

REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2008

Your Directors take pleasure in submitting their report for the Financial Year ended 31st March, 2008.

FINANCIAL RESULTS

| Year Ended March 31 | (Rs. in lakhs) | |
|----------------------------|----------------|----------|
| | 2008 | 2007 |
| Total Income | 26395.38 | 20517.55 |
| Total Expenditure | 24414.60 | 17133.50 |
| Operating Profit (PBIDT) | 1980.78 | 3384.05* |
| Depreciation | 1044.89 | 853.90 |
| Profit / (Loss) before Tax | 935.89 | 2530.15 |
| Provision for Tax | 245.28 | 463.02 |
| Profit / (Loss) after Tax | 690.61 | 2067.13 |

* includes Profit of Rs. 3600 lakhs on sale of investments.

BUSINESS REVIEW

Your Company completed a significantly positive year in 2007-08 notwithstanding the rapid appreciation of the rupee against the dollar. The ITC Infotech Group grew at over 47 per cent, much higher than the IT Industry range of 15% - 40% (Gartner indicates domestic IT Industry growth at about 23%), on the back of the traction witnessed in the last quarter of 2006-07.

During the year under review, operating margins strengthened due to value added services and better price realisation. Customer acquisition was driven by the development of new capabilities, differentiated offerings and pioneering solutions. In line with the strategy of selectively expanding global presence to enhance ability to service clients, your Company opened offices in Finland and Norway. Your Company is further strengthening its sales organization to enhance its presence in the Nordic region.

In a survey conducted by Global Services in association with neoIT, your Company was placed among the Top 100 service providers across four continents, in terms of operations, service offerings, client relationships and human capital. For the second consecutive year, your Company was listed amongst the top 100 Global Outsourcing Companies under the "Leaders" category by the International Association of Outsourcing Professional (IAOP). Your Company has successfully implemented several new business solutions which have won accolades from customers, technology partners and analysts.

During the course of the year, your Company added a new vertical, Media & Entertainment to the existing collection of verticals, namely Banking, Financial Services & Insurance, Travel, Hospitality & Transportation, Manufacturing and Consumer Packaged Goods & Retail. Your Company has built up a sizable funnel across the incumbent verticals.

However, a sluggish US economy, spiraling wage cost and growing competition, have put Indian IT companies under severe pressure. Your Company continues to focus on attaining scale and moving up the value chain to help buffer it from the vagaries of competition. Your Company is aggressively pursuing inorganic growth opportunities to supplement its organic growth strategy.

In line with the strategy outlined in the last year's report, the continued focus on identified business clusters has clearly demonstrated results especially in the common articulation of capability building objectives, "go to market" strategy, customer acquisition and a global delivery model. Your Company's focus on operational excellence is evident from a recent customer satisfaction survey which reflects an increasing trend of satisfied customers.

As anticipated, the war for talent has intensified. The demand, and consequently the cost of talent has escalated considerably. The Company has reinforced its holistic approach to training and development, engagement and retention of talent. It is constantly strategising to strengthen the value proposition for its employees. Your Company has recently migrated to a higher version ERP system to improve resource management and drive operational excellence.

The Government's decision to extend tax holiday for export oriented Software Technology Parks of India (STPI) by one year till March 2010, is a favourable and supportive development.

An area which is increasingly gaining focus is Green IT. To supplement the role of ITC Limited, the holding company, in this area, your Company is committed to sustainability and creating a greener world. In line with the focus on the 'triple bottom line', your Company has devised a holistic approach and is not only working towards increasing data centre efficiency but is also endeavouring to deliver value to its customers through greener solutions.

WHOLLY OWNED SUBSIDIARIES**i) ITC INFOTECH LTD., UK**

During the year under review, ITC Infotech Limited, UK, a wholly owned subsidiary of the Company, has registered a Turnover of GBP 17.87

million (previous year GBP 16.81 million) and a Net Profit of GBP 0.29 million (previous year GBP 0.12 million).

ii) ITC INFOTECH (USA), INC

During the year under review, ITC Infotech (USA), Inc., a wholly owned subsidiary of the Company, registered Total Revenues of USD 18.09 million (previous year USD 9.31 million) and a Net Profit of USD 0.43 million (previous year Net Profit USD 0.18 million).

JOINT VENTURE - CLI3L E-SERVICES LIMITED

In the ITES segment, CLI3L e-Services Limited, a joint venture of your Company with Sitel Operating Corporation, USA, posted a Total Income at Rs 107.02 crores (previous year Rs 124.43 crores) and post tax profits at Rs 16.44 crores (previous year - Rs 29.89 crores). Your Company has decided to exit from the joint venture and exercise its Put Options in a staggered manner under the Shareholders' Agreement dated 28th May, 2003.

TALENT MANAGEMENT

During the year under review, your Company has conducted employee satisfaction surveys which demonstrate a high level of employee engagement. Your Company also completed a study on 'compensation benchmarking'. Your Company will continue to focus on charting and creating a career path for high performers at all levels. Training and development is a key focus area towards bridging, inter alia, gaps in technology, soft skills, program management and client facing skills.

While the Indian IT industry continued to experience a shortage of skilled resources, talent acquisition and retention remained a key focus area for your Company. During the year under review, your Company's headcount grew by about 30%. Your Company reorganised the recruitment process to enhance focus on attracting customer facing niche domain expertise skills and senior technology architects. Your Company will continue to strive towards creating a more favourable work environment enabling high performance and learning, thereby creating a superior value proposition. Your Company is confident of leveraging its people, policies & processes in creating long-term value and accelerating growth.

OTHER INFORMATION

The particulars of conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo in terms of section 217(1)(e) are given in Annexures "A" and "B".

The particulars of employees in terms of section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, is given in Annexure "C". The Directors' Responsibility Statement as required in terms of section 217(2AA) is given in Annexure "D".

DIRECTORS

The Board of Directors of your Company at their meeting held on 9th May, 2008, re-appointed Mr. S. Puri as Managing Director of the Company, subject to your approval and such other approvals as may be necessary, for a further period of two years with effect from 14th May, 2008. Appropriate resolution seeking your approval to Mr. Puri's appointment is included in the Notice convening the 12th Annual General Meeting of the Company.

In accordance with the provisions of Section 256 of the Companies Act, 1956 and Article 143 of the Articles of Association of the Company, Mr. A. Singh and Mr. A. Nayak will retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-election.

AUDIT COMMITTEE

The Audit Committee of the Company comprises Mr. B.B.Chatterjee (Chairman of the Committee), Mr. A. Nayak and Mr. K.Vaidyanath, all non-executive Directors of your Company. The Managing Director, the Head of Finance, the Statutory Auditors and the Internal Auditors are Permanent Invitees to the Committee. The Company Secretary serves as the Secretary of the Committee.

AUDITORS

The Auditors, M/s. Price Waterhouse retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

ACKNOWLEDGEMENTS

Your Directors place on record their appreciation of the vital contribution made by employees at all levels. Your Company's consistent growth was made possible by their hard work, solidarity, co-operation and support.

Kolkata, 14th May, 2008

Registered Office:
Virginia House
37 J. L. Nehru Road
Kolkata 700 071, India.

On behalf of the Board

Anup Singh
Chairman

ANNEXURE 'A' TO THE REPORT OF DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2008

INFORMATION AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1998**A. CONSERVATION OF ENERGY**

Though the Company does not have energy intensive operations, it continues to adopt energy conservation measures.

B. TECHNOLOGY ABSORPTION**I. RESEARCH AND DEVELOPMENT (R & D) : Not Applicable**

1. Specific areas in which R & D carried out by the Company
2. Benefits derived as a result of the above R & D
3. Future plan of action
4. Expenditure on R & D for
 - (a) Capital
 - (b) Recurring
 - (c) Total
 - (d) Total R & D expenditure as a percentage of Total Turnover

II. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**1. Efforts in brief made towards technology absorption, adaptation and innovation.**

The Company operates in various state-of-the-art technology areas and has developed the necessary related skills.

The Technology Services Group of the Company continuously scans the market for new technologies, designs, systems and processes and institutes appropriate systems to ensure effective absorption and deployment of such technologies within the organisation.

2. Benefit derived as a result of the above efforts

Expansion of business in various new technology areas and productivity improvements through the use of contemporary software tools.

On behalf of the Board

Anup Singh
Chairman

Kolkata, 14th May, 2008

ANNEXURE 'B' TO THE REPORT OF DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2008

INFORMATION AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1998**FOREIGN EXCHANGE EARNINGS AND OUTGO****(a) Activities related to exports; initiatives taken to increase exports, development of new export markets for products and services; and export plans**

The Company has exported software and professional services to various countries. The Company aims to maximise its exports by maintaining constant contact with prospective customers, focussed business development and participation in international exhibitions to promote its services.

(b) Total foreign exchange used and earned

The foreign exchange earnings (FOB-realisation basis) of the Company during the year were Rs. 15,546.70 lakhs (previous year Rs. 11,385.97 lakhs) while the outgoings (on payment basis) were Rs. 6,877.84 lakhs (previous year Rs. 4,056.46 lakhs).

On behalf of the Board

Anup Singh
Chairman

Kolkata, 14th May, 2008

ANNEXURE ' D ' TO THE REPORT OF DIRECTORS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2008

INFORMATION AS REQUIRED IN TERMS OF SECTION 217 (2AA) OF THE COMPANIES ACT, 1956

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors states:

- That in the preparation of the Annual Accounts for the year ended 31st March, 2008, the applicable accounting standards have been followed and there are no material departures.
- That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2008 and of the Profit of the Company for that period;

- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That the Directors have prepared the Annual Accounts for the year ended 31st March, 2008 on a going concern basis.

On behalf of the Board

Anup Singh
Chairman

Kolkata, 14th May, 2008

REPORT OF THE AUDITORS TO THE MEMBERS OF ITC INFOTECH INDIA LIMITED

1. We have audited the attached Balance Sheet of ITC INFOTECH INDIA LIMITED, as at 31st March, 2008, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;

- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
- (e) On the basis of written representations received from the directors, as on 31st March, 2008 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

S. Gopalakrishnan
Partner
Membership Number 18863

For and on behalf of

Price Waterhouse
Chartered Accountants

Place : Kolkata
Date : 14th May, 2008

ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of ITC INFOTECH INDIA LIMITED on the financial statements for the year ended 31st March, 2008]

1. (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
- (c) In our opinion and according to the information and explanations given to us, no substantial part of fixed assets has been disposed of by the company during the year.
2. The company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
3. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of fixed assets and for the sale of services. The activities of the company did not involve purchase of inventory and sale of goods during the year. Further, on the basis of our examination of the books and records of the company, and according to the information and

explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses, if any, in the aforesaid internal control system.

4. In our opinion and according to the information and explanations given to us, there are no contracts or arrangements referred to in section 301 of the Act, the particulars of which needs to be entered into the register maintained under that section.
5. The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
6. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
7. (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is regular in depositing the undisputed statutory dues including provident fund, income tax, sales tax, service tax, customs duty, cess and other material statutory dues as applicable with the appropriate authorities in India. Investor education and protection fund, employees' state insurance, wealth tax, and excise duty are not applicable to the company for the current year.
- (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of income tax, sales tax, service tax, customs duty and cess which have not been deposited on account of any dispute. Wealth tax and excise duty are not applicable to the company for the current year.

8. The company has no accumulated losses as at 31st March, 2008, and it has not incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
9. The Company has neither taken any loans from a financial institution or bank nor issued any debentures during the year nor were there any such amounts due for repayment as at the balance sheet date.
10. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
11. In our opinion, and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
12. In our opinion, and according to the information and explanations given to us, on an overall basis, the unsecured loans in the nature of term loans taken from the holding company have been applied for the purposes for which they were obtained.
13. On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
14. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
15. The Company has not raised any money by public issues during the year.
16. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.
17. The other clauses, (ii)(a), (ii)(b), (ii)(c), (iii)(b), (iii)(c), (iii)(d), (iii)(f), (iii)(g), (v)(b), (viii), (xiii), (xiv) and (xix) of paragraph 4 of the Companies (Auditor's Report) Order 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the company for the current year, since in our opinion there is no matter which arises to be reported in the aforesaid order.

S. Gopalakrishnan
Partner

Membership Number 18863
For and on behalf of

Price Waterhouse
Chartered Accountants

Place : Kolkata
Date : 14th May, 2008

BALANCE SHEET AS AT 31ST MARCH, 2008

| | Schedule | As at 31st March, 2008 (Rs.) | As at 31st March, 2007 (Rs.) |
|---------------------------------------|----------|------------------------------------|------------------------------------|
| I. SOURCES OF FUNDS : | | | |
| 1. Shareholders' Funds | | | |
| Capital | 1 | 252,000,000 | 252,000,000 |
| 2. Reserves and Surplus | 2 | 118,711,251 | 49,650,093 |
| 3. Loan Funds | | | |
| Unsecured Loans | 3 | 1,627,500,000 | 1,174,700,000 |
| Total | | 1,998,211,251 | 1,476,350,093 |
| II. APPLICATION OF FUNDS : | | | |
| 1. Fixed Assets | 4 | | |
| (a) Gross Block | | 679,218,147 | 539,724,697 |
| (b) Less: Depreciation | | 390,109,768 | 290,397,477 |
| (c) Net Block | | 289,108,379 | 249,327,220 |
| (d) Capital Work-in-Progress | | — | 962,050 |
| | | 289,108,379 | 250,289,270 |
| 2. Investments | 5 | 299,519,087 | 299,519,087 |
| 3. Deferred Tax - Net | 6 | 82,668,329 | 73,179,668 |
| 4. Current Assets, Loans and Advances | | | |
| (a) Sundry Debtors | 7 | 875,362,863 | 466,658,990 |
| (b) Cash and Bank Balances | 8 | 612,467,224 | 506,626,242 |
| (c) Other Current Assets | 9 | 11,713,998 | 8,220,262 |
| (d) Loans and Advances | 10 | 210,738,006 | 108,266,942 |
| | | 1,710,282,091 | 1,089,772,436 |
| Less: | | | |
| 5. Current Liabilities and Provisions | | | |
| (a) Liabilities | 11 | 323,548,953 | 175,131,774 |
| (b) Provisions | 12 | 59,817,682 | 61,278,594 |
| | | 383,366,635 | 236,410,368 |
| Net Current Assets | | 1,326,915,456 | 853,362,068 |
| Total | | 1,998,211,251 | 1,476,350,093 |
| Notes to the Accounts | 18 | | |
| Segment Reporting | 19 | | |
| Related Party Disclosures | 20 | | |
| Significant Accounting Policies | 21 | | |

The Schedules referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred to in our Report of even date.

S. Gopalakrishnan, Partner
For and on behalf of Price Waterhouse
Chartered Accountants
Place : Kolkata
Date : 14th May, 2008

On behalf of the Board
S. Puri Managing Director
B. B. Chatterjee Director
R. Batra Chief Financial Officer
S. V. Shah Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

| | Schedule | For the year ended 31st March, 2008 (Rs.) | For the year ended 31st March, 2007 (Rs.) |
|--|-----------|---|---|
| I. INCOME | | | |
| Sales and Services | 13 | 2,562,440,637 | 1,563,778,267 |
| Other Income | 14 | 77,097,791 | 487,976,629 |
| | | <u>2,639,538,428</u> | <u>2,051,754,896</u> |
| II. EXPENDITURE | | | |
| Personnel Expenses | 15 | 1,666,886,198 | 992,691,582 |
| Operating and Administrative Expenses | 16 | 774,573,586 | 720,658,597 |
| Depreciation and Amortisation | | 104,488,652 | 85,389,751 |
| | | <u>2,545,948,436</u> | <u>1,798,739,930</u> |
| III. PROFIT BEFORE TAXATION | | 93,589,992 | 253,014,966 |
| Provision for Taxation | 17 | 24,528,834 | (46,301,772) |
| IV. PROFIT AFTER TAXATION, CARRIED FORWARD | | <u>69,061,158</u> | <u>206,713,194</u> |
| Earnings Per Share (Face value Rs. 10 each) (Basic and Diluted) | 18 (viii) | 2.74 | 8.20 |
| Notes to the Accounts | 18 | | |
| Segment Reporting | 19 | | |
| Related Party Disclosures | 20 | | |
| Significant Accounting Policies | 21 | | |

The Schedules referred to above form an integral part of the Profit and Loss Account.
This is the Profit and Loss Account referred to in our Report of even date.

S. Gopalakrishnan, *Partner*

For and on behalf of Price Waterhouse

Chartered Accountants

Place : Kolkata

Date : 14th May, 2008

On behalf of the Board

S. Puri *Managing Director*

B. B. Chatterjee *Director*

S. V. Shah *Company Secretary*

R. Batra *Chief Financial Officer*

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

| | For the year ended 31st March, 2008 | | For the year ended 31st March, 2007 | |
|---|--|--------------------|--|--------------------|
| | (Rs.) | (Rs.) | (Rs.) | (Rs.) |
| (Figures for the previous year have been rearranged to conform with the revised presentation) | | | | |
| A. NET PROFIT / (LOSS) BEFORE TAX | | 93,589,992 | | 253,014,966 |
| ADJUSTMENTS FOR : | | | | |
| Depreciation | 104,488,652 | | 85,389,751 | |
| Income from Long Term Investments | — | | 112,499,993 | |
| Fixed Assets - (Profit) / Loss on Sale / Write off (Net) | 825,342 | | 1,303,176 | |
| Unrealised (Gain) / Loss on Exchange (Net) | 19,237,760 | | 563,737 | |
| Profit on Sale of Long Term Investments | — | | 359,999,976 | |
| Interest on Loans, Deposits etc | 59,836,875 | | 1,909,454 | |
| Provision for Doubtful Debts | 6,280,839 | | 11,200,579 | |
| Liability no longer required written back | 1,400,765 | | — | |
| | | <u>69,594,953</u> | | <u>375,952,180</u> |
| OPERATING PROFIT / (LOSS) BEFORE WORKING CAPITAL CHANGES | | 163,184,945 | | 122,937,214 |
| ADJUSTMENTS FOR : | | | | |
| Trade and Other Receivables | 484,522,273 | | 89,592,885 | |
| Trade Payables | 148,357,032 | 336,165,241 | 68,389,526 | 21,203,359 |
| CASH USED IN OPERATIONS | | 172,980,296 | | 144,140,573 |
| Income Tax Paid | | 89,699,382 | | 66,937,501 |
| NET CASH USED IN OPERATING ACTIVITIES | | <u>262,679,678</u> | | <u>211,078,074</u> |
| B. CASH FLOW FROM INVESTING ACTIVITIES : | | | | |
| Purchase of Fixed Assets | 144,164,530 | | 109,914,706 | |
| Sale of Fixed Assets | 31,387 | | 143,129 | |
| Sale of Long Term Investments | — | | 149,999,990 | |
| Profit on Sale of Long Term Investment | — | | 359,999,976 | |
| Interest Received | 59,853,803 | | 1,198,252 | |
| Income from Long Term Investment Received | — | | 208,818,275 | |
| NET CASH USED IN INVESTING ACTIVITIES | | <u>84,279,340</u> | | <u>610,244,916</u> |
| C. CASH FLOW FROM FINANCING ACTIVITIES : | | | | |
| Proceeds from Long Term Borrowings - Net | 1,122,100,000 | | 716,400,000 | |
| Repayments of Long Term Borrowings | 669,300,000 | | 622,600,000 | |
| NET CASH FLOW USED IN FINANCING ACTIVITIES | | <u>452,800,000</u> | | <u>93,800,000</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 105,840,982 | | 492,966,842 |
| OPENING CASH AND CASH EQUIVALENTS | | 506,626,242 | | 13,659,400 |
| CLOSING CASH AND CASH EQUIVALENTS | | <u>612,467,224</u> | | <u>506,626,242</u> |
| CASH AND CASH EQUIVALENTS COMPRISE : | | | | |
| Cash and Bank Balances | 605,756,425 | | 506,626,242 | |
| Unrealised (Loss)/Gain on Foreign Currency Cash and Cash Equivalents | 6,710,799 | 612,467,224 | — | 506,626,242 |

This is the Cash Flow Statement referred to in our Report of even date.

S. Gopalakrishnan, *Partner*

For and on behalf of Price Waterhouse

Chartered Accountants

Place : Kolkata

Date : 14th May, 2008

On behalf of the Board

S. Puri *Managing Director*

B. B. Chatterjee *Director*

S. V. Shah *Company Secretary*

R. Batra *Chief Financial Officer*

SCHEDULES TO THE ACCOUNTS

| | As at 31st March, 2008 (Rs.) | As at 31st March, 2007 (Rs.) | | As at 31st March, 2008 (Rs.) | As at 31st March, 2007 (Rs.) |
|--|------------------------------------|------------------------------------|--|------------------------------------|------------------------------------|
| 1. CAPITAL | | | 2. RESERVES AND SURPLUS | | |
| Authorised: 26,000,000 Equity Shares of Rs. 10 each | <u>260,000,000</u> | 260,000,000 | Profit and Loss Account | | |
| Issued, subscribed and paid-up: 25,200,000 Equity Shares of Rs. 10 each | <u>252,000,000</u> | 252,000,000 | As at the commencement of the year | 49,650,093 | (128,701,845) |
| (All Equity Shares are held by ITC Limited, the Holding Company) | <u>252,000,000</u> | 252,000,000 | Less : Transitional provision on adoption of AS 15 (revised) Employee Benefits (net of deferred tax) | — | (28,361,256) |
| | | | Add : Profit for the year | <u>69,061,158</u> | <u>206,713,194</u> |
| | | | | <u>118,711,251</u> | <u>49,650,093</u> |
| | | | 3. UNSECURED LOANS | | |
| | | | Other than Short Term | | |
| | | | From Other than Banks | 1,627,500,000 | 1,174,700,000 |
| | | | (Interest-free Loan from ITC Limited the Holding Company) | <u>1,627,500,000</u> | <u>1,174,700,000</u> |

4. FIXED ASSETS

| Description | GROSS BLOCK | | | | DEPRECIATION AND AMORTISATION | | | | NET BLOCK | | |
|--------------------------|---------------------------------------|--------------------|---------------------------|---------------------------------------|---------------------------------------|--------------------------|----------------------------|---------------------------------------|---------------------------------------|---------------------------------------|--|
| | As at 31st March, 2007 (Rs.) | Additions (Rs.) | With- drawals (Rs.) | As at 31st March, 2008 (Rs.) | As at 31st March, 2007 (Rs.) | For the year (Rs.) | On Withdrawals (Rs.) | As at 31st March, 2008 (Rs.) | As at 31st March, 2008 (Rs.) | As at 31st March, 2007 (Rs.) | |
| Leasehold Improvements | 74,308,455 | 23,011,007 | — | 97,319,462 | 16,042,250 | 11,437,368 | — | 27,479,618 | 69,839,844 | 58,266,205 | |
| Plant and Machinery | 80,322,215 | 40,994,574 | 976,446 | 120,340,343 | 40,053,560 | 13,298,027 | 801,723 | 52,549,864 | 67,790,479 | 40,268,655 | |
| Computers etc. | 144,730,044 | 36,200,698 | 4,631,265 | 176,299,477 | 88,045,865 | 20,371,398 | 3,949,917 | 104,467,346 | 71,832,131 | 56,684,179 | |
| Capitalised Software | 197,918,892 | 36,349,672 | — | 234,268,564 | 118,105,779 | 52,867,338 | — | 170,973,117 | 63,295,447 | 79,813,113 | |
| Furniture and Fixtures | 42,445,091 | 8,570,629 | 25,419 | 50,990,301 | 28,150,023 | 6,514,521 | 24,721 | 34,639,823 | 16,350,478 | 14,295,068 | |
| | 539,724,697 | 145,126,580 | 5,633,130 | 679,218,147 | 290,397,477 | 104,488,652 | 4776,361 | 390,109,768 | 289,108,379 | 249,327,220 | |
| Capital Work-in-Progress | — | — | — | — | — | — | — | — | — | 962,050 | |
| Total | 593,724,697 | 145,126,580 | 5,633,130 | 679,218,147 | 290,397,477 | 104,488,652 | 4776,361 | 390,109,768 | 289,108,379 | 250,289,270 | |
| Previous Year | 454,437,402 | 110,897,864 | 25,610,569 | 539,724,697 | 229,169,113 | 85,389,751 | 24,161,387 | 290,397,477 | 250,289,270 | | |

| | As at 31st March, 2008 (Rs.) | As at 31st March, 2007 (Rs.) | | As at 31st March, 2008 (Rs.) | As at 31st March, 2007 (Rs.) |
|--|------------------------------------|------------------------------------|--|------------------------------------|------------------------------------|
| 5. INVESTMENTS | | | 8. CASH AND BANK BALANCES | | |
| Long Term | | | Cash and Cheques on Hand | 2,338,600 | 22,611,406 |
| Unquoted (at Cost) | | | Balances with Scheduled Banks | | |
| Trade Investment | | | On Current Accounts | 65,169,520 | 13,614,836 |
| Subsidiary Companies | | | On Deposit Accounts | 515,100,000 | 470,400,000 |
| (ITC Infotech Limited, U.K. 685,815 Equity Shares of GBP 1 each fully paid-up) | 68,685,837 | 68,685,837 | Balances with other Banks | | |
| ITC Infotech (USA), Inc. 47,000 Common Shares without par value | <u>230,833,250</u> | <u>230,833,250</u> | On Current Account | | |
| | <u>299,519,087</u> | <u>299,519,087</u> | - Fokus Bank, Norway | 558,451 | — |
| | | | (Maximum balance outstanding at any time during the year : Rs.6,236,353 (2007-Nil) | | |
| 6. DEFERRED TAX - NET | | | - Danske Bank AS, Denmark | 29,300,653 | — |
| Deferred Tax Assets | | | (Maximum balance outstanding at any time during the year) Rs.55,902,322 (2007-Nil) | <u>612,467,224</u> | <u>506,626,242</u> |
| On employees' separation and retirement | 7,737,700 | 14,621,298 | 9. OTHER CURRENT ASSETS | | |
| On provision for doubtful debts | 892,154 | 883,493 | Good and Unsecured | | |
| On unabsorbed depreciation | 73,731,325 | 60,284,438 | Deposits with Government, Public Bodies and Others | 10,989,106 | 7,478,442 |
| On fiscal allowances on fixed assets | 307,150 | — | Interest accrued on Loans, Advances, etc. | 724,892 | 741,820 |
| | <u>82,668,329</u> | <u>75,789,229</u> | | <u>11,713,998</u> | <u>8,220,262</u> |
| Deferred Tax Liabilities | | | 10. LOANS AND ADVANCES | | |
| On fiscal allowances on fixed assets | — | 2,609,561 | Good and Unsecured | | |
| | <u>82,668,329</u> | <u>73,179,668</u> | Loans to Employees | 70,460,753 | 47,376,045 |
| | | | Advances recoverable in cash or in kind or for value to be received | 61,143,888 | 37,439,419 |
| 7. SUNDRY DEBTORS | | | Advance Tax (Net of Provision for Income Tax) | 79,133,365 | 23,451,478 |
| Over six months old | | | | <u>210,738,006</u> | <u>108,266,942</u> |
| Good and Unsecured | | | 11. LIABILITIES | | |
| - From Others | 19,679,233 | 24,098,270 | Sundry Creditors | | |
| Doubtful and Unsecured | | | - Dues to micro and small enterprises | — | — |
| - From Others | 20,106,173 | 13,825,334 | - Dues to creditors other than micro and small enterprises | 269,274,842 | 151,746,044 |
| Other Debts | | | Other Liabilities | 54,274,111 | 23,385,730 |
| Good and Unsecured | | | | <u>323,548,953</u> | <u>175,131,774</u> |
| - From Holding Company | 125,216,307 | 24,419,747 | | | |
| - From Subsidiaries | 186,739,482 | 227,722,119 | | | |
| - From Others * | 543,727,841 | 190,418,854 | | | |
| | <u>895,469,036</u> | <u>480,484,324</u> | | | |
| Less: Provision for Doubtful Debts | 20,106,173 | 13,825,334 | | | |
| | <u>875,362,863</u> | <u>466,568,990</u> | | | |

* Includes Unbilled Revenue Rs. 6,078,934 (2007 - Rs. 16,432,809)

(vii) Quantitative details

The Company is engaged in providing informaton technology solutions and software development services. The purchase, production and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and the information as required under Paragraphs 3 and 4C of Part II of Schedule VI of the Companies Act, 1956.

The geographical segments are secondary segments and have been identified accordingly as India and Rest of the World. In view of only one business segment, disclosure of information relating to primary segment is not applicable.

(viii) Earnings per share

Earnings per share has been computed as under:

| | For the year ended 31st March, 2008 Rs. | For the year ended 31st March, 2007 Rs. |
|--|---|---|
| (a) Profit after Taxation | 69,061,158 | 206,713,194 |
| (b) Weighted average number of Equity Shares | 25,200,000 | 25,200,000 |
| (c) Earnings Per Share (Face value of Rs. 10 per share) (Basic and Diluted) | 2.74 | 8.20 |
| (ix) Auditors' Remuneration and Expenses (including service tax, where applicable) | | |
| Audit Fees | 955,060 | 842,700 |
| Tax Audit Fees | 196,630 | 168,360 |
| Fees for Other Services | 22,472 | 216,918 |
| Reimbursement of Expenses | 145,259 | 167,627 |
| | 1,319,421 | 1,395,605 |
| (x) Value of Imports during the year (C.I.F. Basis) | | |
| Capital Goods | 32,374,701 | 14,038,490 |
| | 32,374,701 | 14,038,490 |
| (xi) Expenditure In Foreign Currency during the year (On Payment Basis) | | |
| Travel | 177,290,873 | 122,779,876 |
| Professional, Consultancy and Account Management Fees | 86,307,085 | 234,453,831 |
| Software and Related Expenses | 14,137,878 | 14,287,083 |
| Others | 48,776,248 | 19,672,371 |
| Expenditure incurred at overseas branches | 328,897,367 | — |
| | 655,409,451 | 391,193,161 |
| (xii) Earnings in foreign exchange during the year (F.O.B. – Realisation Basis) | | |
| Sale of services including reimbursement of expenses | 1,554,670,392 | 1,123,406,299 |
| Dividend | — | 15,190,399 |
| | 1,554,670,392 | 1,138,596,628 |

(xiii) Previous year's figures have been regrouped / rearranged wherever necessary.

19. SEGMENT REPORTING

The Company operates in a single business segment - information technology, which is its primary segment.

SECONDARY SEGMENT INFORMATION (GEOGRAPHICAL SEGMENTS) :

| | 31st March, 2008 Rs. | 31st March, 2007 Rs. |
|----------------------------------|-------------------------|-------------------------|
| Segment Revenue | | |
| India | 593,263,732 | 394,371,833 |
| Rest of the World | 1,969,176,905 | 1,169,406,434 |
| Total Revenue | 2,562,440,637 | 1,563,778,267 |
| Segment Assets * | | |
| India | 1,190,095,737 | 892,148,999 |
| Rest of the World | 1,029,680,455 | 713,247,174 |
| Total Assets | 2,219,776,192 | 1,605,396,173 |
| Capital Expenditure * | | |
| India | 145,126,580 | 110,897,864 |
| Rest of the World | — | — |
| Total Capital Expenditure | 145,126,580 | 110,897,864 |

* Fixed Assets and Capital Expenditure have been considered on the basis of physical location.

20. RELATED PARTY DISCLOSURES

1. HOLDING COMPANY :

ITC Limited

2. ENTERPRISES WHERE CONTROL EXISTS :

Wholly Owned Subsidiaries :

ITC Infotech Limited, UK

ITC Infotech (USA), Inc.

3. OTHER RELATED PARTIES WITH WHOM THE COMPANY HAD TRANSACTIONS, etc.

i) Fellow Subsidiary Companies :

Fortune Park Hotels Limited

Srinivasa Resorts Limited

Landbase India Limited

Surya Nepal Private Limited

Wimco Limited

ii) Associates :

International Travel House Limited

iii) Joint Ventures :

CLi3L e-Services Limited

4. KEY MANAGEMENT PERSONNEL :

Non-Executive Directors

Mr. A. Singh - Chairman

Mr. A. Nayak

Mr. B. B. Chatterjee

Mr. K. Vaidyanath

Mr. S. Sivakumar

Management Committee Members

Mr. S. Puri - Managing Director

Mr. R. Batra

Mr. A. Talwar

Mr. K. S. Aithani

Mr. S. Janardhanan

Mr. V. Sreenivasan

Mr. V. V. R. Babu

5. DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS ON 31ST MARCH

| | Holding Company | | Subsidiaries | | Subsidiaries | | Fellow Subsidiaries | | Associates | | Joint Ventures | | Key Management Personnel | |
|--|-----------------|---------------|--------------------------|--------------------------|--------------------------|--------------------------|---------------------|-----------|------------|------------|----------------|-------------|--------------------------|------------|
| | | | 2008 | | 2007 | | | | | | | | | |
| | 2008 | 2007 | ITC Infotech Limited, UK | ITC Infotech (USA), INC. | ITC Infotech Limited, UK | ITC Infotech (USA), INC. | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Sale of Services | 604,081,625 | 388,395,895 | 377,626,015 | 195,086,999 | 398,621,044 | 97,252,491 | 15,850,660 | 5,902,636 | 2,035,963 | 1,918,515 | 26,264,150 | 22,223,520 | — | — |
| Purchase of Goods / Services | 4,114,936 | 3,111,562 | 138,722,400 | — | 92,053,414 | 137,896,536 | — | — | 84,588,494 | 66,456,529 | — | — | — | — |
| Sale of Fixed Assets | — | 148,854 | — | — | — | — | — | — | — | — | — | — | — | — |
| Purchase of Fixed Assets | — | 787,500 | — | — | — | — | — | — | — | — | — | — | — | — |
| Rent paid | 12,144,987 | 1,774,458 | — | — | — | — | — | — | — | — | — | — | — | — |
| Remuneration to Key Managerial Personnel | — | — | — | — | — | — | — | — | — | — | — | — | 22,811,330 | 27,089,265 |
| Reimbursement of Contractual Remuneration | 11,093,799 | 11,590,861 | 3,727,186 | 818,030 | 7,449,928 | — | — | — | — | — | — | — | — | — |
| Remuneration of managers on deputation recovered | — | — | — | — | — | — | — | — | — | — | 4,331,526 | 6,281,570 | — | — |
| Dividend income | — | — | — | — | — | — | — | — | — | — | — | 112,499,993 | — | — |
| Expenses recovered | 9,202,176 | 5,549,873 | 8,354,482 | 1,645,222 | 3,107,326 | 6,053,012 | 1,048,090 | 1,026,806 | — | — | — | — | — | — |
| Expenses reimbursed | 33,191,537 | 28,592,582 | 3,016,134 | 18,663,371 | 6,933,514 | 19,339,766 | — | — | — | — | — | — | — | — |
| Loans given | — | — | — | — | — | — | — | — | — | — | — | — | — | 147,250 |
| Receipt towards Loan Repayment | — | — | — | — | — | — | — | — | — | — | — | — | — | 182,572 |
| Sale of Investments | — | 509,999,966 | — | — | — | — | — | — | — | — | — | — | — | — |
| Interest recovered on Loans | — | — | — | — | — | — | — | — | — | — | — | — | — | 52,294 |
| Loans received | 1,122,100,000 | 716,400,000 | — | — | — | — | — | — | — | — | — | — | — | 60,383 |
| Loan repaid | 669,300,000 | 622,600,000 | — | — | — | — | — | — | — | — | — | — | — | — |
| Advances given | 121,850 | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Receipt towards refund of Advances | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Balances as on 31st March, | | | | | | | | | | | | | | |
| i) Debtors / Receivables | 130,593,842 | 30,276,462 | 188,680,693 | 136,744,311 | 218,897,915 | 68,625,744 | 4,424,878 | 2,182,116 | — | — | 3,628,486 | 2,356,780 | — | — |
| ii) Advances Given | 121,850 | — | — | — | — | — | — | — | — | — | — | — | — | — |
| iii) Loans Taken | 1,627,500,000 | 1,174,700,000 | — | — | — | — | — | — | — | — | — | — | — | — |
| iv) Loans Given | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| v) Creditors / Payables | 5,377,535 | 5,861,215 | 132,176,365 | 6,509,155 | 54,399,909 | 5,437,328 | — | — | 10,006,111 | 15,370,392 | — | — | 2,838,491 | 3,017,161 |
| | | | | | | | | | | | | | | 659,914 |

21. SIGNIFICANT ACCOUNTING POLICIES**IT IS CORPORATE POLICY****Convention**

To prepare financial statements in accordance with applicable Accounting Standards in India. A summary of important accounting policies, which have been applied consistently, is set out below. The financial statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 1956.

Basis of Accounting

To prepare financial statements in accordance with the historical cost convention.

Revenue Recognition

To recognise revenues from services performed on a "time and material" basis, as and when the services are performed.

To recognise revenues from services performed on "time bound fixed-price engagements" using the percentage of completion method of accounting, if work completed can be reasonably estimated. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the period in which the change becomes known. Provisions for estimated losses on such engagements are made during the period in which a loss becomes probable and can be reasonably estimated.

To recognise revenue from trading in software packages / licenses upon delivery to customer.

To treat amounts received or billed in advance of services performed as unearned revenue. Unbilled revenue, included in debtors, represents amounts recognised based on services performed in advance of billing in accordance with contract terms.

Fixed Assets

To state fixed assets at actual cost less accumulated depreciation. The actual cost capitalized includes material cost, freight, installation cost, duties and taxes, finance charges and other incidental expenses incurred during the construction / installation stage.

To capitalize software where it is expected to provide future enduring economic benefits. Capitalization costs include license fees and costs of implementation / system integration services. The costs are capitalized in the year in which the relevant software is implemented for use.

Capital Work in Progress

To treat cost of assets not put to use before the year-end as capital work in progress.

Depreciation

To calculate depreciation on fixed assets on the straight-line method over their estimated useful lives at the rates, which are not less than those prescribed under Schedule XIV of the Companies Act, 1956.

The cost of and the accumulated depreciation for fixed assets sold, retired or otherwise disposed off are removed from the stated values and the resulting gains and / or losses are included in the profit and loss account.

The estimated useful lives of fixed assets are as follows:

| | |
|----------------------------------|---|
| Buildings | 25 years |
| Plant and Machinery - | |
| Computers / Computer Accessories | 3 to 5 years |
| Other Equipment | 5 years |
| Furniture & Fixtures | 5 years |
| Motor Vehicles | 5 years |
| Leasehold Improvements | Shorter of lease period or estimated useful lives |

Capitalised software costs are amortised over a period of five years or over the estimated useful lives, as is appropriate.

Investments

To state long-term investments, including in Joint Ventures, at cost. Where applicable, provision is made where there is a permanent diminution in the value of long-term investments.

Proposed Dividend

To provide for Dividends as proposed by the Directors in the books of accounts, pending approval at the Annual General Meeting.

Research and Development

To charge off all revenue expenditure incurred on research and development in the year it is incurred. Assets purchased for research and development activities are included in fixed assets.

Taxes on Income

To provide and determine Current tax as the amount of tax payable in respect of taxable income for the period.

To provide and recognise Deferred tax on timing differences between taxable income and accounting income subject to consideration of prudence.

Not to recognise Deferred tax assets on unabsorbed depreciation and carry forward losses unless there is virtual certainty that there will be sufficient future taxable income available to realise such assets.

Foreign Currency Translation

To account for transactions in foreign currency at the exchange rate prevailing on the date of transactions. Gains / losses arising out of fluctuations in the exchange rates are recognized in the Profit and Loss Account in the period in which they arise.

To account for differences between the forward exchange rates and the exchange rates at the date of transactions, as income or expense over the life of the contracts

To account for profit / loss arising on cancellation or renewal of forward exchange contracts as income / expense for the period.

To account for gains / losses on foreign exchange rate fluctuations relating to current assets and liabilities at the Balance Sheet date.

To translate the financial statements of the foreign branch offices of the Company using the same principles and procedures stated above as the operations of such branches are integral in nature.

Employee Benefits

To make regular monthly contributions to various Provident Funds, which are in the nature of defined contribution scheme and to charge such paid/payable amounts against revenue. To administer through duly constituted and approved independent trusts such Funds.

The administrator through duly constituted and approved independent trusts, various Gratuity and Pension Funds which are in the nature of defined benefit schemes. The liabilities towards such schemes including employee leave encashment are ascertained by an independent actuarial valuation as per the requirements of Accounting Standard - 15 (revised 2005) on "Employee Benefits". To determine actuarial gains or losses as the difference between the actual and expected returns on plan assets, effect of changes in discount rates, unexpectedly high or low rates of employee turnover, early retirements, mortality or increase in salary benefits and the effect of changes in any other actuarial assumptions and to recognise such gains and losses immediately in Profit and Loss Account as income or expense.

Claims

To disclose claims against the Company not acknowledged as debts after a careful evaluation of the facts and legal aspects of the matter involved.

Segment Reporting

To identify segments having regard to the dominant source and nature of risks and returns and the internal organisation and management structure.

S. Gopalakrishnan
Partner

For and on behalf of
Price Waterhouse

Chartered Accountants

Place : Kolkata

Date : 14th May, 2008

On behalf of the Board

R. Batra S. Puri
Chief Financial Officer Managing Director

B. B. Chatterjee
Director

S. V. Shah
Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
(As per Schedule VI, Part IV of the Companies Act, 1956)

I. Registration Details

Registration No. State Code
Balance Sheet Date
Date Month Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue
Rights Issue
Bonus Issue
Private Placement

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

Total Liabilities
Total Assets

Sources of Funds

Paid-up Capital
Reserves & Surplus
Secured Loans
Unsecured Loans

Application of Funds

Net Fixed Assets
Investments
Net Current Assets
Misc. Expenditure
Accumulated Losses
Deferred Tax - Net

IV. Performance of Company (Amount in Rs. Thousands)

Turnover (Including other Income)
Total Expenditure

Profit/Loss Before Tax
 Profit / Loss After Tax

(Please tick appropriate box + for Profit, - for Loss)

Earnings per Share in Rs.
Dividend Rate (%)

V. Generic Names of Principal Products / Services of Company (as per monetary terms)

Item Code No. (ITC Code)

Product Description

*No item code has been assigned to "Computer Software Services" under the Indian Trade Classification.

STATEMENT REGARDING SUBSIDIARY COMPANIES

PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

| Sl. No. | Name of the Subsidiary Company | Number of Shares held by the Company | Extent of Holding | Profits / (Losses) so far it concerns the members of the Holding Company and not dealt with in the Books of Account of the Holding Company | | Profits / (Losses) so far it concerns the members of the Holding Company and dealt with in the Books of Account of the Holding Company | |
|---------|--------------------------------|--------------------------------------|-------------------|--|---|--|---|
| | | | | For the Financial Year of the Subsidiary | For the Previous Financial Year(s) since it became a Subsidiary | For the Financial Year of the Subsidiary | For the Previous Financial Year(s) since it became a Subsidiary |
| 1 | ITC INFOTECH LIMITED, UK (*) | 685,815 | 100% | GBP 293,461 INR 23,704,108 | GBP 1,140,156 INR 97,038,708 | NIL | GBP 1,474,502 INR 125,494,865 |
| 2 | ITC INFOTECH (USA), INC. (**) | 47,000 | 100% | US\$ 427,765 INR 17,161,923 | US\$ (2,743,637) INR (135,178,181) | NIL | NIL |

The financial year of both the subsidiaries ended on 31.03.2008.

(*) The Indian Rupee (INR) equivalent figures have been arrived at by applying the year end interbank exchange rate of GBP 1 = Rs. 80.77

(**) The Indian Rupee (INR) equivalent figures have been arrived at by applying the year end interbank exchange rate of US\$ 1 = 40.12

Kolkata, 14th May, 2008

On behalf of the Board
S. Puri *Managing Director*
B. B. Chatterjee *Director*
S. V. Shah *Company Secretary*
R. Batra *Chief Financial Officer*