

Company information

Company registration number	2777705
Registered office	Norfolk House 118 Saxon Gate West Central Milton Keynes MK9 2DN
Directors	K Vaidyanath - Chairman S Puri R Srinivasan B B Chatterjee
Secretary	P Banerjee
Resident Officer	V Sreenivasan
Bankers	HSBC plc Central Milton Keynes
Solicitors	emw Law LLP Central Milton Keynes
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditor Central Milton Keynes

REPORT OF THE DIRECTORS

Your Directors present their Report together with the Audited Financial Statements for the year ended 31st March, 2009.

The Company is a wholly owned subsidiary of ITC Infotech India Limited (I3L), which is incorporated in India.

Principal activities

The Company is engaged in providing IT services, software development and support services.

Business review

Your Company is pleased to report significantly improved profitability on the platform of robust revenues and foreign exchange gains.

Revenues have grown to GBP 20.61 million (previous year GBP 17.87 million). Gross profits grew to GBP 5.58 million (previous year GBP 5.02 million). Net profit increased to GBP 1.02 million (previous year GBP 0.29 million).

Despite the crisis in the US financial markets which has created a recessionary situation in Europe, your Company acquired several new customers during the year under review. Further, the leveraging of solutions and frameworks developed internally has enabled your Company to build deeper relationships with existing customers.

Your Company is confident of being able to grow its customer portfolio and increase traction from existing customers in the next year on the back of its value proposition of business friendly solutions and the global delivery capabilities of its holding company.

Key performance indicators

Year Ended March 31,	GBP (million)	
	2009	2008
Total Income	20.65	17.92
Cost of Sales	15.03	12.84
Gross Profit	5.58	5.02
Operating Profit	1.43	0.40
Profit before Tax	1.46	0.44
Profit after Tax	1.02	0.29

Financial risk management objectives and policies

The objective of financial risk management is to protect the value of the Company's financial assets against possible erosion due to adverse materialisation of risks related to credit, liquidity, interest rate and foreign currency exposures.

The existence of financial assets exposes the Company to a number of financial risks. The main risks are market risk due to currency risk, credit risk and liquidity risk.

a) Market risk - currency risk

The Company is exposed to translation and transaction foreign exchange risk. Approximately 11% of its sales are in US dollars and the Company pays its major supplier, its parent company, mostly in US dollars. It limits its exposure by holding foreign currency in currency bank accounts. It does not currently hold any hedging instruments but foreign exchange management is kept under regular review.

b) Credit risk

The Company's principal financial assets are cash and trade debtors. The credit risk associated with cash is nil and so the principal credit risk arises on trade debtors. However the Company's customers are mostly blue chip companies and the Company has no history of significant bad debts.

c) Liquidity risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Directors

In terms of Article 17 of the Articles of Association of the Company and as nominated by I3L, the Board of Directors of the Company at its meeting held on 17th November, 2008 appointed Mr. K. Vaidyanath (in place of Mr. A. Singh) and Mr. R. Srinivasan as Directors of the Company

In terms of Article 19 of the Articles of Association, Mr. K. Vaidyanath, being the Chairman of I3L, became the Chairman of the Board of Directors of the Company with effect from 17th November, 2008.

The Directors in office at the end of the year are listed below. All served on the Board throughout the year, unless indicated otherwise. The interests of the Directors in the shares of the Company as at 31st March, 2009 and 1st April, 2008 were as follows:

	2009 and 2008 Ordinary Shares
A. Singh (till 17 th November, 2008)	--
B. B. Chatterjee	--
S. Puri	--
K. Vaidyanath (from 17 th November, 2008)	--
R. Srinivasan (from 17 th November, 2008)	--

Mr. S. Puri, Director, will retire by rotation at the Annual General Meeting and, being eligible, offers himself for re-election.

Directors' responsibilities for the financial statements

UK Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the affairs of the Company and of the profit or loss of the Company for that year. In preparing those financial statements, the Directors are required to:

- i. select suitable accounting policies and then apply them consistently;
- ii. make judgements and estimates that are reasonable and prudent;
- iii. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware: (i) there is no relevant audit information of which the Company's auditors are unaware; and (ii) they have taken all steps that ought to have been taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that audit information.

Auditors

Grant Thornton UK LLP offer themselves for reappointment in accordance with Section 385 of the Companies Act, 1985.

Approved by the Board on 11th May, 2009 and signed on behalf of the Board by:

**S Puri
Director**

Report of the independent auditor to the members of ITC Infotech Limited

We have audited the financial statements of ITC Infotech Limited for the year ended 31 March 2009 which comprise the principal accounting policies, profit and loss account, balance sheet, cash flow statement, statement of total recognised gains and losses and notes 1 to 19, excluding the supplementary information disclosed in Indian Rupees. These financial statements have been prepared under the accounting policies set out therein.

We have not audited the supplementary information stated in Indian Rupees included in these financial statements. The information has been included at the request of the parent company and is for information only.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the Report of the directors and financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the directors is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements, excluding the supplementary information, give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its profit for the year then ended;
- the financial statements, excluding the supplementary information, have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the directors is consistent with the financial statements.

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS
Central Milton Keynes

11 May 2009

PRINCIPAL ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

The principal accounting policies of the company are set out below and remain unchanged from the previous year except in respect of recruitment costs to align it with the accounting policy of the parent company. The impact of the change in the profit for the year is considered immaterial and so no prior year adjustment has been made.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Turnover from services performed on a "time and materials" basis is recognised as income as and when the services are performed.

Turnover from software projects performed on a "time bound fixed price" basis is recognised as income at the point at which the "milestone" agreed with the customer is achieved.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated to write down the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold improvements	-	25%
Fixtures and fittings	-	25%
Computer equipment	-	25%

Leased assets

All leases are operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account except that gains and losses arising from the retranslation of the opening retained earnings in overseas branches are adjusted against the reserves.

Recruitment costs

Legal costs and other charges incurred to obtain visas and other required immigration papers for recruits, recruitment fees and relocation costs are charged to the Profit & Loss Account when such costs are incurred.

BALANCE SHEET AS AT 31ST MARCH 2009

	Note	2009 £	Unaudited 2009 Rs	2008 £	Unaudited 2008 Rs
Fixed assets					
Tangible assets	8	<u>32,224</u>	<u>2,335,945</u>	<u>33,751</u>	<u>2,726,212</u>
Current assets					
Debtors	9	6,473,471	469,261,907	4,693,080	379,080,642
Loans and advances		135,984	9,857,391	246,065	19,875,732
Deferred tax recoverable	10	9,659	700,210	14,190	1,146,221
Cash at bank		<u>934,190</u>	<u>67,719,432</u>	<u>1,466,997</u>	<u>118,495,752</u>
		7,553,304	547,538,940	6,420,332	518,598,347
Creditors: amounts falling due within one year	11	<u>3,886,066</u>	<u>281,700,917</u>	<u>3,777,540</u>	<u>305,128,472</u>
Net current assets		<u>3,667,238</u>	<u>265,838,023</u>	<u>2,642,792</u>	<u>213,469,875</u>
Total assets less current liabilities		3,699,462	268,173,968	2,676,543	216,196,087
Capital and Reserves					
Called-up equity share capital	15	685,815	49,714,729	685,815	55,396,278
Profit and loss account	16	<u>3,013,647</u>	<u>218,459,239</u>	<u>1,990,728</u>	<u>160,799,809</u>
Shareholders' funds	17	3,699,462	268,173,968	2,676,543	216,196,087

These financial statements were approved by the directors on 11 May 2009 and are signed on their behalf by:

Date: 11th May, 2009 V Sreenivasan Resident Officer S Puri Director
 P Banerjee Financial Controller

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

	Note	2009 £	Unaudited 2009 Rs	2008 £	Unaudited 2008 Rs
Turnover	1	20,613,818	1,494,295,681	17,865,477	1,443,072,714
Cost of sales		<u>15,035,563</u>	<u>1,089,927,964</u>	<u>12,843,897</u>	<u>1,037,457,732</u>
Gross profit		5,578,255	404,367,717	5,021,580	405,614,982
Other operating charges	2	<u>4,151,344</u>	<u>300,930,942</u>	<u>4,625,258</u>	<u>373,602,318</u>
Operating profit	3	1,426,911	103,436,775	396,322	32,012,664
Operating profit before foreign exchange gain/(loss)		736,054	53,356,554	272,735	22,029,967
Foreign exchange gain/(loss)		690,857	50,080,221	123,587	9,982,697
Interest receivable	5	<u>37,246</u>	<u>2,699,960</u>	<u>45,931</u>	<u>3,710,024</u>
Profit on ordinary activities before taxation		1,464,157	106,136,735	442,253	35,722,688
Tax on profit on ordinary activities	6	<u>440,405</u>	<u>31,924,978</u>	<u>148,792</u>	<u>12,018,580</u>
Profit for the financial year	16	<u>1,023,752</u>	<u>74,211,757</u>	<u>293,461</u>	<u>23,704,108</u>

All of the activities of the company are classed as continuing.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

	Note	2009 £	Unaudited 2009 Rs	2008 £	Unaudited 2008 Rs
Net cash (outflow)/ inflow from operating activities	18	(439,642)	(31,869,677)	452,565	36,555,656
Returns on investments and servicing of finance					
Interest received		37,246	2,699,960	45,931	3,710,024
Net cash inflow from returns on investments and servicing of finance		37,246	2,699,960	45,931	3,710,024
Taxation		(114,321)	(8,287,083)	(79,284)	(6,404,073)
Capital expenditure					
Payments to acquire tangible fixed assets		(16,090)	(1,166,368)	(18,522)	(1,496,136)
Net cash outflow from capital expenditure		(16,090)	(1,166,368)	(18,522)	(1,496,136)
Equity dividends paid		-	-	-	-
(Decrease)/ Increase in cash	18	<u>(532,807)</u>	<u>(38,623,168)</u>	<u>400,690</u>	<u>32,365,471</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31ST MARCH 2009

	2009 £	Unaudited 2009 Rs	2008 £	Unaudited 2008 Rs
Profit for the financial year	1,023,752	74,211,757	293,461	23,704,108
Currency translation of retained earnings of overseas branches	(833)	(60,390)	(12,050)	(973,311)
Total recognised gains and losses relating to the financial year	<u>1,022,919</u>	<u>74,151,367</u>	<u>281,411</u>	<u>22,730,797</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2009

Supplementary information - Indian Rupee amounts

The financial statements of ITC Infotech Limited are prepared in accordance with accounting principles generally accepted in the United Kingdom, the country of incorporation, and are presented in GBP. The supplementary information requested by the parent company has been arrived at by applying the year end interbank exchange rate of GBP 1 = Rs 72.49 (2008: GBP 1 = Rs 80.77) as provided by the parent company. The supplementary information has not been audited and has not been prepared in accordance with SSAP 20, which governs the UK GAAP rules for currency conversion.

1. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below:

	2009 £	Unaudited 2009 Rs	2008 £	Unaudited 2008 Rs
United Kingdom	15,834,381	1,147,834,282	12,101,754	977,511,633
India	2,123,199	153,910,725	2,094,361	169,170,714
US	333,685	24,188,800	620,375	50,110,381
Malaysia	60,059	4,353,696	70,908	5,727,556
Europe	2,166,085	157,019,494	2,960,689	239,147,793
Other	96,409	6,988,684	17,390	1,404,637
	20,613,818	1,494,295,681	17,865,477	1,443,072,714

2. Other operating charges

	2009 £	Unaudited 2009 Rs	2008 £	Unaudited 2008 Rs
Administrative expenses	4,151,344	300,930,942	4,625,258	373,602,318

3. Operating profit

Operating profit is stated after charging:

	2009 £	Unaudited 2009 Rs	2008 £	Unaudited 2008 Rs
Depreciation of owned fixed assets	17,617	1,277,030	28,442	2,297,422
Auditor's remuneration:				
- audit fees	18,976	1,375,570	17,250	1,393,358
- non audit fees – taxation, system review services	15,905	1,152,953	6,370	514,533
Gains on foreign exchange	690,857	50,080,221	123,587	9,982,697
Operating lease costs:				
Land and buildings	58,369	4,231,176	53,429	4,315,694
Plant and equipment	2,315	167,781	1,440	116,323

4. Directors and employees

The average number of staff employed by the company during the financial year amounted to:

	2009 No	2008 No
Staff	150	123

The aggregate payroll costs of the above were:

	2009 £	Unaudited 2009 Rs	2008 £	Unaudited 2008 Rs
Wages and salaries	6,827,929	494,956,608	6,024,342	486,612,458
Social security costs	458,630	33,246,077	581,904	47,002,955
	7,286,559	528,202,685	6,606,246	533,615,413

Remuneration in respect of directors was nil (2008: nil).

5. Interest receivable

	2009 £	Unaudited 2009 Rs	2008 £	Unaudited 2008 Rs
Bank interest receivable	37,246	2,699,960	45,931	3,710,024

6. Taxation on ordinary activities

(a) Analysis of charge in the year

	2009 £	Unaudited 2009 Rs	2008 £	Unaudited 2008 Rs
Current tax:				
In respect of the year:				
UK Corporation tax based on the results for the year at 28% (2008 - 30%)	435,874	31,596,526	147,011	11,874,721
Over/under provision in prior year	-	-	-	-
Total current tax	435,874	31,596,526	147,011	11,874,721
Deferred tax:				
Origination and reversal of timing differences	4,531	328,452	1,781	143,859
Tax on profit on ordinary activities	440,405	31,924,978	148,792	12,018,580

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2008 – 30%).

	2009 £	Unaudited 2009 Rs	2008 £	Unaudited 2008 Rs
Profit on ordinary activities before taxation	1,464,157	106,136,735	442,253	35,722,688
Profit on ordinary activities multiplied by rate of tax	409,964	29,718,286	132,676	10,716,807
Expenses not deductible for tax purposes	30,246	2,192,542	15,111	1,220,585
Movement in capital allowances	(4,336)	(314,302)	(776)	(62,671)
Total current tax (note 6(a))	435,874	31,596,526	147,011	11,874,721

7. Dividends

Dividends on shares classed as equity

	2009 £	Unaudited 2009 Rs	2008 £	Unaudited 2008 Rs
Paid during the year	-	-	-	-
Equity dividends on ordinary shares	-	-	-	-

8. Tangible fixed assets

	Leasehold improvements £	Unaudited Leasehold improvements Rs	Fixtures & fittings £	Unaudited Fixtures & fittings Rs	Computer equipment £	Unaudited Computer equipment Rs	Total £	Unaudited Total Rs
Cost								
At 1 April 2008	31,104	2,254,729	48,230	3,496,223	153,398	11,119,821	232,732	16,870,773
Additions			4,835	350,458	11,255	815,910	16,090	1,166,368
At 31 March 2009	31,104	2,254,729	53,065	3,846,681	164,653	11,935,731	248,822	18,037,141
Depreciation								
At 1 April 2008	31,061	2,251,646	41,188	2,985,718	126,732	9,186,802	198,981	14,424,166
Charge for the year	43	3,083	4,281	310,323	13,293	963,624	17,617	1,277,030
At 31 March 2009	31,104	2,254,729	45,469	3,296,041	140,025	10,150,426	216,598	15,701,196
Net book value								
At 31 March 2009	-	-	7,596	550,640	24,628	1,785,305	32,224	2,335,945
At 31 March 2008	43	3,436	7,042	568,847	26,666	2,153,929	33,751	2,726,212

For simplicity, the brought forward Rupee amounts at 31 March 2008 have been translated at the 31 March 2009 exchange rate.

9. Debtors

	2009 £	Unaudited 2009 Rs	2008 £	Unaudited 2008 Rs
Trade debtors	6,459,341	468,237,637	4,430,692	357,886,344
Amounts owed by group undertakings	-	-	6,090	491,956
Prepayments and accrued income	14,130	1,024,270	256,298	20,702,342
	6,473,471	469,261,907	4,693,080	379,080,642

10. Deferred taxation

The deferred tax included in the Balance sheet is as follows:

	2009 £	Unaudited 2009 Rs	2008 £	Unaudited 2008 Rs
Deferred tax asset	9,659	700,210	14,190	1,146,221

The movement in the deferred taxation account during the year was:

	2009 £	Unaudited 2009 Rs	2008 £	Unaudited 2008 Rs
Balance brought forward	14,190	1,028,662	15,971	1,290,080
Profit and loss account movement arising during the year	(4,531)	(328,452)	(1,781)	(143,859)
Balance carried forward	9,659	700,210	14,190	1,146,221

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2009 £	Unaudited 2009 Rs	2008 £	Unaudited 2008 Rs
Excess of depreciation over taxation allowances on fixed assets	9,659	700,210	14,190	1,146,221

11. Creditors: amounts falling due within one year

	2009 £	Unaudited 2009 Rs	2008 £	Unaudited 2008 Rs
Trade creditors	797,310	57,797,017	918,476	74,189,305
Amounts owed to group undertakings	685,407	49,685,124	858,106	69,312,976
Corporation tax	331,810	24,052,910	10,257	828,521
Other taxation and social security	526,688	38,179,617	609,437	49,226,887
Other creditors	1,544,851	111,986,249	1,381,264	111,570,783
	3,886,066	281,700,917	3,777,540	305,128,472

12. Leasing commitments

At 31 March 2009 the company had annual commitments under non-cancellable operating leases as set out below.

	2009				2008			
	Land & Buildings £	Unaudited Land & Buildings Rs	Other Items £	Unaudited Other Items Rs	Land & Buildings £	Unaudited Land & Buildings Rs	Other Items £	Unaudited Other Items Rs
Operating leases which expire:								
Within 1 year	55,995	4,059,073	2,329	168,814	1,991	160,790	-	-
Within 1 to 2 years	66,478	4,819,022	-	-	-	-	-	-
Within 2 to 5 years			2,223	161,145	-	-	3,890	314,233
	122,473	8,878,095	4,552	329,959	1,991	160,790	3,890	314,233

13. Capital commitments

There were no capital commitments at 31 March 2009 or 31 March 2008.

14. Contingent liabilities

There were no contingent liabilities at 31 March 2009 or 31 March 2008.

15. Share capital

Authorised share capital:

	2009 £	Unaudited 2009 Rs	2008 £	Unaudited 2008 Rs
1,629,700 Ordinary shares of £1 each	1,629,700	118,136,953	1,629,700	31,637,999

Allotted, called up and fully paid:

	No	£	2009 Rs	No	£	2008 Rs
Ordinary shares of £1 each	685,815	685,815	49,714,729	685,815	685,815	55,396,278
Equity shares						
Ordinary shares of £1 each	685,815	685,815	49,714,729	685,815	685,815	55,396,278

16. Profit and loss account

	£	Unaudited Rs
At 1 April 2008	1,990,728	144,307,872
Profit for the financial year	1,023,752	74,211,757
Other recognised gains and losses	(833)	(60,390)
Equity dividends paid	-	-
At 31 March 2009	3,013,647	218,459,239

For simplicity, the brought forward Rupee amounts at 1 April 2008 have been translated at the 31 March 2009 exchange rate.

17. Reconciliation of movements in shareholders' funds

	2009 £	Unaudited 2009 Rs	2008 £	Unaudited 2008 Rs
Profit for the financial year	1,023,752	74,211,757	293,461	23,704,108
Other recognised gains and losses	(833)	(60,390)	(12,050)	(973,311)
Equity dividends paid	-	-	-	-
		---	--	-----
Net addition to shareholders' funds	1,022,919	74,151,367	281,411	22,730,797
Opening shareholders' funds	<u>2,676,543</u>	<u>194,022,601</u>	<u>2,395,132</u>	<u>193,465,290</u>
Closing shareholders' funds	<u>3,699,462</u>	<u>268,173,968</u>	<u>2,676,543</u>	<u>216,196,087</u>

For simplicity, the brought forward Rupee amounts at 1 April 2008 have been translated at the 31 March 2009 exchange rate.

18. Notes to the statement of cash flows

Reconciliation of operating profit to net cash (outflow)/ inflow from operating activities

	2009 £	Unaudited 2009 Rs	2008 £	Unaudited 2008 Rs
Operating profit	1,426,911	103,436,775	396,322	32,012,664
Other recognised gains and losses	(833)	(60,390)	(12,050)	(973,311)
Depreciation	17,617	1,277,029	28,442	2,297,422
Decrease/(increase) in debtors	(1,670,309)	(121,080,713)	35,119	2,836,686
(Decrease)/increase in creditors	<u>(213,028)</u>	<u>(15,442,378)</u>	<u>4,732</u>	<u>382,195</u>
Net cash (outflow)/inflow from operating activities	<u>(439,642)</u>	<u>(31,869,677)</u>	<u>452,565</u>	<u>36,555,656</u>

Reconciliation of net cash flow to movement in net funds

	2009 £	Unaudited 2009 Rs	2008 £	Unaudited 2008 Rs
(Decrease)/ increase in cash in the period	(532,807)	(38,623,168)	400,690	32,365,471
Movement in net funds in the period	(532,807)	(38,623,168)	400,690	32,365,471
Net funds at 1 April 2008	1,466,997	106,342,600	1,066,307	86,130,281
Net funds at 31 March 2009	934,190	67,719,432	1,466,997	118,495,752

Analysis of changes in net funds

	At 1 April 2008 £	At 1 April 2008 Rs	Cash flows £	Cash flows Rs	At 31 March 2009 £	At 31 March 2009 Rs
Net cash:						
Cash in hand and at bank	1,466,997	106,342,600	(532,807)	(38,623,168)	934,190	67,719,432
Net funds	1,466,997	106,342,600	(532,807)	(38,623,168)	934,190	67,719,432

For simplicity, the brought forward Rupee amounts at 1 April 2008 have been translated at the 31 March 2009 exchange rate.

19. Controlling related party

The immediate parent undertaking is ITC Infotech India Limited, which is incorporated in India and is a wholly owned subsidiary of ITC Limited. This is the smallest group of undertakings for which consolidated accounts are being drawn up including this company.

The ultimate parent undertaking and controlling related party is ITC Limited, which is incorporated in India. This is the largest group of undertakings for which consolidated accounts are being drawn up including this company.

As a wholly owned subsidiary of ITC Infotech India Limited, which is itself a wholly owned subsidiary of ITC Limited, the company is exempt from the requirements of FRS8 to disclose transactions with other members of the group headed by ITC Limited.