REPORT OF THE DIRECTORS

Your Directors present their Report together with the Audited Financial Statements for the year ended 31 March, 2011.

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.

Key performance indicators

	GBP (million)	
Year Ended March 31,	2011	2010
Total Income	22.22	19.44
Cost of Sales	16.00	13.67
Gross Profit	6.22	5.77
Operating Profit	1.45	1.04
Profit before Tax	1.45	1.04
Profit after Tax	1.03	0.69

Business review

Your Company has delivered a robust financial performance with Total Income, Operating Profit and Profit After Tax growing by 14%, 39% and 49% respectively through effective operations and cost management.

Your Company has been successful in acquiring marquee Banking and Financial Services customers with a potential for large offshore delivery centres in India. Your Company has also expanded its market development activities across Europe, South Africa, Middle East and Asia Pacific. During the year under review your Company established a branch office in Singapore to provide a base for the Asia Pacific market.

Your Company's strategy of focussed account management has resulted in growth in revenue from existing accounts and has also supplemented the efforts of business development in winning new references/clients.

With a healthy sales funnel your Company looks forward to 2011-12 with confidence.

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 16% 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. There is no credit risk associated with cash 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

Consequent to his retirement from the services of ITC Limited, the holding company, Mr. K. Vaidyanath ceased to be a Director of the Company with effect from close of business on 2nd January, 2011. Your Board of Directors places on record its appreciation of the contribution made by Mr. K. Vaidyanath during his tenure as Chairman and Director of the Company.

In terms of Article 17 of the Articles of Association of the Company and as nominated by 13L, the Board of Directors of the Company at its meeting held on 21st December, 2010 appointed Mr. Y. C. Deveshwar, Mr. S. Sivakumar and Mr. R. Tandon as Directors of the Company.

In terms of Article 19 of the Articles of Association of the Company, Mr. Y. C. Deveshwar and Mr. S. Sivakumar were appointed Chairman and Vice Chairman respectively of the Board of Directors of the Company with effect from 3rd January, 2011.

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, 2011 and 1st April, 2010 were as follows:

	2011 and 2010 Ordinary Shares
Y. C. Deveshwar (from 3rd January, 2011)	—
S. Sivakumar (from 3rd January, 2011)	—
R. Tandon (from 3rd January, 2011)	—
K. Vaidyanath (till 2nd January, 2011)	—
B. B. Chatterjee	—
S. Puri	—
B. Sumant	—

Mr. S. Puri and Mr. B. Sumant, Directors, will retire by rotation at the Annual General Meeting (AGM) and, being eligible, offer themselves for re-election.

Statement of directors' responsibilities

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.

Based on a careful consideration of various facts and circumstances including, inter-alia, orders in hand and cash reserves, the Directors are of the opinion that there are no material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Auditors

M/s. Grant Thornton UK LLP, Auditors, vacate office at the ensuing Annual General Meeting.

In terms of the Company's policy on 'Rotation of Statutory Auditors', your Board has recommended to the Members the appointment of M/s. PricewaterhouseCoopers LLP, Exchange House, Central Business Exchange, Midsummer Boulevard, Central Milton Keynes MK9 2DF, as the Auditors of the Company for the financial year 2011-12 at a remuneration to be agreed between the Board and the said Auditors. M/s. PricewaterhouseCoopers LLP have given their consent to act as Auditors of the Company, if appointed.

Approved by the Board on 9th May, 2011 and signed on behalf of the Board by

ITC Infotech Limited
Norfolk House
118, Saxon Gate West
Milton Keynes
MK9 2DN

B. Sumant
Director

S. Sivakumar
Vice Chairman

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 2011 which comprise the principal accounting policies, profit and loss account, balance sheet, cashflow statement, statement of total recognised gains and losses and the related notes, excluding the supplementary information disclosed in Indian Rupees. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements, excluding the supplementary information:

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of the company's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Simon Jones
Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP,
Statutory Auditor, Chartered Accountants

Central Milton Keynes

9 May, 2011

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.

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.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011 £	Unaudited 2011 ₹	2010 £	Unaudited 2010 ₹
Turnover	1	22,224,843	1,595,632,603	19,441,141	1,321,219,921
Cost of sales		16,002,587	1,148,905,734	13,667,905	928,870,835
Gross Profit		6,222,256	446,726,869	5,773,236	392,349,086
Other operating charges	2	4,775,531	342,859,248	4,736,471	321,890,541
Operating profit	3	1,446,725	103,867,621	1,036,765	70,458,545
Operating profit before foreign exchange loss/(gain)		1,546,776	111,050,782	1,171,045	79,584,212
Foreign exchange loss/(gain)		100,051	7,183,161	134,280	9,125,667
Interest receivable	5	4,285	307,642	3,087	209,765
Profit on ordinary activities before taxation		1,451,010	104,175,263	1,039,852	70,668,310
Tax on profit on ordinary activities	6	416,021	29,868,228	351,811	23,909,073
Profit for the financial year		1,034,989	74,307,035	688,041	46,759,237

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

The accompanying accounting policies and notes form part of these financial statements.

BALANCE SHEET AS AT 31 MARCH 2011

	Note	2011 £	Unaudited 2011 ₹	2010 £	Unaudited 2010 ₹
Fixed assets					
Tangible assets	7	31,059	2,229,882	40,375	2,743,922
Current assets					
Debtors	8	6,730,710	483,231,324	5,837,704	396,730,352
Loans and advances		108,752	7,807,850	53,688	3,648,648
Deferred tax recoverable	9	3,694	265,211	8,360	568,146
Cash at bank		2,612,614	187,572,622	1,986,027	134,970,416
		9,455,770	678,877,007	7,885,779	535,917,562
Creditors: amounts falling due within one year	10	4,082,681	293,116,082	3,557,827	241,790,038
Net Current Assets		5,373,089	385,760,925	4,327,952	294,127,524
Total assets less current liabilities		5,404,148	387,990,807	4,368,327	296,871,446
Capital and reserves					
Called-up equity share capital	14	685,815	49,238,075	685,815	46,609,960
Profit and loss account	15	4,718,333	338,752,732	3,682,512	250,261,486
Shareholders' funds	16	5,404,148	387,990,807	4,368,327	296,871,446

These financial statements were approved by the directors on 9th May 2011 and are signed on their behalf by:

V. Sreenivasan *Resident Officer* — A. Sreenivasan *Financial Controller* — B. Sumant *Director* — S. Sivakumar *Vice Chairman*

The accompanying accounting policies and notes form part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011 £	Unaudited 2011 ₹	2010 £	Unaudited 2010 ₹
Net cash inflow/(outflow) from operating activities	17	852,194	61,183,268	1,828,623	124,273,191
Returns on investments and servicing of finance					
Interest received		4,285	307,642	3,087	209,765
Net cash inflow from returns on investments and servicing of finance		4,285	307,642	3,087	209,765
Taxation		(222,070)	(15,943,516)	(749,899)	(50,963,064)
Capital expenditure					
Payments to acquire tangible fixed assets		(7,822)	(561,580)	(29,974)	(2,037,027)
Net cash outflow from capital expenditure		(7,822)	(561,580)	(29,974)	(2,037,027)
Increase/(Decrease) in cash	17	626,587	44,985,814	1,051,837	71,482,865

The accompanying accounting policies and notes form part of these financial statements.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2011

	2011 £	Unaudited 2011 ₹	2010 £	Unaudited 2010 ₹
Profit for the financial year	1,034,989	74,307,035	688,041	46,759,237
Currency translation of (loss) / gain of retained earnings of overseas branches	832	59,733	(19,176)	(1,303,201)
Total recognised gains and losses relating to the financial year	1,035,821	74,366,768	668,865	45,456,036

The accompanying accounting policies and notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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 = ₹ 71.80 (2010: GBP 1 = ₹ 67.96) as provided by the parent company. The supplementary information has not been audited.

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:

	2011 £	Unaudited 2011 ₹	2010 £	Unaudited 2010 ₹
United Kingdom	16,133,769	1,158,323,945	14,928,120	1,014,515,028
India	3,606,992	258,963,991	1,813,678	123,257,536
US	236,794	17,000,625	127,222	8,645,975
Malaysia	9,676	694,688	38,628	2,625,150
Europe	2,203,074	158,169,698	2,528,083	171,808,549
Other	34,538	2,479,656	5,410	367,683
	22,224,843	1,595,632,603	19,441,141	1,321,219,921

2. Other operating charges

	2011 £	Unaudited 2011 ₹	2010 £	Unaudited 2010 ₹
Administrative expenses	4,775,531	342,859,248	4,736,471	321,890,541

3. Operating profit

	2011 £	Unaudited 2011 ₹	2010 £	Unaudited 2010 ₹
Operating profit is stated after charging:				
Depreciation of owned fixed assets	17,138	1,230,422	21,823	1,483,075
Auditor's remuneration:				
- audit fees	20,775	1,491,541	19,976	1,357,569
- non audit fees – taxation and other services	14,505	1,041,386	9,202	625,368
Loss / (Gain) on foreign exchange	100,051	7,183,161	134,280	9,125,667
Operating lease costs:				
Land and buildings	53,191	3,818,848	53,720	3,650,815
Plant and equipment	1,809	129,877	1,714	116,502

4. Directors and employees

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

	2011 No.	2010 No.
Staff	210	176

The aggregate payroll costs of the above were:

	2011 £	Unaudited 2011 ₹	2010 £	Unaudited 2010 ₹
Wages and salaries	8,719,581	626,022,318	7,219,807	490,658,097
Social security costs	787,840	56,562,973	712,939	48,451,336
	9,507,421	682,585,291	7,932,746	539,109,433

Remuneration in respect of directors was nil (2010: £nil).

5. Interest receivable

	2011 £	Unaudited 2011 ₹	2010 £	Unaudited 2010 ₹
Bank interest receivable	4,285	307,642	3,087	209,765

	2011 £	Unaudited 2011 ₹	2010 £	Unaudited 2010 ₹
6. Taxation on ordinary activities				
(a) Analysis of charge in the year				
Current tax:				
In respect of the year:				
UK Corporation tax based on the results for the year at 28% (2010 - 28%)	350,140	25,138,302	262,140	17,815,034
Under / (over) provision in prior year	81,345	5,840,164	48,187	3,274,789
Foreign Tax – Current Year	3,864	277,416	40,185	2,730,973
– Prior Year	(23,994)	(1,722,649)	40,185	2,730,973
Total current tax	411,355	29,533,233	350,512	23,820,796
Deferred tax:				
Origination and reversal of timing differences	4,666	334,995	1,299	88,277
Tax on profit on ordinary activities	416,021	29,868,228	351,811	23,909,073
(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% (2010 - 28%).				
Profit on ordinary activities before taxation	1,451,010	104,175,263	1,039,852	70,668,310
Profit on ordinary activities multiplied by rate of tax	406,283	29,169,074	291,158	19,787,127
Expenses not deductible for tax purposes	30,851	2,214,962	11,511	782,258
Movement in capital allowances	(1,785)	(128,154)	(344)	(23,378)
Adjustments to tax charge in respect of previous periods	(23,994)	(1,722,649)	48,187	3,274,789
Total current tax (note 6(a))	411,355	29,533,233	350,512	23,820,796

7. Tangible fixed assets

	Leasehold improvements £	Unaudited Leasehold improvements ₹	Fixtures and fittings £	Unaudited Fixtures and fittings ₹	Computer equipment £	Unaudited Computer equipment ₹	Total £	Unaudited Total ₹
Cost								
At 1 April 2010	50,965	3,659,032	58,821	4,223,054	169,010	12,134,073	278,796	20,016,159
Additions	—	—	1,394	100,082	6,428	461,498	7,822	561,580
At 31 March 2011	50,965	3,659,032	60,215	4,323,136	175,438	12,595,571	286,618	20,577,739
Depreciation								
At 1 April 2010	35,242	2,530,199	51,039	3,664,345	152,140	10,922,891	238,421	17,117,435
Charge for the year	4,965	356,462	2,935	210,718	9,238	663,242	17,138	1,230,422
At 31 March 2011	40,207	2,886,661	53,974	3,875,063	161,378	11,586,133	255,559	18,347,857
Net book value								
At 31 March 2011	10,758	772,371	6,241	448,073	14,060	1,009,438	31,059	2,229,882
At 31 March 2010	15,723	1,128,833	7,782	558,709	16,870	1,211,182	40,375	2,898,723

For simplicity, the brought forward Rupee amounts at 1 April 2010 have been translated at the 31 March 2011 exchange rate.

8. Debtors

	2011 £	Unaudited 2011 ₹	2010 £	Unaudited 2010 ₹
Trade debtors	5,295,551	380,194,084	5,746,154	390,508,615
Amounts owed by group undertakings	1,367,764	98,198,616	—	—
Prepayments and accrued income	67,395	4,838,624	23,972	1,629,158
Corporation Tax	—	—	67,578	4,592,579
	6,730,710	483,231,324	5,837,704	396,730,352

9. Deferred taxation

The deferred tax included in the Balance sheet is as follows:				
Deferred tax assets	3,694	265,211	8,360	568,146
The movement in the deferred taxation account during the year was:				
Balance brought forward	8,360	600,206	9,659	656,423
Profit and loss account movement arising during the year	(4,666)	(334,995)	(1,299)	(88,277)
Balance carried forward	3,694	265,211	8,360	568,146
The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:				
Excess of depreciation over taxation allowances on fixed assets	3,694	265,211	8,360	568,146

10. Creditors: amounts falling due within one year

	2011 £	Unaudited 2011 ₹	2010 £	Unaudited 2010 ₹
Trade creditors	839,628	60,281,092	452,334	30,740,629
Amounts owed to group undertakings	—	—	523,338	35,566,058
Corporation tax	121,707	8,737,954	—	—
Other taxation and social security	937,259	67,290,510	828,689	56,317,729
Other creditors	2,184,087	156,806,526	1,753,466	119,165,622
	4,082,681	293,116,082	3,557,827	241,790,038

11. Leasing commitments

At 31 March 2011 the company had annual commitments under non-cancellable operating leases as set out below.

	2011				2010			
	Land & Buildings £	Unaudited Land & Buildings ₹	Other Items £	Unaudited Other Items ₹	Land & Buildings £	Unaudited Land & Bulidings ₹	Other Items £	Unaudited Other Items ₹
Operating leases which expire:								
Within 1 year	—	—	—	—	68,944	4,685,464	224	15,223
Within 1 to 2 years	—	—	—	—	—	—	—	—
Within 2 to 5 years	60,941	4,375,259	1,809	129,877	—	—	2,591	176,099
	60,941	4,375,259	1,809	129,877	68,944	4,685,464	2,815	191,322

12. Capital commitments

There were no capital commitments at 31 March 2011 or 31 March 2010.

13. Contingent liabilities

There were no contingent liabilities at 31 March 2011 or 31 March 2010.

14. Share capital

Authorised share capital:

	2011 £	Unaudited 2011 ₹	2010 £	Unaudited 2010 ₹
1,629,700 Ordinary shares of £1 each	1,629,700	117,004,312	1,629,700	110,754,412

Allotted, called up and fully paid:

	No.	2011 £	Unaudited 2011 ₹	No.	2010 £	Unaudited 2010 ₹
Ordinary shares of £1 each	685,815	685,815	49,238,075	685,815	685,815	46,609,960
Equity shares Ordinary shares of £1 each	685,815	685,815	49,238,075	685,815	685,815	46,609,960

15. Profit and loss account

	£	Unaudited ₹
At 1 April 2010	3,682,512	264,385,964
Profit for the financial year	1,034,989	74,307,035
Other recognised losses and gains	832	59,733
At 31 March 2011	4,718,333	338,752,732

For simplicity, the brought forward Rupee amounts at 1 April 2010 have been translated at the 31 March, 2011 exchange rate.

16. Reconciliation of movements in shareholders' funds

	2011 £	Unaudited 2011 ₹	2010 £	Unaudited 2010 ₹
Profit for the financial year	1,034,989	74,307,035	688,041	46,759,237
Other recognised losses and gains	832	59,733	(19,176)	(1,303,201)
Net addition to shareholders' funds	1,035,821	74,366,768	668,865	45,456,036
Opening shareholders' funds	4,368,327	313,624,039	3,699,462	251,415,410
Closing shareholders' funds	5,404,148	387,990,807	4,368,327	296,871,446

For simplicity, the brought forward Rupee amounts at 1 April 2010 have been translated at the 31 March, 2011 exchange rate.

17. Notes to the statement of cash flows

	2011 £	Unaudited 2011 ₹	2010 £	Unaudited 2010 ₹
Reconciliation of operating profit to net cash inflow/ (outflow) from operating activities				
Operating profit	1,446,725	103,867,621	1,036,765	70,458,545
Foreign exchange movement	832	59,733	(19,176)	(1,303,201)
Depreciation	17,138	1,230,423	21,823	1,483,074
(Increase)/decrease in debtors	(1,015,648)	(72,918,448)	785,640	53,392,082
Increase/(decrease) in creditors	403,147	28,943,939	3,571	242,691
Net cash inflow/(outflow) from operating activities	852,194	61,183,268	1,828,623	124,273,191
Reconciliation of net cash flow to movement in net funds				
Increase/(decrease) in cash in the period	626,587	44,985,814	1,051,837	71,482,865
Movement in net funds in the period	626,587	44,985,814	1,051,837	71,482,865
Net funds at 1 April 2010	1,986,027	142,586,808	934,190	63,487,551
Net funds at 31 March 2011	2,612,614	187,572,622	1,986,027	134,970,416

Analysis of changes in net funds

	At 1 April 2010 £	At 1 April 2010 ₹	Cash flows £	Cash flows ₹	At 31 March 2011 £	At 31 March 2011 ₹
Net cash:						
Cash in hand and at bank	1,986,027	142,586,808	626,587	44,985,814	2,612,614	187,572,622
Net funds	1,986,027	142,586,808	626,587	44,985,814	2,612,614	187,572,622

For simplicity, the brought forward Rupee amounts at 1 April 2010 have been translated at the 31 March 2011 exchange rate.

18. 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.