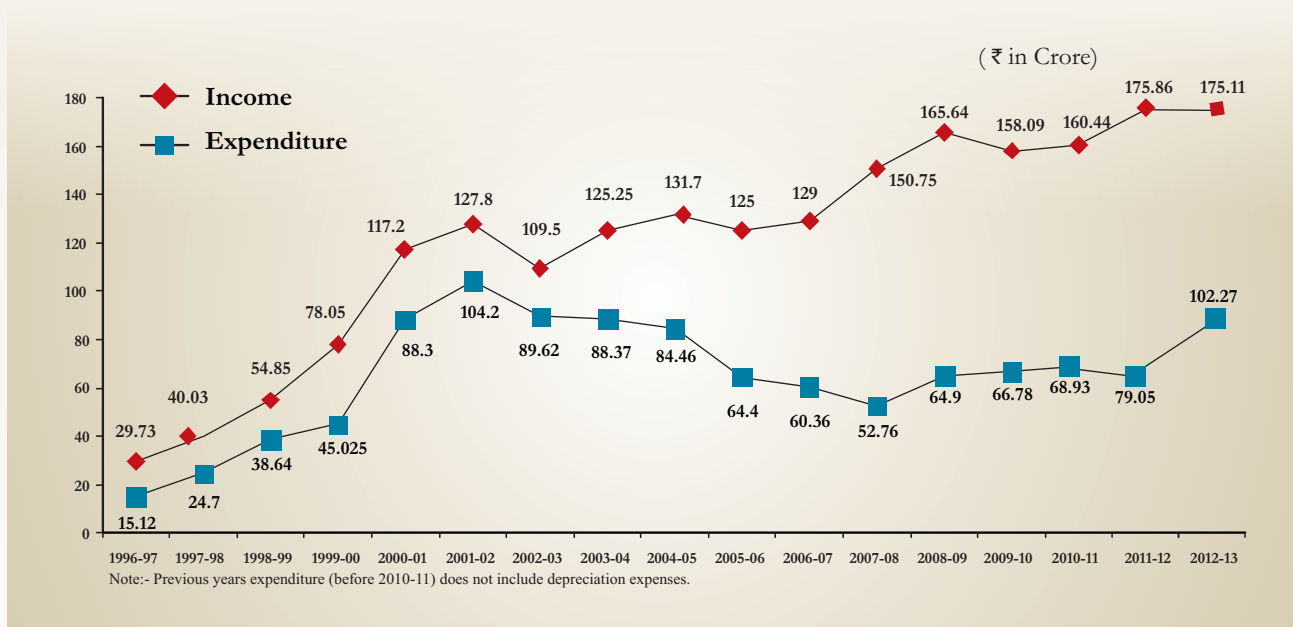
STPI Financial Analysis

7. STPI Financial Analysis

STPI's total revenue generation in 2012-13 stands at ₹ 175.11 crores. Revenue Expenditure is ₹ 102.27 crores (including depreciation) with an operating surplus of ₹ 72.84 crores. Surplus carried to balance sheet is ₹ 52.69 crores approximately (after adjustment for prior period items and taxes).

STPI's financial performance:

From total revenue of ₹ 175.86 crores in 2011-12, the total revenue income has decreased to ₹ 175.11 crores in 2012-13. The following graph indicates the trends of revenue and expenditure :-



Statement of Accounts

The Audited statement of accounts for the financial year 2012-2013 is placed at Annexure-I

ACKNOWLEDGEMENT

The Council gratefully acknowledges the cooperation received from the various Ministries and Departments of the Government of India, Reserve Bank of India, various State Government, Indian Missions abroad, International Carriers, our bankers, Members of STPI units, Software Industry Association and Statutory Auditors. The Council also acknowledges the relentless efforts of the Staff of STPI in its successful working.

(Kapil Sibal)

Chairman, Governing Council,
Software Technology Parks of India
and

Union Minister for Communications and Information Technology
and Law & Justice, Government of India

Annexure-I



Independent Auditor's Report

The Governing Council

Software Technology Parks of India

New Delhi

We have audited the accompanying financial statements of Software Technology Parks of India which comprise the Balance Sheet as at 31st March 2013. The statement of the Income & Expenditure Account and Cash Flow statement for the year ended on that date in which are incorporated returns of (i) Head Office and Noida Center audited by us, and (ii) Eight Centers audited by other auditors. The allocation of work amongst the auditors has been followed as per the directions in letter addressed to STPI, New Delhi by the office of the Comptroller Auditor General of India, New Delhi.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Society in accordance with the applicable Accounting Standards and Societies Registration Act 1860. This responsibility includes the design, implementation and maintenance of internal controls 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Society's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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 Society as at 31st March 2013.

(b) In the case of the Statement of Income and Expenditure Account of the surplus for the year ended on that date.

(c) In the case of Cash Flow statement, of the Cash Flows for the year ended on that date.

Emphasis of matter :-

Attention is drawn to :

Note 7 in Schedule 23A forming part of accounts regarding non accounting/reconciliation of W/T license fee for Wireless Planning Coordination demand raised by DOT up to December 2004 amounting to ₹ 630.20 lacs (against which a payment of ₹ 560.97 lacs has already been made and accounted for) and non provisioning of expenses for the subsequent period.

Note 16(b) regarding service tax liability pertaining to period prior to July 2012.

Our opinion is not qualified in respect of this matter.

Report on other Legal and Regulatory Requirements

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion proper books of account as required by law have been kept by the Society so far as appears from our examination of those books.
- c) The Balance Sheet, Statement of Income and Expenditure Account dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, Statement of Income and Expenditure Account comply with the applicable Accounting Standards except compliance/disclosures AS-12 regarding “Accounting for Government Grants”.

For K. K. GHEI & CO

Chartered Accountants

FRN – 1342N

Place:- New Delhi

Date :- 14th August 2013

SUMIT GHEI

(Partner)

M.No- 97893

Auditors

Annual Accounts

For the Financial Year 2012-13

Based on the recommendation of the Comptroller & Auditors General of India (C & AGI), the statutory and branch auditors for the STPI are appointed. The list of the same is as follows:

Name of the Centre	Auditor Company
Consolidation of A/cs, audit of Delhi –HQ, Noida, Mohali, Jaipur, Indore, Srinagar, Lucknow, Dehradun, Shimla, Kanpur,	M/s. K. K. Ghei & Co., 806, Hemkunt House, 6, Rajendra Place, New Delhi – 110008 Delhi
Bangalore, Hyderabad & Chennai	M/s Ramnarain & Co. , 28/1 II Floor, Ulsoor Road, Bangalore - 564 002
Pune, Navi Mumbai & Gandhinagar	M/s. VJ Kulkarni & Associates, A-102, Gagan Galaxy, Bibwewadi Kondhwa Road, Bibwewadi, Pune – 411 037. Maharashtra
Bhubaneswar & Guwahati	M/s. Laldash & Co., Plot No. 1882, (IIInd Floor), Nilakantha Nagar Unit -8, Nayapally, Bhubaneswar – 751 012. Orissa
Thiruvananthapuram	M/s. PKR & Company, T.C. 23/678 (5), Temple View Towers, East Nada, Mahadevar Temple, Kochar Road, Chalai P.O. , Thiruvananthapuram – 695 036. Kerala

Balance Sheet as at 31st March, 2013

(Amount in ₹)

	Schedule No.	Current Year	Previous Year
SOURCES OF FUNDS:			
General Fund	1	5,605,462,657	5,078,575,225
Reserve and Surplus	2	136,318,564	136,318,564
Earmarked Fund	3	1,435,009,405	1,409,009,405
(A)		7,176,790,626	6,623,903,194
Inter Unit Accounts (B)	4	-	-
Loan Funds			
Secured Loans	5	-	-
Un-Secured Loans		58,296,800	58,296,800
(C)		58,296,800	58,296,800
Deferred Tax Liability (D)		-	-
TOTAL (A+B+C+D)		7,235,087,428	6,682,199,994
APPLICATION OF FUNDS:			
Fixed Assets			
Gross Block	6	3,320,103,576	3,220,919,094
Less: Depreciation		2,767,806,274	2,638,156,350
Net Block		552,297,302	582,762,744
Capital Work in Progress	7	54,273,750	51,503,542
Construction	8	122,646	-
(E)		606,693,698	634,266,286
Investments (F)	9	46,940,000	46,940,000
Deffered Tax Assets (G)		209,342,599	124,837,845
Current Assets, Loans & Advances			
Inventories	10	1,417,745	1,417,745
Sundry Debtors	11	261,575,397	285,970,514
Cash Balance	12	670,214	486,343
Loans & Advances	13	1,869,020,672	1,397,797,851
Bank Balance	12	6,447,505,922	6,136,301,837
Pre-Operative Expenses		130,186	130,186
Less: Current Liabilities & Provisions			
Current Liabilities	14	775,377,778	847,370,510
Provisions	15	1,432,831,224	1,098,578,103
Net Current Assets (H)		6,372,111,134	5,876,155,863
TOTAL (E+F+G+H)		7,235,087,428	6,682,199,994
Contingent Liabilities			

As per our separate report of even date
For on or behalf of,
K.K. GHEI & Company
CHARTERED ACCOUNTANTS

(SUMIT GHEI)
Partner
Membership No.: 097893

Place: New Delhi
Date: 14th August 2013

For **SOFTWARE TECHNOLOGY PARKS OF INDIA**

(P.N. Saxena)
Chief Finance Officer

(Devesh Tyagi)
Director

(Dr. Omkar Rai)
Director General

Income & Expenditure Account for the year ended 31st March, 2013

(Amount in ₹)

	Schedule No.	Current Year	Previous Year
INCOME			
Operating Income	16	1,125,325,959	1,228,007,000
Interest Earned	17	582,593,261	510,886,663
Other Income	18	43,162,680	19,697,453
		1,751,081,900	1,758,591,116
EXPENDITURE			
Data-link Charges		42,729,510	38,492,660
Project Expenses		8,815,527	3,904,008
Employees Remuneration & Benefits	19	447,037,861	315,000,821
Selling, Administration & Other Expenses	20	371,541,053	275,114,030
Interest & Finance Charges	21	13,188,818	12,948,424
Depreciation	6	139,399,224	145,085,713
		1,022,711,993	790,545,656
Profit/(Loss) before tax & Prior period adjustments		728,369,907	968,045,460
Add: Prior Period Adjustments	22	4,012,771	(5,667,355)
Profit before Tax		732,382,678	962,378,105
Provision for Taxation:			
Current Income Tax		290,000,000	325,000,000
Deferred Tax		(84,504,754)	(12,327,606)
Fringe Benefit Tax		-	-
Wealth Tax		-	-
Tax adjustments for earlier years		-	-
Total Tax Expenses		205,495,246	312,672,394
Profit after Tax		526,887,432	649,705,711
Surplus Carried to Balance Sheet		526,887,432	649,705,711
Significant Accounting Policies and Notes to Accounts	23		

As per our separate report of even date
For on or behalf of,
K.K. GHEI & Company
CHARTERED ACCOUNTANTS

(SUMIT GHEI)
Partner
Membership No.:- 097893

Place: New Delhi
Date: 14th August 2013

For SOFTWARE TECHNOLOGY PARKS OF INDIA

(P.N. Saxena)
Chief Finance Officer

(Devesh Tyagi)
Director

(Dr. Omkar Rai)
Director General

Cash Flow Statement for the year ended 31st March,2013

S. No.	Particulars	(Amount in ₹)
1	CASH FLOW FROM OPERATING ACTIVITIES	
	Net Profit Before Tax & Prior Period Adjustments	738,119,207
	Adjustment for:	
	Depreciation	139,399,224
	Prior Year Adjustments*	(9,749,300)
	Interest Expenses	13,188,818
	Provision for Sundry Debtors Written back	(947,828)
	Provision for Impairment Loss	250,800
	Provision for ERP (Hardware)	4,619,611
	Sundry Credit balances written back	(4,394,821)
	Provision for Retirement Benefit	43,368,201
	Provision for Doubtful Debts	30,690,492
	Provision for doubtful advances	524,218
	Bad Debts written off	125
	Loss on Sale of Fixed Assets	16,568
	Interest Income	(582,593,261)
	Operating Profit before working capital changes Adjustment for:	372,492,054
	(Increase)/Decrease in Sundry Debtors	(5,146,904)
	(Increase)/Decrease in Loans & Advances	(84,603,529)
	(Increase)/Decrease in Inventories	-
	Increase/(Decrease) in Current Liabilities & Provisions	(71,583,402)
	Cash Generated from/(used in) operations before Prior Period Adjustments	211,158,219
	Prior Period Adjustments	(5,736,524)
	Cash Generated from/(used in) operations before tax	205,421,695
	Direct taxes paid	(268,002,532)
	Net cash / (used in) operating activities	(62,580,837)
2	CASH FLOW FROM INVESTING ACTIVITIES	
	Purchase of Fixed Assets	(99,326,136)
	Sale of Assets	125,086
	Capital Work in Progress	(2,770,208)
	Incidental Expenditure During Construction	(122,646)
	Interest Received	368,498,075
	Net Cash from / (used in) investing activities	266,404,171
3	CASH FLOW FROM FINANCING ACTIVITIES	
	Interest Expenses	(13,188,818)
	Increase / (Decrease) in Earmarked Fund	26,000,000
	Increase / (Decrease) in UnSecured loan	-
	Net Cash from /(used in) financing activities	12,811,182
4	Net increase/decrease in cash & cash Equivalents	216,634,516
5	Cash & Cash equivalents as at the beginning of the year	5,852,036,828
6	Cash & Cash equivalents as at the end of the year	6,068,671,344

* Indicates prior period depreciation which is a non-cash expense, therefore shown separately.

As per our separate report of even date

For on or behalf of,

K.K. GHEI & Company

CHARTERED ACCOUNTANTS

(SUMIT GHEI)

Partner

Membership No.:- 097893

Place: New Delhi

Date: 14th August 2013

For SOFTWARE TECHNOLOGY PARKS OF INDIA

(P.N. Saxena)

Chief Finance Officer

(Devesh Tyagi)

Director

(Dr. Omkar Rai)

Director General

Schedules Annexed to and forming part of Balance Sheet as on 31.03.13

SCHEDULE 1: General Funds		(Amount in ₹)
Particulars	Current Year	Previous Year
General Fund		
Balance brought forward	5,078,575,225	4,428,869,514
Add: Addition During the year	526,887,432	649,705,711
Less: Utilised/ Adjustment during the year	-	-
TOTAL	5,605,462,657	5,078,575,225

SCHEDULE 2: Reserves & Surplus		(Amount in ₹)
Particulars	Current Year	Previous Year
Capital Reserve		
Balance brought forward	136,318,564	136,318,564
Add: Received During the Year/ transfer from centre	-	-
Less: Utilised/ Adjustment during the year	-	-
TOTAL	136,318,564	136,318,564

SCHEDULE 3: Earmarked Fund		(Amount in ₹)
Particulars	Current Year	Previous Year
Grant in Aid- Own		
Balance brought forward	1,369,009,405	1,349,009,405
Add: Received During the year	41,000,000	85,000,000
Less: Utilised/ Adjustment during the year	15,000,000	65,000,000
	1,395,009,405	1,369,009,405
Grant in Aid- for other entity		
Balance brought forward	40,000,000	40,000,000
Add: Received During the year	-	-
Less: Utilised/ Adjustment during the year	-	-
	40,000,000	40,000,000
TOTAL	1,435,009,405	1,409,009,405

Schedules Annexed to and forming part of Balance Sheet as on 31.03.13

SCHEDULE 4: Inter-unit Accounts		(Amount in ₹)
Particulars	Current Year	Previous Year
STPI-Head Office	(176,607,039)	(274,508,767)
STPI-Bhillai	30,065,284	28,919,347
STPI-Indore	(5,703,302)	39,973,763
STPI-Jaipur	1,040,979	2,846,249
STPI-Jodhpur	21,960,337	21,168,741
STPI-Mohali	(3,444,006)	4,434,776
STPI-Shimla	8,450,441	7,534,938
STPI-Srinagar	(7,659,398)	(6,608,493)
STPI- Jammu	6,632,907	6,089,486
STPI-Bangalore	111,539,076	65,162,005
STPI-Mysore	-	-
STPI-Manipal	-	-
STPI-Hubli	-	-
STPI-Mangalore	-	-
STPI-Hyderabad	(91,379,527)	(96,788,581)
STPI-Vizag	(13,016,069)	(10,508,546)
STPI-Vijaywada	(8,398,115)	(899,448)
STPI-Warangal	(298,999)	8,658,710
STPI-Tirupati	(18,702,228)	(22,414,120)
STPI-Kakinada	(2,298,520)	(70,509)
STPI-Navi Mumbai	436,148	792,084,841
STPI-Pune	98,008,133	(643,339,510)
STPI-Aurangabad	(738,743)	-
STPI-Nagpur	(17,220,510)	(15,206,804)
STPI-Kolhapur	(2,369,409)	-
STPI-Nasik	(739,555)	-
STPI-Noida	(33,022,362)	34,365,141
STPI-Dehradun	31,769,463	31,871,444
STPI-Lucknow	(3,249,085)	3,224,767
STPI-Kanpur	(2,166,326)	(1,583,806)
STPI-Allahabad	13,086,462	13,667,983
STPI-Chennai	38,910,386	26,407,096
STPI-Coimbatore	-	-
STPI-Pondicherry	-	-
STPI-Trichy	-	-
STPI-Thirunavelli	-	-
STPI-Madurai	-	-
STPI-Gangtok	(19,402,322)	(18,334,259)
STPI-Guwahati	28,604,172	10,665,526
STPI-Imphal	(19,643,636)	(16,891,129)
STPI-Bhubaneswar	7,382,339	5,931,624
STPI-Durgapur	6,787,404	7,231,241
STPI-Kolkatta	12,897,327	17,372,590
STPI-Rourkela	6,943,812	6,380,100
STPI-Kharagpur	3,989,782	3,268,535
STPI-Ranchi	35,375,850	25,440,020
STPI-Siliguri	5,817,913	6,288,987
STPI-Haldia	6,275,713	6,173,360
STPI-Shillong	(15,708,850)	(14,072,679)
STPI-Patna	(31,675,103)	(32,843,710)
STPI- Bhiwadi	-	-
STPI-Thiruvanthapuram	7,996,738	(10,037,138)
STPI-GandhiNagar	11,131,614	12,750,577
Branch Reconciliation	5,424	5,424
STPI- Behrampur	(21,664,600)	(23,809,772)
TOTAL	-	-

Schedules Annexed to and forming part of Balance Sheet as on 31.03.13

SCHEDULE 5: Loan Funds (Amount in ₹)		
Particulars	Current Year	Previous Year
Secured Loans		
Cash Credit from Banks	-	-
From Financial Institutions	-	-
Interest Accrued & Due on Secured Loans	-	-
Unsecured Laons		
From Government of India	-	-
From State Governments	50,000,000	50,000,000
From Other Institutions & Agencies	8,296,800	8,296,800
Interest Accrued & Due on unsecured Loans	-	-
	58,296,800	58,296,800
TOTAL	58,296,800	58,296,800

Schedules Annexed to and forming part of Balance Sheet as on 31.03.13

SCHEDULE 6: Fixed Assets & Depreciation

(Amount in ₹)

		GROSS BLOCK				DEPRECIATION				NET BLOCK	
Particulars	As at 01.04.12	Additions		Deductions/ Adjustments	As at 31.03.13	As at 31.03.12	For the year	Adjustments during the year	As at 31.03.13	As at 31.03.13	As at 31.03.12
		180days or more	Less than 180 days								
Tangible Assets											
Land:											
Freehold	17,041,377	-	-	-	17,041,377	-	-	-	-	17,041,377	17,041,377
Leasehold	2,559,629	-	526,020	-	3,085,649	-	46,162	201,501	247,663	2,837,986	2,559,629
Building:											
Residential	-	-	-	-	-	-	-	-	-	-	-
Others	735,342,632	7,859,790	52,582,770	-	795,785,192	366,222,989	65,984,818	13,437	432,221,244	363,563,948	369,119,643
Temporary Erections	1,373,906	2,026,952	-	-	3,400,858	1,130,641	2,055,990	-	3,186,631	214,227	243,265
Furniture & Fixtures	176,030,504	2,960,600	679,688	-	179,670,792	131,219,453	10,925,018	(1,189,055)	140,955,416	38,715,377	44,811,052
Electrical Fittings	26,943,542	2,754,761	7,505,679	-	37,203,982	21,889,033	1,887,918	(30,654)	23,746,297	13,457,684	5,054,509
HSDC Equipment	1,608,587,049	2,820,241	1,985,629	-	1,613,392,919	1,587,851,719	11,620,950	(9,234,558)	1,590,238,112	23,154,808	20,735,330
Electrical Equipment	300,683,703	6,941,985	2,959,061	40,000	310,544,749	225,962,952	27,849,839	471,581	254,284,372	56,260,377	74,720,751
Office Equipment	138,968,521	1,364,105	630,730	33,820	140,929,536	120,438,403	9,880,647	(17,942)	130,301,108	10,628,428	18,530,118
Vehicles:											
Car	619,483	-	-	-	619,483	191,106	123,897	-	315,003	304,480	428,377
Others	5,858	-	-	-	5,858	5,858	-	-	5,858		
Computers & Peripherals	198,150,280	3,451,590	1,942,438	67,834	203,476,474	172,950,986	7,555,933	36,390	180,543,309	22,933,165	25,199,294
Fire Fighting Equipments	11,329,609	86,370	247,727	-	11,663,706	7,103,768	1,374,494	-	8,478,263	3,185,443	4,225,840
Intangible Assets	3,283,000	-	-	-	3,283,000	3,189,442	93,558	-	3,283,000		93,558
Total of Current Year	3,220,919,094	30,266,394	69,059,742	141,654	3,320,103,576	2,638,156,350	139,399,224	(9,749,300)	2,767,806,274	552,297,302	582,762,744
Previous Year	3,198,013,314	15,165,367	10,782,556	3,042,143	3,220,919,094	2,495,654,298	145,085,713	(2,583,662)	2,638,156,350	582,762,744	702,359,016

Schedules Annexed to and forming part of Balance Sheet as on 31.03.13

SCHEDULE 7: Capital Work in Progress (Amount in ₹)				
Particulars	Opening Balance as on 01.04.2012	Addition	Capitalisation/ Adjustments	Closing Balance as on 31.03.13
Tangible Assets				
Land:				
Freehold	-	-	-	-
Leasehold	-	-	-	-
Building:				
Residential	-	-	-	-
Others	29,415,168	9,667,804	3,099,481	35,983,491
Temporary Erections	-	-	-	-
Furniture & Fixtures	1,761,036	50,144	1,761,036	50,144
Electrical Fittings	2,116,923	-	2,087,223	29,700
HSDC Equipment	-	-	-	-
Electrical Equipment	-	-	-	-
Office Equipment	-	-	-	-
Computers & Peripherals	18,210,415	-	-	18,210,415
Fire Fighting Equipments	-	-	-	-
Others	-	-	-	-
Intangible Assets	-	-	-	-
Difference in Exchange Rates	-	-	-	-
Total of Current Year	51,503,542	9,717,948	6,947,740	54,273,750
Previous Year	42,428,620	12,158,759	3,083,837	51,503,542

Schedules Annexed to and forming part of Balance Sheet as on 31.03.13

SCHEDULE 8: Incidental Expenditure During Construction			(Amount in ₹)
Particulars	Current Year	Previous Year	
IEDC- Entertainment & Hospitality	-	-	
IEDC-Contribution to Superannuation Fund	-	-	
IEDC- Workshop & Conference	-	-	
IEDC- Staff Welfare	-	-	
IEDC- Conveyance Expenses	85,967	-	
IEDC- Lodging & Boarding Expenses	16,692	-	
IEDC- Repair, Running of Motor Cars	-	-	
IEDC- Telephone/ Mobile Expenses	-	-	
IEDC- Festival Expenses	-	-	
IEDC- Payment to Health Club	-	-	
IEDC- Gift in kind to Staff	-	-	
IEDC- Tour & Travel (Fare)	17,292	-	
IEDC- Scholarship	-	-	
IEDC- Other Expenses	2,695	-	
IEDC- Foreign Exchange Fluctuation Loss	-	-	
	122,646	-	
Add: Balance brought forward	-	-	
Less: Capitalised during the year	-	-	
Total	122,646	-	

SCHEDULE 9: Investments			(Amount in ₹)
Particulars	Current Year	Previous Year	
Investment in Joint Venture	24,440,000	24,440,000	
Investment in Subsidiaries	-	-	
Investment in Government of India Securities	-	-	
Investment in Bonds	-	-	
Investment in Others	22,500,000	22,500,000	
TOTAL	46,940,000	46,940,000	

Schedules Annexed to and forming part of Balance Sheet as on 31.03.13

SCHEDULE 10: Inventories (Amount in ₹)		
Particulars	Current Year	Previous Year
Stores & Spares	1,417,745	1,417,745
STPI Publication/ Books	-	-
Projects work in Progress	-	-
TOTAL	1,417,745	1,417,745

SCHEDULE 11: Sundry Debtors (Amount in ₹)		
Particulars	Current Year	Previous Year
Debts Outstanding for more than 6 months	282,526,262	252,871,879
Other Debts	124,398,393	148,905,997
	406,924,655	401,777,876
Less: Provision for Doubtful Debts	(145,349,258)	(115,807,362)
TOTAL	261,575,397	285,970,514

SCHEDULE 12: Cash & Bank Balance (Amount in ₹)		
Particulars	Current Year	Previous Year
Cash in Hand	176,228	179,331
Stamps in Hand	493,986	307,012
A	670,214	486,343
Balance with Scheduled Banks:		
Current Account with Scheduled Bank	-	-
Saving Bank Account with Scheduled Bank	254,523,106	208,910,074
EEFC Account with Scheduled Bank	-	-
Deposits Accounts with Scheduled Bank	5,813,478,024	5,639,783,365
Cheques/ DD in Hand/ in Transit	-	2,857,046
Interest Accrued but not due on deposits	379,504,792	284,751,352
B	6,447,505,922	6,136,301,837
TOTAL	6,448,176,136	6,136,788,180

Schedules Annexed to and forming part of Balance Sheet as on 31.03.13

SCHEDULE 13: Loans & Advances			(Amount in ₹)
Particulars	Current Year	Previous Year	
Loans (Unsecured considered good):			
Employees	6,335,264	6,157,244	
Subsidiary	-	-	
Others	350,655	2,720	
	6,685,919	6,159,964	
Advances:			
Suppliers & Contractors	210,053,612	169,510,997	
Employees (including interest)	2,183,837	1,503,409	
Claim recoverable	67,704,382	69,636,693	
Others	150,339,693	152,938,927	
	430,281,524	393,590,026	
Prepaid Expenses	1,607,725	2,034,771	
Security/ Earnest Money Deposits	91,506,497	43,693,375	
Advance Income Tax	1,447,783,437	1,060,439,159	
Advance Fringe Benefit Tax	-	-	
	1,540,897,659	1,106,167,305	
	1,977,865,102	1,505,917,295	
Less: Provision for Doubtful Loans & Advances	108,844,430	108,119,444	
TOTAL	1,869,020,672	1,397,797,851	

Schedules Annexed to and forming part of Balance Sheet as on 31.03.13

SCHEDULE 14: Current Liabilities			(Amount in ₹)
Particulars	Current Year	Previous Year	
Sundry Creditors:			
(a) For Services	74,907,231	109,612,835	
(b) For Supplies	8,504,260	5,008,129	
(c) For other Expenses	27,746,752	31,504,157	
	111,158,243	146,125,121	
Deposits, Retention Money from Contractors & Others	61,716,465	55,068,459	
Advance from Customers:			
(a) For Services & Others	196,557,655	248,326,500	
(b) For Projects	3,891,391	4,431,770	
	200,449,046	252,758,270	
Other Liabilities	266,127,575	230,979,890	
Project Advance	135,926,449	162,438,770	
TOTAL	775,377,778	847,370,510	

SCHEDULE 15: Provisions			(Amount in ₹)
Particulars	Current Year	Previous Year	
Fringe Benefit Tax	-	-	
Income Tax	1,251,100,000	961,100,000	
Employee Benefits	163,187,246	123,804,536	
Provisions: Others	18,543,978	13,673,567	
TOTAL	1,432,831,224	1,098,578,103	

**Schedules Annexed to and forming part of Income & Expenditure Account
for the year ended 31.03.13**

SCHEDULE 16: Operating Income			(Amount in ₹)
Particulars	Current Year	Previous Year	
Soft Point	-	-	
Soft Link	142,725,691	157,657,769	
Satellite Gateway Service	16,992,043	15,788,734	
Statutory Charges	787,728,200	902,732,508	
Project Execution, Management & Consultancy	25,039,151	16,327,647	
Incubation Income	96,682,438	98,939,992	
Other Services	56,158,436	36,560,350	
Internet Telephony Services	-	-	
TOTAL	1,125,325,959	1,228,007,000	

SCHEDULE 17: Interest Income			(Amount in ₹)
Particulars	Current Year	Previous Year	
On Deposits with Banks	566,646,546	485,313,120	
On Saving Bank Account with Banks	13,656,271	24,699,560	
On Investment in Government of India Securities	-	-	
On Investment in Bonds	-	-	
On Employees' Loan	248,872	250,108	
From Others	2,041,572	623,875	
TOTAL	582,593,261	510,886,663	

SCHEDULE 18: Other Income			(Amount in ₹)
Particulars	Current Year	Previous Year	
Grant & Subsidies	-	-	
Foreign Exchange Fluctuation Gain	459,345	954,930	
Provision for Advances written back	-	1,162,614	
Provision for Sundry Debtors written back	947,828	227,183	
Sundry Credit Balances written back	4,394,821	2,852,885	
Profit on sale/ disposal of fixed assets	2,432	35,545	
Profit on sale/ redemption of Investments	-	-	
Dividend from Joint Ventures	-	-	
Dividend from Subsidiaries	-	-	
Dividend from Others	-	-	
Other Miscellaneous Income	37,358,254	14,464,296	
TOTAL	43,162,680	19,697,453	

**Schedules Annexed to and forming part of Income & Expenditure Account
for the year ended 31.03.13**

SCHEDULE 19: Employees Remuneration & Benefits (Amount in ₹)		
Particulars	Current Year	Previous Year
Salaries, Wages & Other Benefits	365,332,811	290,192,507
Contribution to Provident & Other Funds	50,383,108	10,460,508
Contribution to Gratuity Fund	19,781,555	4,389,964
Workmen & Staff Welfare	11,540,387	9,957,842
TOTAL	447,037,861	315,000,821

SCHEDULE 20: Selling, Administrative & Other Expenses (Amount in ₹)		
Particulars	Current Year	Previous Year
Consumption of Stores & Spares	2,212,398	1,176,877
Rent	61,800,664	21,348,956
Rates & Taxes	3,579,920	4,507,000
Training & Recruitment	2,153,088	3,620,948
Insurance	842,260	1,719,670
Repairs & Maintenance - Buildings	29,694,681	25,515,203
Repairs & Maintenance - Earth Station	6,051,306	5,470,620
Repairs & Maintenance - Others	13,951,110	14,036,493
Communication Expenses	9,285,275	9,522,966
Travelling & Conveyance Expense	21,185,202	15,567,391
Vehicle Running & Hire Charges	15,436,802	14,379,793
Payment to Statutory Auditors	1,346,125	1,475,909
Advertisement & Publicity Expenses	11,233,944	4,457,531
Security Expenses	33,803,027	29,853,169
Business Promotion	3,638,939	6,107,494
Printing & Stationary	4,301,665	3,850,959
Newspaper, Books & Periodicals	419,275	474,871
Bank Charges	898,806	390,256
Electricity, Fuel & Water Charges	98,027,703	71,795,875
Computer Hire & Operating Expenses	1,740,438	1,733,557
Legal Fees	431,188	519,339
Professional & Counsultancy Charges	6,570,756	4,937,230
Donations	-	-
Foreign Exchange Fluctuation Loss	1,780,925	3,147,244
Loss on Sale / Discard of Fixed Asset	19,000	23,257
Loss on Sale / Redemption of Investment	-	-
Provision for Doubtful Debts	30,690,492	24,499,012
Provision for Doubtful Advances	524,218	-
Provision for Obsolete Stock	-	-
Bad Debts Written Off	125	54,125
Other Expenses	9,921,721	4,928,285
TOTAL	371,541,053	275,114,030

**Schedules Annexed to and forming part of Income & Expenditure Account
for the year ended 31.03.13**

SCHEDULE 21: Interest & Finance Charges (Amount in ₹)		
Particulars	Current Year	Previous Year
Interest on Loan from Government of India	-	-
Interest on Loan from Banks	-	-
Interest on Loan from Financial Institution	-	-
Interest on Foreign Currency Loans	-	-
Expenses on Loans in Indian Currency	-	-
Expenses on Loans in Foreign Currency	-	-
Interest on Others	13,188,818	12,948,424
TOTAL	13,188,818	12,948,424

SCHEDULE 22: Prior Period Adjustments (Amount in ₹)		
Particulars	Current Year	Previous Year
Prior Period expenses		
Datalink Charges	876,490	983,368
Project Expenses	77,500	-
Employees Remuneration Expenses	172,751	-
Depreciation	(3,501,215)	(21,090)
Communication Expenses	-	17,254
Traveling & Conveyance	-	790
Electricity & Water	108,024	15,000
Others	3,349,031	5,851,009
	1,082,581	6,846,331
Prior Period Income		
Services	(4,562)	5,370
Interest	1,367,721	77,074
Others	(6,458,511)	(1,261,420)
	(5,095,352)	(1,178,976)
TOTAL	4,012,771	(5,667,355)

Schedule-23

**Significant Accounting Policies forming part of Accounts
for the Period Ended 31st March 2013**

1. Accounting Conventions

- a) The accounts are prepared on historical cost convention, on accrual basis and on the principle of going concern.
- b) Accounting policies not specifically referred to otherwise, are consistent and in accordance with Indian Generally Accepted Accounting Practices / principles comprising of the mandatory Accounting Standards, Guidance Notes and other pronouncements issued by ICAI.
- c) Purchase of consumables store are charged as expenditure irrespective of whether they are consumed or held in stock at the end as overall effect is not material ;
- d) Software expenditure are recognized in the year of occurrence in view of fast technological changes and obsolescence;
- e) Cost of Radio mast installed at the customers site is charged to expenditure as this is a consumable item and is being recovered from customers and correspondingly booked to soft point / soft link Income;
- f) Prior period expenses/income not exceeding ₹ 5000/- are directly debited /credited to the respective head of accounts in the current financial year.

2. Use of Estimates

The preparation of financial statements requires estimates and assumptions that affect the reported amounts of income and expenses for the period, the reported amounts of assets and liabilities and disclosures relating to contingent liabilities as on the date of financial statements. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

3. Depreciation

- a) Assets below ₹ 5,000 are being depreciated at the rate of 100 % in the year of addition.
- b) Other assets are being depreciated on the straight-line method at the rates specified here below:
 - 1. Building 10%
 - 2. Computer & Peripherals 15%
 - 3. Electrical Installations 15%

4. Furniture & Fixtures	10%
5. Office Equipment	15%
6. HSDC Equipment	20%
7. Tower & Mast	20%

- c) Intangible assets are amortized over the estimated economic useful life of the asset.

4. Revenue Recognition

- Annual service charges are provisionally billed at the beginning of the year on higher of the projected/actual export turnover of the previous year of the unit. On receipt of the actual data differential charges/reversals are booked.
- Charges for providing space and infrastructure services are charged on monthly basis.
- In case of de-bonded or sleeping units minimum charges are levied and adjusted against the advance deposit received at the time of registration. Thereafter the balance of advance remaining below the minimum charge is recognized as other income.

5. Fixed Assets

- Fixed Assets are stated at cost of acquisition or construction inclusive of all directly attributable cost for bringing the assets to its working condition for use.
- Pre-operative expenses are carried forward to be capitalized and apportioned to various assets on commissioning.

6. Foreign Currency Transaction

Foreign currency transactions have been recorded at the average rates specified by bank during the period in which transactions occurred. Current assets & liabilities remaining unsettled at the closure of the accounting year are revalued at year end rates and exchange differences are recognized as income or expense for the year as the case may be.

7. Grants:

Grants in aid of capital nature are disclosed as liabilities in the Balance Sheet and Grant in aid of Revenue nature are routed through Income & Expenditure Account. Grant in aid is recognized as and when received.

8. Accounting for Investment

Long term investment is stated at cost. Provision for diminution in the value is made in accordance with AS-13 'Accounting for Investment' if the decline is other than temporary.

9. Employee Benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Revised Accounting Standard 15- Employee Benefits (Revised 2005) issued by the ICAI.

a) Provident Fund

Employer's Contribution to Employee's Provident Fund/CPF is accounted for on due basis and same is charged to Income & Expenditure Account.

b) Gratuity

Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognized in the balance sheet in respect of gratuity is the present value of the defined benefit/obligation at the balance sheet date less the fair value of plan assets, together with adjustment for unrecognized actuarial gains or losses and past service costs. The defined benefit/obligation is calculated at or near the balance sheet date by LIC using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged or credited to the Income & Expenditure account in the year to which such gains or losses relate.

c) Leave Encashment

Liability in respect of leave encashment becoming due or expected after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent Actuary using the projected unit credit method.

d) Other Short term benefits.

Expenses in respect of other short term benefits are recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

10. Leases

Leases of Assets under which the lessor effectively retains all the risk and benefits of ownership are classified as operating lease. Payments made under operating lease are charged to Profit & Loss account on a Straight-line-basis over the period of the lease.

11. Taxes on Income

a) Provision for Current Tax required to be made in accordance with the provisions of Income Tax Act, 1961.

b) In accordance with accounting standard AS 22 'Accounting for taxes on income' issued by the Institute of Chartered Accountants of India, Deferred Tax Liability / Asset arising from timing

differences between book profits and income tax profits is accounted for at the current rate of tax to the extent these differences are expected to crystallize in later years. However, deferred Tax Assets are recognized only if there is a reasonable/virtual certainty of realization.

12. Intangible Assets

Capital Expenditure on purchase and development of identifiable non-monetary assets without physical substance except Software expenses are recognized as Intangible Assets in accordance with principles given under AS-26 'Intangible Assets'. These are grouped and separately shown under the schedule of Fixed Assets. These are amortized over their expected useful life.

13. Impairment of Assets

Management periodically assesses, using external and internal sources, whether there is any indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount, subject to a maximum of depreciable historical cost.

14. Provisions & Contingencies

Provisions are recognized for present obligations of uncertain timing or amount arising as a result of a past event where a reliable estimate can be made and it is probable that an outflow of resources embodying economic benefits will be required or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of resources embodying economic benefits is remote.

Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain events, are also disclosed as contingent liabilities unless the probability of outflow of resources embodying economic benefit is remote.

Schedule-23A

**Notes Annexed to and forming part of Accounts
for the year ended 31st March 2013**

1. Balances of Sundry debtors, Sundry creditors, loans and advances given & taken by the society are subject to reconciliation and confirmation by the parties concerned. The adjustments, if any, arising on such reconciliation will not have any material financial impact.
2. In the opinion of the society, adequate provision has been made in the accounts for all known liabilities and the current assets, loan and advances have a value on realization in the ordinary course of business at least equal to the value stated in the Balance Sheet.
3. (a) Fixed Assets valuing ₹ 11,063.62 lacs (Previous year ₹ 11,461.57 lacs) are bonded with Customs Department.

(b) Fixed Assets include equipments that have become obsolete and are not in use as on 31.03.2013. The original cost and written down value of such equipments as on 31.03.2013 was ₹ 3,292.18 lacs (Previous year ₹ 3,280.85 lacs) and ₹ 2.64 lacs (Previous year ₹ 3.02 lacs) respectively. A provision of ₹ 2.51 lacs have been created during the year for the same.
4. Fixed Deposits of ₹ 376.93 lacs (Previous year ₹ 356.46 lacs) are under lien with bank against Bank Guarantees issued.
5. In respect of incubation centre building at Hyderabad capitalized/put to use/proportionate share transferred to the developer during previous year 2009-10 has been accounted for during the year 2010-11. The 61% share of Land amounting to ₹ 78,29,533/- (Rs. Seventy eight lacs twenty nine thousand five hundred and thirty three only) forming part of the Developers share has not been conveyed to the developer pending legal formalities.
6. The civil/ criminal cases filed for the alleged misappropriation/ defalcation of accounts amounting to ₹ 421.45 lacs are still pending for adjudication of competent Court of Law. However the amount has been fully provided for.
7. Department of Telecommunications (DOT) has raised demand on STPI for W/T License Fees of Wireless Planning Coordination (WPC), up to 31st December 2004 amounting to ₹ 630.20 Lacs. STPI has booked an expenditure of ₹ 560.97 lacs based on amount worked out in accordance with actual usage by the centres. The differences are under reconciliation with DOT and adjustment (if any) shall be accounted for on reconciliation. No provision has been created for the period 01.01.05 to 31.03.13.

8. Auditor's Remuneration Paid/Payable during the year

	2012-13	2011-12
Audit Fees	584,272	584,272
Tax Audit	257,866	257,866
Other Matters	Nil	Nil

9. Deferred Tax Asset/Liability

Description	Balance as on 01.04.12	Created during the year	Balance as on 31.03.13
Deferred Tax Assets			
Depreciation	5,48,93,066	1,61,66,413	7,10,59,479
Provision for Doubtful Debt	6,91,93,383	1,72,07,051	8,64,00,435
Leave Encashment	19,72,791	2,39,34,977	2,59,07,768
Gratuity	(13,02,767)	2,72,77,686	2,59,74,919
Disallow Section 40A	81,070	(81,070)	-
Disallow Section 43 B	303	(303)	-
Net Deferred Tax Assets	12,48,37,845	8,45,04,754	20,93,42,600

10. AS - 15 'EMPLOYEE BENEFITS'

The society has adopted Revised Accounting Standard - 15 'Employee Benefits'.

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized as expense for the year are as under:

Employer's contribution to Provident Fund ₹ 4,94,41,851/-

Previous year contribution ₹ 1,02,39,086/-

Defined Benefit Plan

The employees gratuity fund scheme is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

Gratuity

1. Reconciliation of opening and closing balances of Defined Benefit Obligation.

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
Defined Benefit obligation at the beginning of the year	5,52,64,129	4,81,33,103	28,910,332	20,107,469	11,527,154
Current Service Cost	83,94,788	65,17,719	6,364,906	4,035,740	1,566,289
Interest Cost	46,97,451	40,91,314	2,312,827	1,608,598	922,172
Actuarial (gain)/loss	1,11,37,212	(21,87,479)	(6,284,101)	3,722,832	6,759,787
Benefits Paid	(30,74,283)	(12,90,528)	(811,038)	(564,307)	(667,933)
Past Service Cost	-	-	17,640,177	-	-
Defined Benefit obligation at the end of the year	7,64,19,297	5,52,64,129	48,133,103	28,910,332	20,107,469

2. Reconciliation of opening and closing balances of Fair Value of Plan Assets

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
Fair value of plan assets as at the beginning of the year	5,50,12,555	4,36,65,453	21,683,038	14,081,566	9,513,652
Expected Return	45,66,042	40,39,054	1,734,643	1,126,525	1,023,440
Actuarial gain/(loss)	(1,18,146)	(7,464)	886,013	468,465	-
Contribution by Employer	-	86,06,040	20,172,797	6,570,789	4,212,407
Benefits Paid	(30,74,283)	(12,90,528)	(811,038)	(564,307)	(667,933)
Settlement cost	-	-	-	-	-
Fair value of plan assets as at the end of the year	5,63,86,168	5,50,12,555	43,665,453	21,683,038	14,081,566
Actual return on plan assets	44,47,896	40,31,590	2,620,656	1,594,990	1,023,440

3. Reconciliation of amount recognized in Balance Sheet

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
Fair Value of Plan Assets as at the end of the Financial Year	5,63,86,168	5,50,12,555	43,665,453	21,683,038	14,081,566
Present value of obligation as at the end of the Financial Year	7,64,19,297	5,52,64,129	48,133,103	28,910,332	20,107,469
Net asset/(liability) recognized in the Balance Sheet	(2,00,33,129)	(2,51,574)	(4,467,650)	(7,227,294)	(6,025,903)

4. Expense Recognized during the year (under the head Establishment Expenses)

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
Current Service Cost	83,94,788	65,17,719	6,364,906	4,035,740	1,566,289
Interest Cost	46,97,451	40,91,314	2,312,827	1,608,598	922,172
Expected return on plan assets	(45,66,042)	(40,39,054)	(1,734,643)	(1,126,525)	(1,023,440)
Past Service Cost	-	-	17,640,177	-	-
Net Actuarial (gain)/ loss recognized during the period	112,55,358	(21,80,015)	(7,170,114)	3,254,367	6,759,787
Expenses recognized in the statement of Income & Expenditure	1,97,81,555	43,89,964	17,413,153	7,772,180	8,224,808

5. Actual Return on Plan Assets

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
Expected Return on Plan Assets	45,66,042	40,39,054	1,734,643	1,126,525	1,023,440
Actuarial (gain)/ loss	(1,18,146)	(7,464)	886,013	468,465	-
Actual return on plan assets	44,47,896	40,31,590	2,620,656	1,594,990	1,023,440

6. Principal Actuarial Assumptions

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
Mortality Table (LIC)	IALM (2006-08)	1994-96 duly modified	1994-96 duly modified	1994-96 duly modified	1994-96 duly modified
Discount rate as at 31 st March	8.50%	8.50%	8.20%	8.00%	8.00%
Future Salary Increase	8.00%	8.00%	8.00%	6.00%	6.00%
Expected rate of return on plan assets	8.30%	9.25%	9.25%	8.00%	-
Retirement Age	60 years	60 years	60 years	60 years	60 years
Withdrawal Rates					
Age					
Upto 30 years	3.00%	3.00%	3.00%	3.00%	3.00%
Upto 44 years	2.00%	2.00%	2.00%	2.00%	2.00%
Above 44 years	1.00%	1.00%	1.00%	1.00%	1.00%

Leave Encashment

1. Reconciliation of opening and closing balances of Defined Benefit Obligation.

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
Defined Benefit obligation at the beginning of the year	5,84,70,179	5,20,85,743	35,285,273	21,667,524	9,986,475
Current Service Cost	90,65,187	78,80,791	5,425,279	5,780,679	3,342,775
Interest Cost	49,69,965	44,27,288	2,822,822	1,733,402	699,053
Actuarial (gain)/loss	95,51,494	(99,026)	13,050,457	7,879,971	10,290,780
Benefits Paid	(58,35,088)	(58,24,617)	(4,498,088)	(1,776,303)	(2,651,559)
Past Service Cost	-	-	-	-	-
Defined Benefit obligation at the end of the year	7,62,21,737	5,84,70,179	52,085,743	35,285,273	21,667,524

2. Reconciliation of amount recognized in Balance Sheet

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
Fair Value of Plan Assets as at the end of the Financial Year	-	-	-	-	-
Present value of obligation as at the end of the Financial Year	7,62,21,737	5,84,70,179	52,085,743	35,285,273	21,667,524
Net asset/(liability) recognized in the Balance Sheet	(7,62,21,737)	(5,84,70,179)	(52,085,743)	(35,285,273)	(21,667,524)

3. Expense Recognized during the year (under the head Establishment Expenses)

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
Current Service Cost	90,65,187	78,80,791	5,425,279	5,780,679	3,342,775
Interest Cost	49,69,965	44,27,288	2,822,822	1,733,402	699,053
Expected return on plan assets	-	-	-	-	-
Past Service Cost	-	-	-	-	-
Net Actuarial (gain)/ loss recognized during the period	95,51,494	(99,026)	13,050,457	7,879,971	10,290,780
Expenses recognized in the statement of Income & Expenditure	2,35,86,646	1,22,09,053	21,298,558	15,394,052	14,332,608

4. Principal Actuarial Assumptions

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
Mortality Table (LIC)	IALM (2006-08)	1994-96 duly modified	1994-96 duly modified	1994-96 duly modified	1994-96 duly modified
Discount rate as at 31st March	8.50%	8.50%	8.20%	8.00%	7.00%
Future Salary Increase	8.00%	8.00%	8.00%	6.00%	4.50%
Expected rate of return on plan assets		-	-	-	-
Retirement Age	60 years	60 years	60 years	60 years	60 years
Withdrawal Rates					
Age					
Upto 30 years	3.00%	3.00%	3.00%	3.00%	3.00%
Upto 44 years	2.00%	2.00%	2.00%	2.00%	2.00%
Above 44 years	1.00%	1.00%	1.00%	1.00%	1.00%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. Information in respect of leave encashment and Gratuity is certified by actuary.

11. Entity: Joint Controlled

STPI has entered into a joint venture with MTNL on 03.02.2006 to set-up a company for implementation of INDIA.IN Portal & associated services as per approval of Department of Information Technology, Ministry of Communications & Information Technology, Government of India. Accordingly a company named MTNL - STPI IT Services Ltd. was incorporated with authorized share capital of ₹ 5,000 Lacs divided into 500,00,000 shares of ₹ 10 each, as subscribed and purchased equally by STPI and MTNL for which Certificate of Incorporation from Registrar of Companies was issued on 31.03.2006. In pursuance of the Memorandum of Association, society through authorized representative has subscribed 22,82,000 number of shares @ ₹ 10/- each and held the same as at the Balance sheet date.

Name	Ownership Interest	
	31.03.2013	31.03.2012
MTNL-STPI IT Services Ltd.	50%	50%

The society's share in assets, liabilities, income, expenses, contingent liabilities and capital commitments of Jointly Controlled Entity in accordance with the requirements of AS-27 'Financial Reporting of Interests in Joint Ventures' is as under:

(₹ in Lacs)

Description	31.03.2013	31.03.2012
i) Assets		
Long Term assets	0.54	0.54
Fixed Assets	144.08	167.07
Investments	-	-
Current assets	109.99	67.64
Deferred Tax Assets	-	-
Misc. Expenditure	-	-
ii) Liabilities		
Current liabilities & provisions	55.29	48.53
Other liabilities	-	-
Deferred Tax Liability	3.44	3.36
iii) Income	183.56	151.52
iv) Expenses	166.99	148.63
v) Contingent liabilities	-	-
vi) Capital commitments	-	-

12. The Society operates in single segment i.e. promotion of IT and ITES industry.
13. Pending registration of conveyance deed, the building at Mumbai costing ₹ 234.43 lacs has been capitalized on the basis of allotment letter issued by MIDC. The applicable stamp duty has been waived by the State Government.
14. The Commissioner of Customs, Central Excise and Service Tax, Hyderabad has issued a show cause notice on 08.10.2012 to STPI for non-payment of service tax collected for providing Statutory Services under the service category of “Business Support Service” amounting to ₹ 515.54 lacs. STPI contested the notice stating that the services provided by the Society are statutory in nature and also the services of STPI are not falling under the service category of “Business Support Services”. Based on the legal opinion and above contention of the society, no provision has been made in the books of account.

15. Contingent Liabilities

(₹ in Lacs)

Particulars		2012-13	2011-12
A	Estimated amount of contract remaining to be executed on capital account and not provided for.	992.7	1,945.41
B	Outstanding Letter of Credits & Bank Guarantees	66.45	38.95
C	Claim against the company/disputed liabilities not acknowledged as debt		
(I)	Sales Tax/VAT/Entry Tax Matters	34.64	31.15
(ii)	Service tax Matters	53.8	33.45
(iii)	Custom duties matters	8.8	8.8
(iv)	VSAT Services	38.44	38.44

The Income Tax department has raised the demand for the A.Y. 2006-07 to 2010-11. The present status of cases are as follows

Assessment Year	Demand Raised (₹ in Crores)	Forum at which case is pending
2006-07	0.81	STPI filed appeal with ITAT against CIT Appeal order.
2007-08	4.45	STPI filed appeal with ITAT against CIT Appeal order.
2009-10	0.27	STPI filed appeal with CIT (Appeal) against order of AO
2010-11	4.85	STPI filed appeal with CIT (Appeal) against order of AO

Based on the decision of Appellate Authority and interpretation of other relevant provisions the society is of the view that the demand is likely to be deleted. Accordingly no provision has been made.

16. (a) The Income tax deducted by the parties & the TDS claimed in the Income Tax return is under reconciliation.
- (b) Service Tax liability for the period prior to July '2012 arising on reconciliation shall be accounted for when determined.
17. The shortage/excess found on physical verification of fixed assets is under reconciliation. The impact, if any, of such shortage/excess shall be accounted for on reconciliation.
18. Lease documents are pending for execution in following cases :

Name of the center	Nature	Original Cost	WDV
Lucknow	Land & Building	₹ 1/- per year	Nil
Jammu	Land & Building	₹ 1/- per year	Nil
Shimla	Land & Building	₹ 1/- per year	Nil

19. Previous year figures have been regrouped or reclassified wherever necessary to make them comparable with current year figures.

All figures are rounded off to nearest Rupees.

Signatures to Schedule 1 to 23A for identification.

K.K. GHEI & Company
CHARTERED ACCOUNTANTS

(SUMIT GHEI)

Partner

Membership No.:- 097893

Place: New Delhi

Date: 14th August 2013

For SOFTWARE TECHNOLOGY PARKS OF INDIA

(P.N. Saxena)

Chief Finance Officer

(Devesh Tyagi)

Director

(Dr. Omkar Rai)

Director General



STPI's Comments to the observation made by Statutory Auditors

Point-wise comments on the observation made by Statutory Auditors on STPI's Annual Accounts for the financial year 2012-13:

S.No.	Auditor's Comments	STPI's Reply
1.	Note 7:- Regarding non accounting/reconciliation of W/T license fee for Wireless Planning Coordination demand raised by DOT up to December 2004 amounting to ₹ 630.20 lacs (against which a payment of ₹ 560.97 lacs has already been made and accounted for) and non provisioning of expenses for the subsequent period.	DoT has raised a demand of ₹ 630.20 lacs against WPC charges and ₹ 560.97 lacs have already been paid on the basis of actual usage. The matter is under reconciliation.
2.	Note 16(b):- Regarding service tax liability for the period prior to July 2012. Our Opinion is not qualified in respect of this matter.	Service Tax liability for the period prior to July'2012 arising on reconciliation shall be accounted for when determined.



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