

**REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2009**

Your Directors take pleasure in submitting their Report for the financial year ended 31<sup>st</sup> March, 2009.

**FINANCIAL RESULTS**

Year Ended March 31,	(Rs. in lakhs)	
	2009	2008
Total Income	34972.19	26272.38
Total Expenditure	33233.17	24291.60
Operating Profit	1739.02	1980.78
Depreciation	1070.80	1044.89
Profit before Tax	668.22	935.89
Provision for Tax	364.47	245.28
Profit after Tax	303.75	690.61

**BUSINESS REVIEW**

During the year under review, the global economic downturn considerably dented the IT industry's optimism borne over years of a virtuous economic cycle. The developments in the US, commencing with the sub-prime crisis last year, have had far reaching ramifications for businesses across the globe, putting the Indian IT industry under severe pressure.

Despite the challenges created by adverse market conditions, your Company delivered another year of good performance with total income growing by 33%. Accelerated customer acquisition and renewed thrust on scaling up existing account engagements formed the foundation of its growth strategy. Your Company continued to focus on gaining competitive advantage and strengthening market standing by developing deep and differentiated capabilities in specific industry domains, solution areas and focus technologies. Your Company strengthened its geographical presence with the opening of a branch in Sweden.

In line with the inorganic growth strategy aimed at deepening capabilities, ITC Infotech (USA), Inc, a wholly owned subsidiary of your Company, acquired Pyxis Solutions, LLC, a leading Testing and Quality Assurance company in the BFSI (Banking & Financial Services Industry) segment in North America, registered as a New York limited liability company. This strategic acquisition, an important milestone, further consolidated your Company's position in North America. Synergies between the two companies will create large opportunities for cross-selling by leveraging their existing customer relationships.

Further the Board of Directors of your Company has approved, subject to such other consents, sanctions and approvals as may be necessary, purchase of the entire share capital of Pyxis Solutions Pte Ltd., Singapore (Pyxis Singapore), for a maximum consideration of US\$ 50000. The acquisition is underway and the transaction is expected to be completed shortly. Consequent to such acquisition, Pyxis Singapore will become a wholly owned subsidiary of your Company.

While the economic slowdown has led to reduced IT budgets, it is expected to lead to an increase in offshore outsourcing in the future. According to a recent Forrester report, a large number of firms are interested in ramping up and are actively tracking new developments in offshore outsourcing. Currently, only about 9% of the organizations, globally, have leveraged off-shoring. Your Company intends to capitalise on this opportunity by offering a compelling value proposition and leveraging its demonstrated leadership in chosen industry domains.

Your Company continued to focus on business solutions. During the year under review a number of such solutions were launched which included a suite of mobility solutions geared to address the various CRM, direct store delivery and route accounting processes, across the consumer goods and life sciences segments in partnership with a renowned Singapore based entity. Your Company also entered into a partnership with a leading Digital Asset Management company to provide services around the Digital Asset Management platform, amongst others.

During the year under review your Company was certified by SAP as a global provider of application management services. Your Company received this certification after successful completion of an audit process that included capability assessment of more than 300 aspects, spanning across multiple facets of SAP® solutions.

ITC Infotech was placed among the Top 100 service providers across four continents, in terms of operations, service offerings, client relationships and human capital, in a survey conducted by Global Services and neoIT. ITC Infotech ranked eighth among the “Top 10 Indian outsourcing companies”, in the 2008 Global Outsourcing 100 survey conducted by the International Association of Outsourcing Professionals.

ITC Infotech was also ranked fourth among mid-tier infrastructure vendors globally and featured among the top “Infrastructure outsourcing vendors” in the 2008 black book of outsourcing where the Brown Wilson Group has evaluated leading global outsourcing service providers across 18 operational excellence key performance indicators based on the perspective of client experience. The Black Book of Outsourcing 2008 Green Report placed ITC Infotech among one of the top twenty green vendors who have delivered on the triple bottom line milestones of economic gains, environmental stewardship and social improvements.

Your Company is committed towards sustainability and has signed the CII Code on Ecological Sustainable Growth. The objective of the mission is to promote and champion sustainable growth in the Indian industry, without compromising on high and accelerated growth. CII will partner and work together with signatory companies in realizing the objectives of the mission.

With geographic diversity, focus on select industry domains, a strong sales pipeline built last year and differentiated value proposition backed by delivery excellence, your Company is looking forward to the difficult year ahead with optimism.

#### **INCREASE IN SHARE CAPITAL**

During the year under review, the Authorised Share Capital of your Company was increased from Rs. 26 crores to Rs. 86 crores by creation of 6 crore Equity Shares of Rs. 10/- each.

Your Company issued and allotted 6 crore Equity Shares of Rs. 10/- each, for cash at par, on a Rights Basis. As a result, the paid up share capital of the Company increased from Rs. 25.20 crores to Rs. 85.20 crores effective 5<sup>th</sup> August, 2008.

#### **STRATEGIC INVESTMENTS**

During the year under review, your Company invested a further sum of US\$ 13.5 million in the equity share capital of ITC Infotech (USA), Inc., a wholly owned subsidiary of your Company, by subscribing to 135,000 Common Shares without par value for cash at US\$ 100 each.

#### **WHOLLY OWNED SUBSIDIARIES**

##### **i) ITC INFOTECH LTD, UK**

During the year under review, ITC Infotech Limited, UK registered a Turnover of GBP 20.61 million (previous year GBP 17.87 million) and a Net Profit of GBP 1.02 million (previous year GBP 0.29 million).

##### **ii) ITC INFOTECH (USA), INC**

During the year under review, ITC Infotech (USA), Inc., registered Total Revenues of US\$ 26.17 million (previous year US\$ 18.09 million) and a Net Profit of US\$ 1.05 million (previous year US\$ 0.43 million).

##### **iii) PYXIS SOLUTIONS, LLC**

Consequent to acquisition of 100% Membership Interest, Pyxis Solutions, LLC (Pyxis USA) became a wholly owned subsidiary of ITC Infotech (USA), Inc.(I2A), and therefore of your Company, with effect from 11<sup>th</sup> August, 2008.

I2A made a capital contribution of a sum of US\$ 2.5 million into Pyxis USA in terms of the Membership Interest Purchase Agreement dated 1st August, 2008 entered into between the erstwhile owners of Pyxis USA, I2A, and Pyxis USA.

Pyxis USA, a Sole Member company, does not have a Board of Directors. It operates under an Operating Agreement dated 11<sup>th</sup> August, 2008 entered into between Pyxis USA and I2A, as Sole Member.

For the fifteen month period ended 31<sup>st</sup> March, 2009, Pyxis USA registered a Turnover of US\$ 14.17 million (previous year-12 months- US\$ 14.46.million) and a Net Profit of US\$ 0.19 million (previous year-12 months – US\$ 2.51 million).

#### **TALENT MANAGEMENT**

Your Company continued to focus on nurturing talent, building technical and leadership capabilities with a view to creating differentiators and delivering superior value.

During the year under review several focused initiatives were launched for sharpening performance and improving productivity.

Your Company is proactively gearing itself to deal with issues and challenges emerging from the recent global recession.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 217(2AA) of the Companies Act, 1956 your Directors confirm:

- (i) that in the preparation of the Annual Accounts for the financial year ended 31st March, 2009, the applicable accounting standards have been followed and there are no material departures;
- (ii) having selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period;
- (iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Annual Accounts for the financial year ended 31st March, 2009 have been prepared on a going concern basis.

#### **OTHER INFORMATION**

Particulars as required under Section 217(1)(e) of the Companies Act, 1956, relating to Conservation of Energy & Technology Absorption and Foreign Exchange Earnings and Outgo are provided in Annexure "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 provided in Annexure "C".

#### **DIRECTORS**

Mr. A. Singh, resigned from the Board of Directors of your Company with effect from 17<sup>th</sup> November, 2008. Your Board of Directors places on record its appreciation for the significant contribution made by Mr. Singh during his tenure as Director and Chairman of the Company.

Mr. K. Vaidyanath was appointed by the Board of Directors as Chairman of your Company with effect from 17<sup>th</sup> November, 2008.

In accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 130 of the Articles of Association of the Company, Mr. R. Srinivasan was appointed by the Board of Directors as Additional Director of your Company with effect from 17<sup>th</sup> November, 2008. Mr. Srinivasan will vacate office at the ensuing Annual General Meeting of your Company and has filed his consent to act as Director of your Company, if appointed. Notice under Section 257 of the Companies Act, 1956 has been received for appointment of Mr. Srinivasan as Director and your approval to his appointment is being sought at the ensuing Annual General Meeting of your Company.

In accordance with the provisions of Section 256 of the Companies Act, 1956 and Article 143 & 144 of the Articles of Association of the Company, Mr. B. B. Chatterjee and Mr. S. Sivakumar will retire by rotation at the ensuing Annual General Meeting of your Company and, being eligible, offer themselves for re-election.

**AUDIT COMMITTEE**

The Board of Directors at its meeting held on 17<sup>th</sup> November, 2008, reconstituted the Audit Committee of your Company which now comprises Mr. B.B.Chatterjee (Chairman of the Committee), Mr. A. Nayak and Mr. R. Srinivasan (in place of Mr. K. Vaidyanath), all non-executive Directors of your Company. The Managing Director, the Chief Financial Officer, the Statutory Auditors and the Internal Auditors are Permanent Invitees to the Committee. The Company Secretary serves as the Secretary of the Committee.

**AUDITORS**

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

**ACKNOWLEDGEMENTS**

Your Directors thank the customers and vendors for their continued support. 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, 12<sup>th</sup> May, 2009**

**On behalf of the Board**

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

**K. Vaidyanath  
Chairman**

**ANNEXURE 'A' TO THE REPORT OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2009 - INFORMATION AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1998**

**A. CONSERVATION OF ENERGY**

Your Company is committed to following a high standard of environmental protection and provision of a safe and healthy work place for its people, customers and visitors.

Your Company's commitment to continuous improvement on environmental performance is integrated into its programs; this is driven by individual commitment of various team members and strong support from the management.

**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.**

To keep abreast of the latest technologies in a rapidly changing environment and offer product realization services to customers, 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.

In addition, to be considered as a leader in a technology, innovation plays a key role. Your Company uses a multi-pronged strategy for developing technology assets and to promote internal entrepreneurship and innovation. The technology initiatives are driven by the Chief Technology Officer.

**2. Benefit derived as a result of the above efforts**

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

**On behalf of the Board**

Kolkata, 12<sup>th</sup> May, 2009

**K. Vaidyanath**  
Chairman

**ANNEXURE 'B' TO THE REPORT OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2009 - 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**

During the year, 78% of your Company's revenues were derived from export of software and professional services to various countries. Your 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 your Company during the year were Rs. 25,512.73 lakhs (previous year Rs. 15,546.70 lakhs) while the outgoings (on payment basis) were Rs. 8,303.14 lakhs (previous year Rs. 6,554.09 lakhs).

**On behalf of the Board**

**Kolkata, 12<sup>th</sup> May, 2009**

**K. Vaidyanath  
Chairman**

**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, 2009, 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, 2009 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2009 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, 2009;
    - (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.

Kolkata  
12th May, 2009

**Partha Mitra**  
Partner  
Membership Number 50553  
For and on behalf of  
**Price Waterhouse**  
Chartered Accountants

**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, 2009]

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. 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, 2009, 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 terms and conditions of the guarantee given by the Company, for letter of credit facility taken by a subsidiary from a bank during the year, are not prejudicial to the interest of the company.



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.

Kolkata  
12th May, 2009

**Partha Mitra**  
Partner  
Membership Number 50553  
For and on behalf of  
**Price Waterhouse**  
Chartered Accountants

## BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
<b>I. Sources of Funds</b>			
1. Shareholders' Funds Capital	1	852,000,000	252,000,000
2. Reserves and Surplus	2	149,086,748	118,711,251
3. Loan Funds Unsecured Loans	3	1,620,400,000	1,627,500,000
<b>Total</b>		<b>2,621,486,748</b>	<b>1,998,211,251</b>
<b>II. Application of Funds</b>			
1. Fixed Assets	4		
(a) Gross Block		779,001,536	679,218,147
(b) Less: Depreciation and Amortisation		483,772,458	390,109,768
(c) Net Block		295,229,078	289,108,379
(d) Capital Work-in-Progress		9,103,429	-
		304,332,507	289,108,379
2. Investments	5	870,434,087	299,519,087
3. Deferred Tax - Net	6	82,668,329	82,668,329
4. Current Assets, Loans and Advances			
(a) Sundry Debtors	7	638,248,573	875,362,863
(b) Cash and Bank Balances	8	866,119,866	612,467,224
(c) Other Current Assets	9	13,045,207	11,713,998
(d) Loans and Advances	10	318,945,462	210,738,006
		1,836,359,108	1,710,282,091
Less:			
5. Current Liabilities and Provisions			
(a) Liabilities	11	365,663,446	323,548,953
(b) Provisions	12	106,643,837	59,817,682
		472,307,283	383,366,635
Net Current Assets		1,364,051,825	1,326,915,456
<b>Total</b>		<b>2,621,486,748</b>	<b>1,998,211,251</b>

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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.

On behalf of the Board

**S. Puri**  
Managing Director

**Partha Mitra**  
Partner  
For and on behalf of  
**Price Waterhouse**  
Chartered Accountants

**B. B. Chatterjee**  
Director

**R. Batra**  
Chief Financial Officer

**S. V. Shah**  
Company Secretary

Place: Kolkata  
Date: 12th May 2009

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	For the year ended 31st March, 2009 Rs.	For the year ended 31st March, 2008 Rs.
<b>I. Income</b>			
Sales and Services	13	3,402,507,311	2,562,440,637
Other Income	14	94,712,103	64,797,835
		<b>3,497,219,414</b>	<b>2,627,238,472</b>
<b>II. Expenditure</b>			
Personnel Expenses	15	2,298,236,839	1,666,886,198
Operating and Administrative Expenses	16	1,025,080,715	762,273,630
Depreciation and Amortisation		107,080,040	104,488,652
		<b>3,430,397,594</b>	<b>2,533,648,480</b>
<b>III. Profit before Taxation</b>		66,821,820	93,589,992
Provision for Taxation	17	36,446,323	24,528,834
<b>IV. Profit after Taxation, Carried forward</b>		<b>30,375,497</b>	<b>69,061,158</b>
Earnings Per Share (Face value Rs. 10 each) (Basic and Diluted)	18 (viii)	0.47	2.74

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.

**Partha Mitra**  
Partner  
For and on behalf of  
**Price Waterhouse**  
Chartered Accountants

Place: Kolkata  
Date: 12th May 2009

**R. Batra**  
Chief Financial Officer

**On behalf of the Board**

**S. Puri**  
Managing Director

**B. B. Chatterjee**  
Director

**S. V. Shah**  
Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	For the year ended 31st March, 2009		For the year ended 31st March, 2008	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
(Figures for the previous year have been rearranged to conform with the revised presentation)				
<b>A. NET PROFIT BEFORE TAX</b>		66,821,820		93,589,992
ADJUSTMENTS FOR :				
Depreciation	107,080,040		104,488,652	
Fixed Assets - Loss on Sale / Write off (net)	1,003,282		825,342	
Unrealised Loss on Exchange (Net)	14,605,907		19,237,760	
Interest on Loans, Deposits etc.	(54,920,421)		(59,836,875)	
Provision for Doubtful Debts	(2,394,781)		6,280,839	
Liability no longer required written back	(14,477,613)		(1,400,765)	
		50,896,414		69,594,953
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		117,718,234		163,184,945
ADJUSTMENTS FOR :				
Trade and Other Receivables	230,260,169		(484,522,273)	
Trade Payables	95,307,684	325,567,853	144,712,084	(339,810,189)
CASH USED IN OPERATIONS		443,286,087		(176,625,244)
Income Tax Paid		143,366,937		86,054,434
<b>NET CASH FROM / (USED IN) OPERATING ACTIVITIES</b>		<b>299,919,150</b>		<b>(262,679,678)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Purchase of Fixed Assets	(123,307,450)		(144,164,530)	
Sale of Fixed Assets	-		31,387	
Purchase of Long Term Investments	(570,915,000)		-	
Interest Received	55,055,942		59,853,803	
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(639,166,508)</b>		<b>(84,279,340)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>				
Proceeds from issue of Share Capital	600,000,000		-	
Proceeds from Long Term Borrowings	1,926,700,000		1,122,100,000	
Repayments of Long Term Borrowings	(1,933,800,000)		(669,300,000)	
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>592,900,000</b>		<b>452,800,000</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		253,652,642		105,840,982
<b>OPENING CASH AND CASH EQUIVALENTS</b>		612,467,224		506,626,242
<b>CLOSING CASH AND CASH EQUIVALENTS</b>		<b>866,119,866</b>		<b>612,467,224</b>
<b>CASH AND CASH EQUIVALENTS COMPRISE :</b>				
Cash and Bank Balances	865,516,035		605,756,425	
Unrealised Gain on Foreign Currency				
Cash and Cash Equivalents	603,831	866,119,866	6,710,799	612,467,224

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

On behalf of the Board

**Partha Mitra**  
Partner  
For and on behalf of  
**Price Waterhouse**  
Chartered Accountants

**S. Puri**  
Managing Director

**B. B. Chatterjee**  
Director

Place: Kolkata  
Date: 12th May 2009

**R. Batra**  
Chief Financial Officer

**S. V. Shah**  
Company Secretary

## SCHEDULES TO THE ACCOUNTS

	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
<b>1. CAPITAL</b>		
Authorised: 86,000,000 (2008 - 26,000,000) Equity Shares of Rs. 10 each	860,000,000	260,000,000
Issued, subscribed and paid-up: 85,200,000 (2008 - 25,200,000) Equity Shares of Rs. 10 each (All Equity Shares are held by ITC Limited, the Holding Company) (Of the above 60,000,000 Equity Shares were issued during the year as fully paid-up to the Holding Company, ITC Limited )	852,000,000	252,000,000
	<b>852,000,000</b>	<b>252,000,000</b>
<b>2. RESERVES AND SURPLUS</b>		
Profit and Loss Account		
As at the commencement of the year	118,711,251	49,650,093
Add: Profit for the year	30,375,497	69,061,158
	<b>149,086,748</b>	<b>118,711,251</b>
<b>3. UNSECURED LOANS</b>		
Short Term Loans		
From Others (Interest-free Loan from ITC Limited, the Holding Company, due for not more than one year as at the date of the balance sheet)	130,000,000	300,000,000
Other Loans		
From Others (Interest-free Loan from ITC Limited, the Holding Company)	1,490,400,000	1,327,500,000
	<b>1,620,400,000</b>	<b>1,627,500,000</b>

## SCHEDULES TO THE ACCOUNTS

## 4. FIXED ASSETS

DESCRIPTION	GROSS BLOCK				DEPRECIATION AND AMORTISATION			NET BLOCK		
	As at 31st March, 08 Rs.	Additions Rs.	Withdrawals Rs.	As at 31st March, 09 Rs.	As at 31st March, 08 Rs.	For the Year Rs.	On Withdrawals Rs.	As at 31st March, 09 Rs.	As at 31st March, 09 Rs.	As at 31st March, 08 Rs.
<b>Tangible Assets</b>										
Leasehold Improvements	97,319,462	12,380,583	-	109,700,045	27,479,618	13,847,640	-	41,327,258	68,372,787	69,839,844
Plant and Machinery	120,340,343	19,342,283	739,360	138,943,266	52,549,864	18,985,221	521,665	71,013,420	67,929,846	67,790,479
Computers etc.	176,299,477	46,382,547	13,681,272	209,000,752	104,467,346	26,214,951	12,895,685	117,786,612	91,214,140	71,832,131
Furniture and Fixtures	50,990,301	9,545,638	-	60,535,939	34,639,823	9,397,114	-	44,036,937	16,499,002	16,350,478
<b>Intangible Assets</b>										
Capitalised Software	234,268,564	26,552,970	-	260,821,534	170,973,117	38,635,114	-	209,608,231	51,213,303	63,295,447
Capital Work-in-Progress	679,218,147	114,204,021	14,420,632	779,001,536	390,109,768	107,080,040	13,417,350	483,772,458	295,229,078	289,108,379
									9,103,429	-
<b>Total</b>	<b>679,218,147</b>	<b>114,204,021</b>	<b>14,420,632</b>	<b>779,001,536</b>	<b>390,109,768</b>	<b>107,080,040</b>	<b>13,417,350</b>	<b>483,772,458</b>	<b>304,332,507</b>	<b>289,108,379</b>
<b>Previous Year</b>	<b>539,724,697</b>	<b>145,126,580</b>	<b>5,633,130</b>	<b>679,218,147</b>	<b>290,397,477</b>	<b>104,488,652</b>	<b>4,776,361</b>	<b>390,109,768</b>	<b>289,108,379</b>	

## SCHEDULES TO THE ACCOUNTS

	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
<b>5. INVESTMENTS</b>		
<b>Long Term, Unquoted (at Cost)</b>		
<b>Trade Investment</b>		
<b>Subsidiary Companies</b>		
ITC Infotech Limited, U.K.		
685,815 Equity Shares of GBP 1 each, fully paid-up	68,685,837	68,685,837
ITC Infotech (USA), Inc.		
182,000 (2008 - 47,000) Common Shares without par value	801,748,250	230,833,250
	<b>870,434,087</b>	<b>299,519,087</b>
<b>6. DEFERRED TAX - NET</b>		
Deferred Tax Assets		
On employees' separation and retirement	7,737,700	7,737,700
On provision for doubtful debts	892,154	892,154
On unabsorbed depreciation	73,731,325	73,731,325
On fiscal allowances on fixed assets	307,150	307,150
	<b>82,668,329</b>	<b>82,668,329</b>
<b>7. SUNDRY DEBTORS</b>		
Over six months old		
Good and Unsecured		
- From Others	24,927,798	19,679,233
Doubtful and Unsecured		
- From Others	17,711,392	20,106,173
Other Debts		
Good and Unsecured		
- From Holding Company	52,062,093	125,216,307
- From Subsidiaries	116,479,988	186,739,482
- From Others *	444,778,694	543,727,841
	655,959,965	895,469,036
Less: Provision for Doubtful Debts	17,711,392	20,106,173
	<b>638,248,573</b>	<b>875,362,863</b>
* Includes Unbilled Revenue Rs. Nil (2008 - Rs. 6,078,934)		

## SCHEDULES TO THE ACCOUNTS

	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
<b>8. CASH AND BANK BALANCES</b>		
Cash and Cheques on Hand	18,826,895	2,338,600
Balances with Scheduled Banks		
On Current Accounts	300,532,931	65,169,520
On Deposit Accounts *	520,400,000	515,100,000
* including marked as Lien Rs. 514,700,000 (2008 - Rs. Nil) for corporate guarantee extended on behalf of wholly owned subsidiary (refer Note (ii)(c) on Schedule 18) and Rs. 400,000 (2008 - Rs. 400,000) held as margin money		
Balances with Other Banks		
On Current Accounts		
- Fokus Bank, Norway (Maximum balance outstanding at any time during the year Rs. 16,235,182 (2008 - Rs. 6,236,353))	5,536,200	558,451
- Danske Bank AS, Denmark (Maximum balance outstanding at any time during the year Rs. 68,195,100 (2008 - Rs. 55,902,322))	13,993,215	29,300,653
- Nordea Bank, Finland (Maximum balance outstanding at any time during the year Rs. 7,241,208 (2008 - Rs. Nil))	5,224,731	-
- Nordea Bank, Sweden (Maximum balance outstanding at any time during the year Rs. 1,438,226 (2008 - Rs. Nil))	1,605,894	-
	<b>866,119,866</b>	<b>612,467,224</b>
<b>9. OTHER CURRENT ASSETS</b>		
Good and Unsecured		
Deposits with Government, Public Bodies and Others	12,455,836	10,989,106
Interest accrued on Loans, Advances, etc.	589,371	724,892
	<b>13,045,207</b>	<b>11,713,998</b>
<b>10. LOANS AND ADVANCES</b>		
Good and Unsecured		
Loans to Employees	77,285,474	70,460,753
Advances recoverable in cash or in kind or for value to be received	47,495,432	61,143,888
Advance Tax (Net of Provision for Tax Rs. 51,198,502 (2008 - Rs. 46,100,000))	194,164,556	79,133,365
	<b>318,945,462</b>	<b>210,738,006</b>
<b>11. LIABILITIES</b>		
Sundry Creditors		
- Dues to creditors other than micro and small enterprises	315,242,997	269,274,842
Other Liabilities	50,420,449	54,274,111
	<b>365,663,446</b>	<b>323,548,953</b>
<b>12. PROVISIONS</b>		
Provision for Retirement Benefits	94,888,312	56,172,734
Provision for Tax for overseas branches (Net of Advance Tax Rs. 4,100,997 (2008 - Rs. 2,935,087))	5,060,056	3,644,948
Provision for Fringe Benefit Tax (Net of Advance Tax Rs. 12,200,000)	6,695,469	-
	<b>106,643,837</b>	<b>59,817,682</b>



## SCHEDULES TO THE ACCOUNTS

	For the year ended 31st March, 2009 Rs.	For the year ended 31st March, 2008 Rs.
<b>13. SALES AND SERVICES</b>		
Exports	2,646,283,604	1,969,176,905
Domestic	756,223,707	593,263,732
	<b>3,402,507,311</b>	<b>2,562,440,637</b>
<b>14. OTHER INCOME</b>		
Interest on Loans, Deposits, etc. - Gross (Tax Deducted at Source Rs. 12,338,698) (2008 - Rs.13,066,045)	54,920,421	59,836,875
Liabilities no longer required written back	14,477,613	1,400,765
Miscellaneous Income	25,314,069	3,560,195
	<b>94,712,103</b>	<b>64,797,835</b>
<b>15. PERSONNEL EXPENSES</b>		
Salaries and Bonus	2,158,919,881	1,572,183,101
Contribution to Provident and Other Funds	104,586,230	60,431,136
Staff Welfare Expenses	21,326,974	20,211,846
Reimbursement of Contractual Remuneration (including Payment to Subsidiary Companies Rs.Nil ) (2008 - Rs. 4,545,216)	13,403,754	14,060,115
	<b>2,298,236,839</b>	<b>1,666,886,198</b>
<b>16. OPERATING AND ADMINISTRATIVE EXPENSES</b>		
Rent	50,044,429	30,917,760
Rates and Taxes	4,442,823	20,322,420
Insurance	12,900,245	10,388,246
Travelling and Conveyance	296,387,727	286,838,846
Communication	31,687,087	27,750,953
Power and Fuel	26,509,757	23,015,485
Outsourcing Charges (including Payment to Subsidiary Companies Rs. 165,753,948) (2008 - Rs.138,722,400)	216,848,897	154,915,927
Software and Related Expenses	57,617,396	51,775,327
Business Development Expenses	6,158,394	9,746,889
Repairs and Maintenance		
- Buildings	12,033,103	7,030,615
- Machinery	6,688,602	974,288
- Others	7,959,566	10,222,344
Legal, Professional and Consultancy Expenses	63,291,941	67,275,672
Doubtful and Bad Deposits	254,722	-
Doubtful and Bad Debts	(2,394,781)	6,280,839
Fixed Assets Discarded (Net)	1,003,282	825,342
Auditors' Remuneration and Expenses	1,499,253	1,319,421
Training and Development	26,077,335	25,411,478
Miscellaneous Expenses	16,359,934	39,561,734
Loss / (Gain) on Exchange - Net	189,711,003	(12,299,956)
	<b>1,025,080,715</b>	<b>762,273,630</b>
<b>17. PROVISION FOR TAXATION</b>		
Current Tax (including tax on foreign branches Rs. 10,057,882 (2008 - Rs. 6,580,036))	15,156,384	15,080,036
Deferred Tax	-	(9,488,660)
Fringe Benefit Tax	21,289,939	18,937,458
	<b>36,446,323</b>	<b>24,528,834</b>

## SCHEDULES TO THE ACCOUNTS

## 18. NOTES TO THE ACCOUNTS

## (i). Nature of Operations

ITC Infotech India Limited ("the Company") is a wholly owned subsidiary of ITC Limited ("the Holding Company") providing information technology solutions and software development services.

## (ii). Commitments and Contingencies

- (a) Estimated amount of contracts remaining to be executed on capital account, net of advances is Rs. Nil (2008 - Rs. 2,011,764).
- (b) Counter guarantees outstanding – Rs. 1,200,000 (2008 – Rs. 400,000).
- (c) Corporate guarantee extended on behalf of wholly owned subsidiary and outstanding – USD 9,500,000 (approximately Rs. 481,840,000 as reinstated at year end exchange rate) (2008 – Nil).
- (iii). As a matter of prudence, the Company has not recognized deferred tax assets (Net) amounting to Rs. 43,215,480 (2008 – Rs. 111,536,007) in respect of accumulated losses and other timing difference benefits as at 31st March, 2009 estimated at Rs. 127,141,748 (2008 – Rs. 328,143,593).
- (iv). The Company's significant leasing arrangements are in respect of operating leases for premises (residential, office etc). These leasing arrangements, which are not non-cancelable, range between 11 months and 9 years generally, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Rent under Schedule 16 to the Accounts.
- (v). The Company uses forward exchange contracts to hedge against its foreign currency exposure relating to the underlying transactions and firm commitments. The use of foreign exchange forward contracts reduces the risk or cost to the company. The company does not use the foreign exchange forward contracts for trading or speculation purposes. The information on such outstanding contracts as at the year end is as follows:

Currency Pair	Currency	31st March 2009		31st March 2008	
		Buy	Sell	Buy	Sell
GBP - USD	GBP	-	-	-	2,200,000
EUR - USD	EUR	-	8,000,000	-	22,000,000
USD - INR	USD	-	16,000,000	-	16,531,805

(vi). **Employee Benefits**

The following table sets out the Defined Benefit Plans / Long Term Compensated Absences - as per Actuarial Valuation as on 31st March, 2009 and recognised in the financial statements in respect of Employee Benefit Schemes:

	31st March, 2009			31st March, 2008		
	Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
<b>Projected benefit obligation at the beginning of the year</b>	106,691,172	46,191,902	49,181,562	88,827,322	41,580,229	43,160,901
Current Service Cost	19,256,366	9,747,897	9,961,839	12,046,335	5,566,260	7,639,351
Interest cost	7,411,708	3,208,933	3,192,893	6,661,327	3,039,767	2,675,014
Actuarial (Gain)/Loss	15,980,510	8,728,189	5,449,877	(843,812)	(1,894,354)	4,209,505
Benefits Paid	(1,600,000)	(700,000)	(7,137,599)	-	(2,100,000)	(8,503,209)
<b>Projected benefit obligation at the end of the year</b>	<b>147,739,756</b>	<b>67,176,921</b>	<b>60,648,572</b>	<b>106,691,172</b>	<b>46,191,902</b>	<b>49,181,562</b>
<b>Amounts recognised in the balance sheet</b>						
Projected benefit obligation at the end of the year	147,739,740	67,176,921	60,648,572	106,691,172	46,191,902	49,181,562
Fair value of plan assets at end of the year	113,500,000	91,800,000	-	99,700,000	79,600,000	-
<b>(Asset)/Liability recognised in the Balance Sheet</b>	<b>34,239,740</b>	<b>(24,623,079)</b>	<b>60,648,572</b>	<b>6,991,172</b>	<b>(33,408,098)</b>	<b>49,181,562</b>
<b>Cost of Retirement and Other Benefits for the year</b>						
Current Service cost	19,256,366	9,747,897	9,961,839	12,046,335	5,566,260	7,639,351
Interest Cost	7,411,708	3,208,933	3,192,893	6,661,327	3,039,767	2,675,014
Expected return on plan assets	(7,462,000)	(5,999,000)	-	(6,390,000)	(4,947,112)	-
Net actuarial (Gain)/Loss recognised in the year	14,452,139	4,297,189	5,449,877	(753,812)	275,758	4,209,505
<b>Net Cost recognised in the Profit and Loss Account</b>	<b>33,658,213</b>	<b>11,255,019</b>	<b>18,604,609</b>	<b>11,563,850</b>	<b>3,934,673</b>	<b>14,523,870</b>

	31st March, 2009			31st March, 2008		
	Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
<b>Net Asset/(Liability) recognised in Balance Sheet</b>						
Present Value of Defined Benefit Obligation	147,739,740	67,176,921	60,648,572	106,691,172	46,191,902	49,181,562
Fair Value on Plan Assets	113,500,000	91,800,000	-	99,700,000	79,600,000	-
Status [(Asset)/Liability]	34,239,740	(24,623,079)	60,648,572	6,991,172	(33,408,098)	49,181,562
Experience Adjustment of Plan Assets [Gain]/(Loss)]	1,005,000	4,002,500	-	(90,000)	(2,170,113)	-
Experience Adjustment of Plan Liability [(Gain)/Loss]	21,494,741	7,560,838	4,352,583	(843,812)	(1,894,354)	4,209,505

Assumptions	2009	2008
Discount Rate (%)	7.0%	7.5%
Long term rate of compensation increase (%) - Management Staff	5.0%	5.0%
- Others	5.0%	5.0%

The estimates of the future salary increases considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

**(vii). Quantitative details**

The Company is engaged in providing information 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.

**(viii). Earnings per share**

Earnings per share has been computed as under:

	For the year ended 31st March, 2009 Rs.	For the year ended 31st March, 2008 Rs.
(a) Profit after Taxation	30,375,497	69,061,158
(b) Weighted average number of Equity Shares	64,323,288	25,200,000
(c) Earnings Per Share (Face value of Rs. 10 per share) (Basic and Diluted)	0.47	2.74

**(ix). Auditors' Remuneration and Expenses**

(Including service tax considered under Other services)

Audit Fees	950,000	875,000
Tax Audit Fees	200,000	175,000
Fees for Other services	308,347	124,162
Reimbursement of Expenses	40,906	145,259
	<b>1,499,253</b>	<b>1,319,421</b>

**(x). Value of Imports during the year  
(C.I.F. Basis)**

Capital Goods	39,827,510	32,374,701
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**(xi). Expenditure in Foreign Currency during the year  
(On Payment Basis)**

Travel	192,399,481	177,290,873
Professional, Consultancy and Account Management Fees	16,736,313	86,307,085
Software and Related Expenses	13,555,797	14,137,878
Expenditure incurred at overseas branches	599,453,480	328,897,367
Others	8,168,850	48,776,248
	<b>830,313,921</b>	<b>655,409,451</b>

		For the year ended 31st March, 2009	For the year ended 31st March, 2008
<b>(xii).</b>	<b>Earnings in foreign exchange during the year (F.O.B. Realisation Basis)</b>		
	Sale of services including reimbursement of expenses	2,551,272,525	1,554,670,392
		<b>2,551,272,525</b>	<b>1,554,670,392</b>
<b>(xiii).</b>	Previous year's figures have been regrouped / rearranged wherever necessary.		

## SCHEDULES TO THE ACCOUNTS

<b>19. SEGMENT REPORTING</b>		
<p>The Company operates in a single business segment - information technology, which is its primary segment. 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.</p>		
	<b>31st March, 2009</b>	<b>31st March, 2008</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>SECONDARY SEGMENT INFORMATION</b>		
<b>(GEOGRAPHICAL SEGMENTS):</b>		
<b>Segment Revenue</b>		
India	756,223,707	593,263,732
Rest of the World	2,646,283,604	1,969,176,905
<b>Total Revenue</b>	<u>3,402,507,311</u>	<u>2,562,440,637</u>
<b>Segment Assets *</b>		
India	1,354,197,108	1,190,095,737
Rest of the World	1,462,764,038	1,029,680,455
<b>Total Assets</b>	<u>2,816,961,146</u>	<u>2,219,776,192</u>
<b>Capital Expenditure *</b>		
India	123,307,450	145,126,580
Rest of the World	-	-
<b>Total Capital Expenditure</b>	<u>123,307,450</u>	<u>145,126,580</u>
<p>* Fixed Assets and Capital Expenditure have been considered on the basis of physical location.</p>		

## SCHEDULES TO THE ACCOUNTS

## 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.  
Pyxis Solutions LLC

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

## i). Fellow Subsidiary Companies:

Surya Nepal Private Limited  
Wimco Limited

## ii). Joint Ventures:

SiteL Operating Corporation India Limited  
(formerly CL3L e-Services Limited)

## 4. KEY MANAGEMENT PERSONNEL

## Non-Executive Directors

Mr. A. Singh - Chairman (up to 17th November, 2008)  
Mr. K. Vaidyanath - Chairman (w.e.f. 17th November, 2008)  
Mr. A. Nayak  
Mr. B. B. Chatterjee  
Mr. S. Sivakumar  
Mr. R. Srinivasan (w.e.f. 17th November, 2008)

## Management Committee Members

Mr. S. Puri - Managing Director  
Mr. R. Batra  
Mr. A. Talwar  
Mr. K. S. Athani  
Mr. S. Janardhanan  
Mr. V. Sreenivasan (up to 4th May, 2008)  
Mr. V. V. R. Babu  
Mr. S. Gupta (w.e.f. 28th July, 2008)  
Mr. V. V. Rajasekhar (w.e.f. 28th July, 2008)

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

	Holding Company		Wholly Owned Subsidiaries				Fellow Subsidiaries		Joint Ventures		Key Management Personnel	
	2009	2008	2009		2008		2009	2008	2009	2008	2009	2008
	Rs.	Rs.	ITC INFOTECH LIMITED, UK	ITC INFOTECH (USA), INC.	ITC INFOTECH LIMITED, UK	ITC INFOTECH (USA), INC.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Sale of Goods / Services	794,179,285	604,081,625	452,977,661	341,215,663	377,626,015	195,086,999	10,640,051	15,850,660	15,034,364	26,264,150	-	-
Purchase of Goods / Services	1,773,395	4,114,936	165,753,948	-	138,722,400	-	-	-	-	-	-	-
Purchase of Fixed Assets	-	-	-	-	-	-	-	-	5,475,096	-	-	-
Rent paid	7,628,295	12,144,987	-	-	-	-	-	-	-	-	-	-
Remuneration to Key Managerial Personnel	-	-	-	-	-	-	-	-	-	-	29,642,290	22,811,330
Reimbursement of Contractual Remuneration	14,984,104	11,093,799	-	-	3,727,186	818,030	-	-	-	-	-	-
Remuneration of managers on deputation recovered	-	-	-	-	-	-	-	-	2,618,047	4,331,526	-	-
Liabilities no longer required written back	-	-	9,134,780	-	-	-	-	-	-	-	-	-
Expenses recovered	3,945,973	9,202,176	15,031,124	7,838,244	8,354,482	1,645,222	508,358	1,048,090	-	-	-	-
Expenses reimbursed	38,079,716	33,191,537	38,746,930	9,125,959	3,016,134	18,663,371	-	-	-	-	-	-
Loans given	-	-	-	-	-	-	-	-	-	-	600,000	-
Receipt towards Loan Repayment	-	-	-	-	-	-	-	-	-	-	259,233	178,670
Issue of Shares	600,000,000	-	-	-	-	-	-	-	-	-	-	-
Purchase of Investments	-	-	-	570,915,000	-	-	-	-	-	-	-	-
Interest recovered on Loans	-	-	-	-	-	-	-	-	-	-	35,454	52,294
Loans received	1,926,700,000	1,122,100,000	-	-	-	-	-	-	-	-	-	-
Loan repaid	1,933,800,000	669,300,000	-	-	-	-	-	-	-	-	-	-
Advances given	1,124	121,850	-	-	-	-	-	-	-	-	-	-
Receipt towards refund of Advances	121,850	-	-	-	-	-	-	-	-	-	-	-
Balances as on 31st March,												
i) Debtors / Receivables	56,272,415	130,593,842	379,853,673	99,354,821	188,680,692	136,744,310	343,806	4,424,878	-	3,628,486	-	-
ii) Advances Given	-	1,124	-	-	-	-	-	-	-	-	-	-
iii) Loans Taken	1,620,400,000	1,627,500,000	-	-	-	-	-	-	-	-	-	-
iv) Loans Given	-	-	-	-	-	-	-	-	-	-	2,883,407	2,838,491
v) Creditors / Payables	4,210,322	5,377,535	353,126,354	9,602,152	132,176,365	6,509,155	-	-	-	1,353,027	772,707	-
vi) Corporate Guarantee Outstanding (given during the year)	-	-	-	481,840,000	-	-	-	-	-	-	-	-

**SCHEDULES TO THE ACCOUNTS****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 and Fixtures	5 years
Motor Vehicles	5 years
Leasehold Improvements	Shorter of lease period or estimated useful lives

Capitalised software costs are amortised on the straight-line method 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.

To administer 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.

### **On behalf of the Board**

**Partha Mitra**  
Partner  
For and on behalf of  
Price Waterhouse  
Chartered Accountants

**S. Puri**  
Managing Director

**B. B. Chatterjee**  
Director

**R. Batra**  
Chief Financial Officer

**S. V. Shah**  
Company Secretary

Place: Kolkata  
Date: 12th May, 2009



**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 (*)	6,85,815	100%	GBP 1,023,752 INR 74,211,782	GBP 1,433,617 INR 103,922,896	NIL	NIL
2	ITC INFOTECH (USA), INC. (**)	1,82,000	100%	US\$1,047,492 INR 53,128,794	US\$ (2,315,872) INR (117,461,028)	NIL	NIL
3	PYXIS SOLUTIONS LLC. (**)	Note	100%	US\$775,308 INR 39,323,622	-	NIL	-

The financial year of both the subsidiaries ended on 31.03.2009.

(\*) The Indian Rupee (INR) equivalent figures have been arrived at by applying the year end interbank exchange rate of GBP 1 = Rs.72.49

(\*\*) The Indian Rupee (INR) equivalent figures have been arrived at by applying the year end interbank exchange rate of US\$1 = Rs.50.72

**Note** – Pyxis Solutions LLC. is a New York Limited Liability Company and does not have any share capital. ITC Infotech (USA), Inc., holds 100% membership interest of Pyxis Solutions LLC.

**Place** : Kolkata  
**Date** : 12<sup>th</sup> May, 2009

**R. Batra** Chief Financial Officer

**On behalf of the Board**  
**S. Puri** Managing Director  
**B.B. Chatterjee** Director  
**S. V. Shah** Company Secretary