

REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2012

Your Directors take pleasure in submitting their Report for the financial year ended 31st March, 2012.

FINANCIAL RESULTS

Key aspects of your Company's consolidated financial performance and standalone financial results are tabulated below:

Year Ended March 31,	(₹ Lakhs)			
	Consolidated(*)		Standalone	
2012	2011	2012	2011	
Total Income	82990	63601	56623	42642
Total Expenditure	75073	59972	51630	40481
Operating Profit	7917	3629	4993	2161
Depreciation	1500	1285	1446	1222
Profit before Tax	6417	2344	3547	939
Provision for Tax	1393	512	678	193
Profit after Tax	5024	1832	2869	746

(*) including ITC Infotech Limited, UK and ITC Infotech (USA), Inc.,(I2A), wholly owned subsidiaries of the Company, and Pyxis Solutions, LLC, USA, a wholly owned subsidiary of I2A.

BUSINESS REVIEW

Whilst the global IT services industry continued to be buffeted in 2011 by the headwinds of volatility in currency markets and macroeconomic uncertainties, particularly in Europe, which adversely impacted technology spends, your Company has delivered robust results.

Despite such challenging circumstances, your Company's consolidated Total Income grew by over 30% to ₹ 830 crores. Operating Profit grew by 118% and Profit after Tax by 174%. This performance represents the outcome of the strategy set and action plans that is built on the foundation of: (i) domain-led differentiation across identified industry verticals, (ii) geographic expansion to leverage emerging growth opportunities aligned to capabilities and (iii) sharp focus on delivery excellence, designed to demonstrate continuous value addition to clients while enhancing service productivity.

Apart from enlarging the in-house domain-based solutioning capabilities, the initiatives also provided a fillip to partnered co-innovation with leading independent software vendors (ISVs), with concomitant benefits in the market. With a view to securing the future, specific development programmes have been implemented to embrace disruptive technologies such as cloud computing, social media and mobile computing.

As in the past, there was a selective expansion of market presence in high potential geographies to leverage market opportunities and also to serve as a measure of risk mitigation in the event of challenges in other markets. Emerging geographies such as EMEA and Asia Pacific are growing at 1.5 times that of mature geographies. In the Report of the Directors for the year ended 31st March, 2011, your Company's renewed focus on India and Asia Pacific was highlighted. Continuing the trend, during 2011-12, branches were set up in Hong Kong, France, Germany and South Korea (Republic of Korea).

In addition, an important milestone in the evolution of your Company's delivery capability has been the commissioning of a new Development Centre at Pune during 2011-12. Another development centre at Trivandrum is planned to be commissioned in the first quarter of 2012-13.

While the quality of delivery continues to delight global customers, your Company has also been contributing in a meaningful manner to enhancing the competitiveness of its parent, ITC Limited's other businesses. Your Company has also implemented a pioneering coalition loyalty programme for two of the parent's businesses on the world-leading Siebel technology. The Company launched its first software product "OptSustain" in the Indian market during the year, which assists customers with managing and reporting corporate sustainability performance; a notable addition to the Company's intellectual property.

An externally administered customer satisfaction survey reveals that customers have awarded your Company high scores, which are understood to be at topmost levels obtaining in the industry. While the scores validate the world-class quality of service, retaining such scores for the second consecutive year stands testimony to the commitment continuously raising the levels of service to meet growing market expectations.

The overall service delivery capability of your Company continues to earn global recognition. Your Company was featured for the sixth consecutive year in the 2011 Global Services 100 survey, conducted by Global Services and Neo Advisory. Leading analyst firms such as Gartner and Forrester Research, Inc. continue to highlight your Company's capabilities in industry and technology reports, e.g. Forrester's report on "Cloud strategies of the leading IT global service providers" identifies ITC Infotech as one of the 20 leading global ITO and telecom providers considered for the report.

Uncertain economic conditions continue to persist, particularly in developed markets which account for about 80% of IT services spends. With a portfolio of differentiated solutions, expanding market presence and excellence in delivery, your Company is confident of sustaining the robust growth achieved in the year under review.

WHOLLY OWNED SUBSIDIARIES - FINANCIAL PERFORMANCE

Key aspects of financial performance of your Company's wholly owned subsidiaries are tabulated below :

Year Ended March 31,	ITC Infotech (USA), Inc Consolidated(*)				ITC Infotech Limited			
	(millions)		(millions)		(millions)		(millions)	
	US\$	₹	US\$	₹	GBP	₹	GBP	₹
2012	2012	2011	2011	2012	2012	2011	2011	
Total Revenue	49.85	2395.43	38.43	1713.97	24.35	1870.89	22.22	1595.63
Net Profit	0.30	1.44	0.01	0.32	2.13	163.35	1.03	74.31

(*) including Pyxis Solutions, LLC, its wholly owned subsidiary

During the year under review, Pyxis Solutions, LLC, declared and paid US\$500,000 (₹ 240 lakhs) as dividend for the financial year 2011-12 [previous year - US\$ 750,000 (₹ 334.50 lakhs)] by way of distribution to its Sole Member i.e. ITC Infotech (USA), Inc.

TALENT MANAGEMENT

The talent management strategy aims to support the ambitious growth plans by positioning your Company as the employer of choice for existing and prospective employees. Towards this end, sharply focused initiatives encompassing recruitment, training, engagement and retention are being implemented and continuously refined. Training inputs to employees, apart from those that are generally prevalent among leading global IT service companies, also include programmes specially designed by international experts and the unique advantage of induction in the parent company's businesses, thus defining the domain edge that is integral to your Company's service offering. The spawning of many employee leagues has served to deepen employee bonding. The broad spectrum of services, coupled with growing client engagements across the world, has created workplace challenges necessary to motivate employees, offer attractive career growth opportunities and minimise attrition.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- that in the preparation of the Annual Accounts for the financial year ended 31st March, 2012, the applicable accounting standards have been followed and there are no material departures;
- having selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period;
- 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, 2012 have been prepared on a going concern basis.

OTHER INFORMATION

I. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

In view of the nature of activities that are being carried on by your Company, particulars as required under Section 217(1)(e) of the Companies Act, 1956 and Rules 2A and 2B of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 concerning conservation of energy and technology absorption respectively are not applicable to your Company.

Your Company being a software solution provider requires minimal energy consumption and every endeavour has been made to ensure the optimal use of energy, avoid wastage and conserve energy.

During the year under review your Company piloted an Enthalpy based air conditioning system thereby leading to energy savings as fresh air bleed is carried in the evenings or during periods when the ambient temperature is low.

II. FOREIGN EXCHANGE EARNINGS AND OUTGO

The foreign exchange earnings (FOB- Accrual basis) of your Company during the year were ₹ 42452.69 lakhs (previous year ₹ 31357.68 lakhs) while the outgoings (on accrual basis) were ₹ 12325.98 lakhs (previous year ₹ 9327.08 lakhs).

III. PARTICULARS OF EMPLOYEES

The particulars of employees in terms of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, is given in Annexure "A".

DIRECTORS

In accordance with the provisions of Section 256 of the Companies Act, 1956 and Articles 143 & 144 of the Articles of Association of the Company, Mr. S. Puri and Mr. A. Nayak will retire by rotation at the ensuing Sixteenth

Annual General Meeting (AGM) of the Company and, being eligible, offer themselves for re-election.

The Board of Directors of your Company ('the Board') at its meeting held on 1st March, 2012 re-appointed Mr. Sumant Bhargavan as Managing Director of the Company, subject to your approval and such other approvals as may be necessary, for a further period of three years with effect from 1st April, 2012. Appropriate resolution seeking your approval to Mr. Sumant's appointment is included in the Notice convening the AGM of the Company.

AUDIT COMMITTEE

The Audit Committee of your Company comprises Mr. B. B. Chatterjee (Chairman of the Committee), Mr. A. Nayak, Mr. R. Tandon and Mr. S. Puri, 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 to the Committee.

AUDITORS

M/s. Lovelock & Lewes, Statutory Auditors, retire at the AGM 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.

Bangalore, 8th May, 2012

On behalf of the Board

Registered Office:

Virginia House

37 J. L. Nehru Road

Kolkata 700 071

India.

B. Sumant

Managing Director

S. Sivakumar

Vice Chairman

ANNEXURE 'A' TO THE REPORT OF DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2012

Particulars of Employees under Section 217(2A) of the Companies Act, 1956 and forming part of the Directors' Report Employed throughout the year and in receipt of remuneration aggregating ₹ 60,00,000 /- or more p.a.

Name	Age	Designation / Nature of Duties	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of Joining	Previous Employment / Position held
1	2	3	4	5	6	7	8	9
BABU V.V.R.	57	Sr Vice President - IT Services	7188936	3801865	M.Sc., M.Phil.	35	1-Oct-00	ITC Ltd. Divisional Head - India Operations (ISD)
Employed for a part of the year and in receipt of remuneration aggregating ₹ 5,00,000/- or more per month								
SATYANARAYANA K.P.P.	58	General Manager - MIS	888641	793806	B.Com. (Hons.) PGDCA	32	1-Oct-00	ITC Ltd. MIS Manager
SINGH PARMINDER	39	Head - Business Development (India)	865106	742878	B.Com., PGDBM	17	1-Aug-09	Wipro Ltd. National Sales Manager

Notes :

- Remuneration includes salary, performance effectiveness pay, allowances, incentives, other benefits/applicable perquisites except contribution to the approved Group Pension under the Defined Benefit Scheme and Gratuity Funds and provisions for leave encashment which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it in Section 198 of the Companies Act, 1956.
- Net Remuneration comprises cash income less (a) income tax & education cess deducted at source and (b) managers own contribution to provident fund.
- All appointments are / were contractual in accordance with terms & conditions as per Company's rules.
- None of the above employees is a relative of any Director of the Company.

On behalf of the Board

Bangalore, 8th May, 2012

B. Sumant

Managing Director

S. Sivakumar

Vice Chairman

AUDITORS' REPORT TO THE MEMBERS OF ITC INFOTECH INDIA LIMITED

1. We have audited the attached Balance Sheet of ITC INFOTECH INDIA LIMITED ("the Company"), as at 31st March, 2012, the related Statement of Profit and Loss and the 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 (together the "Order"), 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 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;
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the 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, 2012 and taken on record by the Board of Directors, none of the directors, who have given the said representations to the Company, is disqualified as on 31st March, 2012 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, 2012;
 - (ii) in the case of the Statement of Profit and Loss, 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.

For Lovelock & Lewes
Firm Registration Number: 301056E
Chartered Accountants

Sunit Kumar Basu
Partner

Place : Bangalore
Date : 8th May, 2012

Membership Number: 55000

ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of ITC INFOTECH INDIA LIMITED ("the Company") on the financial statements as at and for the year ended 31st March, 2012]

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 off 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, employees' state insurance, income tax, sales tax, service tax, customs duty, cess and other material statutory dues as applicable with the appropriate authorities in India. Investor education and protection fund, 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. Investor education and protection fund, 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, 2012, and it has not incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
9. The Company has neither taken any loans from a financial institution or bank nor issued any debentures during the year nor were there any such amounts due for repayment as at the balance sheet date.
10. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
11. In our opinion and according to the information and explanations

given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.

12. In our opinion, and according to the information and explanations given to us, on an overall basis, the unsecured loans in the nature of term loans taken from the holding company have been applied for the purposes for which they were obtained.
13. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
14. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
15. The Company has not raised any money by public issues during the year.
16. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted

auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

17. The other clauses, (ii)(a), (ii)(b), (ii)(c), (iii)(b), (iii)(c), (iii)(d), (iii)(f), (iii)(g), (v)(b), (viii), (xiii), (xiv) and (xix) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the Company for the current year, since in our opinion there is no matter which arises to be reported in the aforesaid Order.

For Lovelock & Lewes
Firm Registration Number: 301056E
Chartered Accountants

Sunit Kumar Basu
Partner

Place : Bangalore
Date : 8th May, 2012

Membership Number: 55000

BALANCE SHEET AS AT 31ST MARCH, 2012

	Notes	As at 31st March, 2012 (₹)	As at 31st March, 2011 (₹)
I EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	85,20,00,000	85,20,00,000
(b) Reserves and surplus	3	85,07,55,353	56,38,09,242
2 Non-current liabilities			
(a) Long-term provisions	4	6,76,06,616	6,84,24,650
3 Current liabilities			
(a) Short-term borrowings	5	57,00,00,000	1,49,25,00,000
(b) Trade payables	6	22,91,66,677	19,61,68,972
(c) Other current liabilities	7	71,92,28,469	31,35,03,488
(d) Short-term provisions	8	12,26,43,193	8,61,42,638
TOTAL		3,41,14,00,308	3,57,25,48,990
II ASSETS			
1 Non-current assets			
(a) Fixed assets	9		
(i) Tangible assets		58,03,26,316	29,27,90,800
(ii) Intangible assets		3,81,30,702	5,33,22,652
(iii) Capital work-in-progress		1,92,22,099	48,20,840
(b) Non-current investments	10	87,04,34,087	87,04,34,087
(c) Deferred tax assets (net)	11	7,60,67,526	6,12,96,983
(d) Long-term loans and advances	12	2,15,82,514	1,99,49,493
2 Current assets			
(a) Trade receivables	13	1,36,21,64,274	1,27,65,10,676
(b) Cash and bank balances	14	19,06,11,521	63,33,88,608
(c) Short-term loans and advances	15	25,27,66,577	32,70,46,337
(d) Other current assets	16	94,692	3,29,88,514
TOTAL		3,41,14,00,308	3,57,25,48,990

Significant Accounting Policies 1

The Notes referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our Report of even date.

For Lovelock & Lewes
Firm Registration Number: 301056E
Chartered Accountants

Sunit Kumar Basu
Partner
Membership Number: 55000

Place : Bangalore
Date : 8th May, 2012

On behalf of the Board

B. Sumant Managing Director
S. Sivakumar Vice Chairman
S. V. Shah Company Secretary

R. Batra Chief Financial Officer

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	Notes	For the year ended 31st March, 2012 (₹)	For the year ended 31st March, 2011 (₹)
I Revenue from Operations	17	5,63,10,51,222	4,21,39,16,281
II Other Income	18	3,12,76,112	5,02,49,477
Total Revenue		<u>5,66,23,27,334</u>	<u>4,26,41,65,758</u>
III Expenses			
Employee Benefits Expense	19	3,73,36,40,650	2,93,58,02,198
Other Expenses	20	1,42,92,99,786	1,11,22,49,756
Depreciation and Amortisation	9	14,46,45,985	12,22,30,455
Total Expenses		<u>5,30,75,86,421</u>	<u>4,17,02,82,409</u>
IV Profit before Tax		35,47,40,913	9,38,83,349
V Tax Expenses	21		
Current Tax		8,25,65,345	1,13,21,011
Deferred Tax		(1,47,70,543)	79,87,933
		<u>6,77,94,802</u>	<u>1,93,08,944</u>
VI Profit after Tax		<u>28,69,46,111</u>	<u>7,45,74,405</u>
Earnings Per Share (Face value ₹ 10 each) (Basic and Diluted)	28	3.37	0.88
Significant Accounting Policies	1		
The Notes referred to above form an integral part of the Statement of Profit and Loss. This is the Statement of Profit and Loss referred to in our Report of even date.			
For Lovelock & Lewes Firm Registration Number: 301056E Chartered Accountants Sunit Kumar Basu Partner Membership Number: 55000 Place : Bangalore Date : 8th May, 2012			
	R. Batra	Chief Financial Officer	On behalf of the Board B. Sumant S. Sivakumar S. V. Shah Managing Director Vice Chairman Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

		For the year ended 31st March, 2012 (₹)	For the year ended 31st March, 2011 (₹)
(Figures for the previous year have been rearranged to conform with the revised presentation)			
A. NET PROFIT BEFORE TAX		35,47,40,913	9,38,83,349
ADJUSTMENTS FOR :			
Depreciation and Amortisation	14,46,45,985		12,22,30,455
Fixed Assets - Loss on Sale / Write off (net)	33,09,836		10,25,906
Unrealised (Gain) / Loss on Exchange	1,18,12,090		(33,46,501)
Provision for Doubtful Loans & Advances	13,32,442		7,38,951
Interest on Loans, Deposits etc	(62,32,678)		(3,63,60,697)
Provision for Doubtful Debts	55,03,985		—
Liability no longer required written back	(87,30,894)		(23,56,798)
		<u>15,16,40,766</u>	<u>8,19,31,316</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		50,63,81,679	17,58,14,665
ADJUSTMENTS FOR :			
Trade and Other Receivables	(12,50,19,075)		(36,99,65,576)
Trade and Other Payables	48,31,36,102		(1,44,39,477)
		<u>35,81,17,027</u>	<u>(38,44,05,053)</u>
CASH FROM OPERATIONS		86,44,98,706	(20,85,90,388)
Income Tax Paid		(1,07,98,353)	5,00,04,984
NET CASH (USED IN) / FROM OPERATING ACTIVITIES		<u>87,52,97,059</u>	<u>(25,85,95,372)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES :			
Purchase of Fixed Assets	(43,47,00,646)		(17,95,55,139)
Interest Received	3,91,26,500		36,67,301
NET CASH (USED IN) / FROM INVESTING ACTIVITIES		<u>(39,55,74,146)</u>	<u>(17,58,87,838)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES :			
Proceeds from Short-Term Borrowings	3,03,85,00,000		2,39,61,00,000
Repayments of Short-Term Borrowings	(3,96,10,00,000)		(2,01,25,00,000)
NET CASH (USED IN) / FROM FINANCING ACTIVITIES		<u>(92,25,00,000)</u>	<u>38,36,00,000</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		<u>(44,27,77,087)</u>	<u>(5,08,83,210)</u>
OPENING CASH AND CASH EQUIVALENTS		63,33,88,608	68,42,71,818
CLOSING CASH AND CASH EQUIVALENTS		<u>19,06,11,521</u>	<u>63,33,88,608</u>
CASH AND CASH EQUIVALENTS COMPRISE :			
Cash and Bank Balances	18,93,51,297		63,26,86,429
Unrealised (Loss)/Gain on Foreign Currency Cash and Cash Equivalents	12,60,224	19,06,11,521	7,02,179
			63,33,88,608

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

For Lovelock & Lewes
Firm Registration Number: 301056E
Chartered Accountants
Sunit Kumar Basu
Partner
Membership Number: 55000
Place : Bangalore
Date : 8th May, 2012

On behalf of the Board
B. Sumant
S. Sivakumar
S. V. Shah
Managing Director
Vice Chairman
Company Secretary
R. Batra
Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

Note No.

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.

1 SIGNIFICANT ACCOUNTING POLICIES**a) 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.

b) Basis of Accounting

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

c) 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 / hardware 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.

d) Fixed Assets

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

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

e) Capital Work-in-Progress

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

f) 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 Statement of Profit and Loss.

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.

g) Impairment of Assets

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceed their recoverable amount. Recoverable amount is higher of an asset's net

selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

h) Investments

To state Current Investments at lower of cost and fair value; and Long-Term Investments, including in Joint Ventures and Associates, at cost. Where applicable, provision is made to recognise a decline, other than temporary, in valuation of Long-Term Investments.

i) Proposed Dividend

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

j) 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.

k) 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.

l) 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 Statement of Profit and Loss 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.

m) 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 the Statement of Profit and Loss as income or expense.

n) 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.

o) Segment Reporting

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

NOTES TO THE FINANCIAL STATEMENTS

	As at 31st March, 2012 (₹)	As at 31st March, 2011 (₹)	As at 31st March, 2012 (₹)	As at 31st March, 2011 (₹)
2 SHARE CAPITAL				
Authorised: 8,60,00,000 (2011 - 8,60,00,000) Equity Shares of ₹ 10 each	<u>86,00,00,000</u>	<u>86,00,00,000</u>		
Issued, subscribed and paid-up: 8,52,00,000 (2011 - 8,52,00,000) Equity Shares of ₹ 10 each	<u>85,20,00,000</u>	<u>85,20,00,000</u>		
(All Equity Shares are held by ITC Limited, the Holding Company. The Equity Shares of the Company, having par value of ₹ 10 per share, rank pari passu in all respects including entitlement to dividend. Repayment of capital in the event of winding up of the Company will inter alia be subject to the provisions of the Articles of Association of Company and as may be determined by the Company in General Meeting prior to such winding up).	<u>85,20,00,000</u>	<u>85,20,00,000</u>		
3 RESERVES AND SURPLUS				
Surplus in Statement of Profit and Loss				
Balance at the beginning of the year	56,38,09,242	48,92,34,837		
Add : Profit for the year	<u>28,69,46,111</u>	<u>7,45,74,405</u>		
	<u>85,07,55,353</u>	<u>56,38,09,242</u>		
4 LONG-TERM PROVISIONS				
Provision for Employee Benefits				
Provision for Retirement Benefits	<u>6,76,06,616</u>	<u>6,84,24,650</u>		
	<u>6,76,06,616</u>	<u>6,84,24,650</u>		
5 SHORT-TERM BORROWINGS				
Short-Term Unsecured Loans				
From Related Party (Interest-free Loan from the Holding Company, ITC Limited)	57,00,00,000	1,49,25,00,000		
Terms of repayment for loans outstanding as at 31st March, 2012				
(i) ₹ 44,75,00,000 repayable within 5 years from the date of disbursement or on demand				
(ii) ₹ 12,25,00,000 repayable on 19th December, 2012.				
	<u>57,00,00,000</u>	<u>1,49,25,00,000</u>		
6 TRADE PAYABLES				
Dues to Micro and Small Enterprises	—	—		
Dues to other than Micro and Small Enterprises	<u>22,91,66,677</u>	<u>19,61,68,972</u>		
	<u>22,91,66,677</u>	<u>19,61,68,972</u>		
7 OTHER CURRENT LIABILITIES				
Other Payables				
Employee	46,67,86,350	15,48,93,100		
Statutory Dues	10,06,93,031	9,47,37,933		
Other Liabilities	<u>15,17,49,088</u>	<u>6,38,72,455</u>		
	<u>71,92,28,469</u>	<u>31,35,03,488</u>		
8 SHORT-TERM PROVISIONS				
Provision for Employee Benefits				
Provision for Retirement Benefits	<u>12,26,43,193</u>	<u>8,61,42,638</u>		
	<u>12,26,43,193</u>	<u>8,61,42,638</u>		

9. FIXED ASSETS

DESCRIPTION	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK		
	As at 1st April, 2011 (₹)	Additions (₹)	Withdrawals/ Adjustment (₹)	As at 31st March, 2012 (₹)	As at 1st April, 2011 (₹)	For the year (₹)	On Withdrawals /Adjustment (₹)	As at 31st March, 2012 (₹)	As at 31st March, 2012 (₹)	As at 31st March, 2011 (₹)	
(i) TANGIBLE ASSETS											
Leasehold Improvements	13,06,49,788	14,17,59,642	1,22,366	27,22,87,064	7,41,48,900	2,54,36,034	84,650	9,95,00,284	17,27,86,780	5,65,00,888	
Plant and Equipments	18,44,11,560	12,46,32,823	21,84,160	30,68,60,223	10,00,53,746	3,10,17,948	18,71,191	12,92,00,503	17,76,59,720	8,43,57,814	
Office Equipments	1,66,93,493	8,37,837	10,00,703	1,65,30,627	1,11,89,731	1,38,992	9,36,141	1,03,92,582	61,38,045	55,03,762	
Computers etc.	28,80,67,738	8,21,71,272	3,04,37,987	33,98,01,023	17,18,22,383	4,56,25,672	2,82,72,769	18,91,75,286	15,06,25,737	11,62,45,355	
Furniture and Fixtures	9,26,10,959	5,70,50,747	39,98,025	14,56,63,681	6,24,27,978	1,33,88,323	32,68,654	7,25,47,647	7,31,16,034	3,01,82,981	
SUB TOTAL	71,24,33,538	40,64,52,321	3,77,43,241	1,08,11,42,618	41,96,42,738	11,56,06,969	3,44,33,405	50,08,16,302	58,03,26,316	29,27,90,800	
31st March, 2011	54,40,00,793	18,12,41,799	1,28,09,054	71,24,33,538	33,59,65,646	9,54,60,240	1,17,83,148	41,96,42,738	29,27,90,800		
(ii) INTANGIBLE ASSETS											
Capitalised Software	31,13,36,940	1,38,47,066	—	32,51,84,006	25,80,14,288	2,90,39,016	—	28,70,53,304	3,81,30,702	5,33,22,652	
SUB TOTAL	31,13,36,940	1,38,47,066	—	32,51,84,006	25,80,14,288	2,90,39,016	—	28,70,53,304	3,81,30,702	5,33,22,652	
31st March, 2011	30,08,51,251	1,21,08,277	16,22,588	31,13,36,940	23,28,66,661	2,67,70,215	16,22,588	25,80,14,288	5,33,22,652		
(iii) CAPITAL WORK-IN-PROGRESS											
Capital Work-in-Progress									1,92,22,099	48,20,840	
GRAND TOTAL	1,02,37,70,478	42,02,99,387	3,77,43,241	1,40,63,26,624	67,76,57,026	14,46,45,985	3,44,33,405	78,78,69,606	63,76,79,117	35,09,34,292	
31st March, 2011	84,48,52,044	19,33,50,076	1,44,31,642	1,02,37,70,478	56,88,32,307	12,22,30,455	1,34,05,736	67,76,57,026	35,09,34,292		

	As at 31st March, 2012 (₹)	As at 31st March, 2011 (₹)	As at 31st March, 2012 (₹)	As at 31st March, 2011 (₹)
10 NON-CURRENT INVESTMENT				
Long-Term, Non-Trade Investments - Unquoted (At Cost) Subsidiary Companies				
ITC Infotech Limited (UK) 6,85,815 (2011 - 6,85,815) Equity Shares of GBP 1 each, fully paid-up	6,86,85,837	6,86,85,837		
ITC Infotech (USA), Inc. 1,82,000 (2011 - 1,82,000) Common Shares without par value, fully paid-up	<u>80,17,48,250</u>	<u>80,17,48,250</u>		
	<u>87,04,34,087</u>	<u>87,04,34,087</u>		
11 DEFERRED TAX ASSETS (NET)				
Deferred Tax Assets				
On provision for employees' separation and retirement etc.	6,17,26,551	5,25,37,421		
On provision for doubtful debts and advances	<u>1,12,43,858</u>	<u>94,55,578</u>		
On fiscal allowances on fixed assets	<u>30,97,117</u>	<u>—</u>		
	<u>7,60,67,526</u>	<u>6,19,92,999</u>		
Less : Deferred Tax Liabilities				
On fiscal allowances on fixed assets (Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing tax laws)	—	6,96,016		
	<u>7,60,67,526</u>	<u>6,12,96,983</u>		
12 LONG-TERM LOANS AND ADVANCES				
Good and Unsecured				
Loans to Employees	1,39,82,453	1,78,02,216		
Deposits with Government, Public Bodies and Others	<u>76,00,061</u>	<u>21,47,277</u>		
	<u>2,15,82,514</u>	<u>1,99,49,493</u>		
13 TRADE RECEIVABLES				
Trade receivables outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	10,39,02,274	5,23,56,509		
Unsecured, considered doubtful	<u>2,28,62,560</u>	<u>1,73,58,575</u>		
	<u>12,67,64,834</u>	<u>6,97,15,084</u>		
Less: Provision for doubtful debts	<u>(2,28,62,560)</u>	<u>(1,73,58,575)</u>		
	<u>10,39,02,274</u>	<u>5,23,56,509</u>		
Others				
Unsecured, considered good *	1,25,82,62,000	1,22,41,54,167		
* Includes Unbilled Revenue ₹ 4,63,03,834 (2011 - ₹ 4,72,03,828)				
	<u>1,36,21,64,274</u>	<u>1,27,65,10,676</u>		

	As at 31st March, 2012 (₹)	As at 31st March, 2011 (₹)	For the year ended 31st March, 2012 (₹)	For the year ended 31st March, 2011 (₹)	
14 CASH AND BANK BALANCES					
Cash and Cash Equivalents					
Cash in Hand	1,26,193	1,08,067			
Cheques, demand drafts on hand	2,31,13,426	81,20,108			
Balances with banks :					
On Current Accounts	16,69,71,902	10,47,60,433			
Other Bank Balances					
On Deposit Account*	4,00,000	52,04,00,000			
*includes ₹ 4,00,000 (2011 - ₹ 4,00,000) held as margin money					
	<u>19,06,11,521</u>	<u>63,33,88,608</u>			
15 SHORT - TERM LOANS AND ADVANCES					
Good and Unsecured					
Advances recoverable in Cash or in kind or for value to be received	6,88,59,555	4,85,53,808			
Loans to Employees	1,13,47,510	1,07,17,361			
Advance Tax (Net of Provision for Income Tax)	16,83,87,610	26,17,51,308			
(Net of Provision for Indian Income Tax ₹ 18,38,28,849 (2011 - ₹ 10,86,28,179) and Provision for Tax for Overseas Branches ₹ 1,04,17,544 (2011 - ₹ 82,13,694))					
Deposits with Government, Public Bodies and Others	41,71,902	60,23,860			
Doubtful and Unsecured					
Advances recoverable in Cash or in kind or for value to be received	93,30,338	80,40,083			
Loans to Employees	24,62,234	24,20,047			
	<u>1,17,92,572</u>	<u>1,04,60,130</u>			
Less : Provision for Short - Term Loans and Advances	<u>(1,17,92,572)</u>	<u>(1,04,60,130)</u>			
	<u>25,27,66,577</u>	<u>32,70,46,337</u>			
16 OTHER CURRENT ASSETS					
Good and Unsecured					
Interest accrued on Deposits, Loans, Advances, etc.	94,692	3,29,88,514			
	<u>94,692</u>	<u>3,29,88,514</u>			
	For the year ended 31st March, 2012 (₹)	For the year ended 31st March, 2011 (₹)			
17 REVENUE FROM OPERATIONS					
Sale of Services					
Exports	4,24,51,02,468	3,13,57,67,526			
Domestic	1,27,64,37,254	1,07,54,56,957			
Resale of Hardware and Software (includes Exports 2012 ₹ 1,66,107 (2011 ₹ Nil))	10,07,80,606	3,35,000			
Other Operating Revenues	87,30,894	23,56,798			
	<u>5,63,10,51,222</u>	<u>4,21,39,16,281</u>			
18 OTHER INCOME					
Interest on Deposits - Gross	62,32,678	3,63,60,697			
Interest Others	2,11,01,644	1,10,48,423			
Sale of Scrap etc.	5,84,337	1,31,734			
Miscellaneous Income	33,57,453	27,08,623			
	<u>3,12,76,112</u>	<u>5,02,49,477</u>			
19 EMPLOYEE BENEFITS EXPENSE					
Salaries and Bonus	3,51,57,92,634	2,79,27,29,043			
Contribution to Provident and Other Funds (Refer Note 26)	15,08,67,208	9,74,06,337			
Workmen and Staff Welfare Expenses	3,04,84,979	2,27,79,861			
Reimbursement of Contractual Remuneration	3,64,95,829	2,28,86,957			
	<u>3,73,36,40,650</u>	<u>2,93,58,02,198</u>			
20 OTHER EXPENSES					
Rent	4,72,13,851	4,01,23,527			
Rates and Taxes	18,76,941	15,71,771			
Insurance	2,66,32,892	2,30,22,871			
Travelling and Conveyance	38,17,46,903	29,40,21,493			
Recruitment Expenses	4,08,83,559	5,34,38,423			
Communication	3,13,79,423	2,81,38,724			
Power and Fuel	5,17,49,172	4,11,04,659			
Outsourcing Charges	47,09,35,852	30,92,25,973			
Software and Related Expenses	6,83,02,431	5,50,35,756			
Purchase of Hardware and Software for Resale	7,18,46,424	94,500			
Business Development Expenses	2,94,11,565	3,28,89,928			
Repairs and Maintenance					
- Buildings	2,36,64,432	1,30,36,883			
- Machinery	1,66,04,349	1,27,77,866			
- Others	45,62,153	64,10,177			
Legal, Professional and Consultancy Expenses	7,53,09,553	4,02,54,953			
Doubtful and Bad Debts	55,03,985	—			
Doubtful and Bad Loans and Advances	13,32,442	7,38,951			
Fixed Assets Discarded	33,09,836	10,25,906			
Auditors' Remuneration and Expenses (Refer Note 29)	18,19,291	17,62,409			
Training and Development	2,50,80,948	2,04,68,167			
Bank Charges	35,37,112	16,70,776			
Printing and Stationery	31,31,141	25,48,127			
Loss on Exchange (Net)	2,54,52,952	11,86,43,132			
Miscellaneous Expenses	1,80,12,579	1,42,44,784			
	<u>1,42,92,99,786</u>	<u>1,11,22,49,756</u>			
21 TAX EXPENSES					
Current Tax (including tax on foreign branches ₹ 95,75,838 (2011 - ₹ 83,22,746))	14,22,69,602	3,64,13,124			
Adjustment for earlier year based on completed assessment	6,46,016	(1,62,98,956)			
Deferred Tax	(1,47,70,543)	79,87,933			
MAT Credit	(6,03,50,273)	(87,93,157)			
	<u>6,77,94,802</u>	<u>1,93,08,944</u>			
22 Commitments and Contingencies					
a) Estimated amount of contracts remaining to be executed on capital account (net of advances ₹ Nil, 2011 - ₹ Nil) ₹ 1,89,06,870 (2011 - ₹ 2,23,23,643).					
b) Claims against the Company not acknowledged as debts ₹ 8,25,74,741 (2011 - ₹ 6,29,59,452) comprising certain claims relating to income tax disputed by the Company.					
23 Micro and Medium scale business entities					
There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days during the year and also as at 31st March, 2012. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.					
24 The Company's significant leasing arrangements are in respect of operating leases for premises (residential, office etc). These leasing arrangements, which are not non cancellable, range between 11 months and 9 years generally, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable ₹ 4,54,93,100 (2011 - ₹ 40,123,527) are charged as Rent under Note 20 to the Accounts. The Company has one non cancellable leasing arrangement with a lock-in period of 3 years for which the lease rentals of ₹ 17,20,751 (2011 - ₹ Nil) has been charged as Rent under Note 20 to the Accounts. The future minimum lease payment for the non-cancellable operating lease are as follows:					
	31st March, 2012	31st March, 2011			
Within 1 year	₹ 41,40,864	Nil			
2 to 3 years	₹ 66,36,727	Nil			
25 The Company uses forward exchange contracts to hedge against its foreign currency exposure relating to the underlying transaction 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:					
	31st March, 2012	31st March, 2011			
Currency Pair	Currency	Buy	Sell	Buy	Sell
GBP - USD	GBP	—	11,46,697	—	14,70,000
EUR - USD	EUR	—	50,92,637	—	2,32,00,000
USD - INR	USD	—	1,42,71,435	—	3,89,95,429
AUD - USD	AUD	—	10,00,000	—	31,90,000
USD - DKK	DKK	96,00,000	—	4,79,78,225	—
USD - SEK	SEK	6,00,000	—	10,60,000	—
USD - NOK	NOK	—	—	24,00,000	—

26 Employee Benefits

(a) The following table sets out the Defined Benefit Plans / Long-Term Compensated Absences - as per Actuarial Valuation as on 31st March, 2012 and recognised in the financial statements in respect of Employee Benefit Schemes :

	For the year ended 31st March, 2012			For the year ended 31st March, 2011		
	(₹)			(₹)		
	Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
I. Components of Employer Expense	Funded		Unfunded	Funded		Unfunded
1 Current Service Cost	1,92,58,933	1,31,75,100	1,32,33,474	1,71,66,880	1,29,15,384	1,31,79,845
2 Interest cost	1,39,54,205	87,42,798	62,08,573	1,39,33,619	72,54,149	55,93,649
3 Expected Return on Plan Assets	(1,02,58,875)	(73,21,875)	—	(93,36,000)	(70,80,000)	—
4 Curtailment Cost / (Credit)	—	—	—	—	—	—
5 Settlement Cost / (Credit)	—	—	—	—	—	—
6 Past Service Cost	—	—	—	—	—	—
7 Actuarial Losses / (Gains)	(19,48,079)	62,01,024	(55,02,246)	(2,73,39,272)	15,56,917	(14,29,551)
8 Total expense recognised in the Statement of Profit & Loss	2,10,06,184	2,07,97,047	1,39,39,801	(55,74,773)	1,46,46,450	1,73,43,943
The Pension and Gratuity Expenses have been recognised in "Contribution to Provident and Other Funds" and Leave Encashment in "Salaries & Bonus" under Note 19.						
II. Actual Returns	89,00,000	56,00,000	—	1,00,00,000	64,00,000	—
III. Net Asset / (Liability) recognised in Balance Sheet						
1 Present Value of Defined Benefit Obligation	19,33,48,060	12,85,20,357	8,27,48,463	17,48,41,782	10,98,23,310	8,17,02,196
2 Fair Value on Plan Assets	12,67,00,000	8,77,00,000	—	12,20,00,000	8,98,00,000	—
3 Status [Surplus/(Deficit)]	(6,66,48,060)	(4,08,20,357)	(8,27,48,463)	(5,28,41,782)	(2,00,23,310)	(8,17,02,196)
4 Unrecognised Past Service Cost	—	—	—	—	—	—
Short-Term Retirement benefits	(5,92,24,503)	(4,08,20,357)	(2,25,65,404)	(4,64,57,133)	(2,00,23,310)	(1,96,62,195)
Long-Term Retirement benefits	(74,23,557)	—	(6,01,83,059)	(63,84,649)	—	(6,20,40,001)
5 Net Asset / (Liability) recognised in Balance Sheet	(6,66,48,060)	(4,08,20,357)	(8,27,48,463)	(5,28,41,782)	(2,00,23,310)	(8,17,02,196)
IV. Change in Defined Benefit Obligations (DBO)						
1 Present Value of DBO at Beginning of Period	17,48,41,782	10,98,23,310	8,17,02,196	17,79,23,852	9,25,76,860	7,54,82,968
2 Current Service Cost	1,92,58,933	1,31,75,100	1,32,33,474	1,71,66,880	1,29,15,384	1,31,79,845
3 Interest Cost	1,39,54,299	87,42,798	62,08,573	1,39,33,619	72,54,149	55,93,649
4 Curtailment Cost / (Credit)	—	—	—	—	—	—
5 Settlement Cost / (Credit)	—	—	—	—	—	—
6 Plan Amendments	—	—	—	—	—	—
7 Acquisitions	—	—	—	—	—	—
8 Actuarial (Gains) / Losses	(33,06,954)	44,79,149	(55,02,246)	(2,66,75,381)	8,76,917	(14,29,551)
9 Benefits Paid	(1,14,00,000)	(77,00,000)	(1,28,93,534)	(75,07,188)	(38,00,000)	(1,11,24,715)
10 Present Value of DBO at the End of Period	19,33,48,060	12,85,20,357	8,27,48,463	17,48,41,782	10,98,23,310	8,17,02,196
V. Change in Fair Value of Assets						
1 Plan Assets at Beginning of Period	12,20,00,000	8,98,00,000	—	11,14,00,000	8,72,00,000	—
2 Acquisition Adjustment	—	—	—	—	—	—
3 Expected Return on Plan Assets	1,02,58,875	73,21,875	—	93,36,000	70,80,000	—
4 Actuarial Gains / (Losses)	(13,58,875)	(17,21,875)	—	6,64,000	(6,80,000)	—
5 Actual Company Contributions	72,00,000	—	1,28,93,534	81,07,188	—	1,11,24,715
6 Benefits Paid	(1,14,00,000)	(77,00,000)	(1,28,93,534)	(75,07,188)	(38,00,000)	(1,11,24,715)
7 Plan Assets at the End of Period	12,67,00,000	8,77,00,000	—	12,20,00,000	8,98,00,000	—
VI. Actuarial Assumptions	For the year ended 31st March, 2012			For the year ended 31st March, 2011		
1 Discount Rate (%)	8.25%			8%		
2 Expected Return on Plan Assets (%)	8.25%			8%		
3 Long-term rate of compensation increase (%)						
– Management Staff	10%			10%		
– Others	—			10%		
The estimates of 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. Major Category of Plan Assets as a % of the Total	For the year ended 31st March, 2012			For the year ended 31st March, 2011		
1 Government Securities / Special Deposit with RBI	34%			33%		
2 High Quality Corporate Bonds	31%			34%		
3 Insurance Companies	26%			27%		
4 Mutual Funds	2%			4%		
5 Cash and Cash Equivalents	8%			3%		
VIII. Basis used to determine the Expected Rate of Return on Plan Assets	The expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario. In order to protect the capital and optimise returns within acceptable risk parameters, the plan assets are well diversified.					

IX.	For the year ended 31st March, 2012			For the year ended 31st March, 2011			For the year ended 31st March, 2010			For the year ended 31st March, 2009		
	₹			₹			₹			₹		
Net Asset / (Liability) recognised in Balance Sheet (Including experience adjustment impact)	Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
1 Present Value of Defined Benefit Obligation	19,33,48,060	12,85,20,357	8,27,48,463	17,48,41,782	10,98,23,310	8,17,02,196	17,79,23,852	9,25,76,860	7,54,82,968	14,77,39,740	6,71,76,921	6,06,48,572
2 Fair Value of Plan Assets	12,67,00,000	8,77,00,000	—	12,20,00,000	8,98,00,000	—	11,14,00,000	8,72,00,000	—	11,35,00,000	9,18,00,000	—
3 Status (Surplus / (Deficit))	(6,66,48,060)	(4,08,20,357)	(8,27,48,463)	(5,28,41,782)	(2,00,23,310)	(8,17,02,196)	(6,65,23,852)	(53,76,860)	(7,54,82,968)	(3,42,39,740)	2,46,23,079	(6,06,48,572)
4 Experience Adjustment of Plan Assets (Gain / (Loss))	(10,48,000)	(15,08,000)	—	(91,40,000)	(22,79,000)	—	16,28,500	(1,04,70,250)	—	10,05,000	40,02,500	—
5 Experience Adjustment of Obligation [(Gain) / (Loss)]	(5,08,889)	62,39,146	(55,71,828)	(1,62,12,251)	62,46,134	28,44,651	(1,18,77,125)	(55,18,904)	(6,72,376)	2,14,94,741	75,60,838	43,52,583

(b) Amounts towards Defined Contribution Plans (approved Provident Fund administered through a duly constituted trust upto 31st March, 2012 and the Company is in the process of transferring such fund to the Regional Provident Fund Commissioner) have been recognised under "Contribution to Provident and Other Funds" in Note 19 ₹ 9,48,75,647 (2011 ₹ 7,89,05,203).

27 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.

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
	₹	₹

28 Earnings per share

(a) Profit after Taxation	28,69,46,111	7,45,74,405
(b) Weighted average number of Equity Shares	8,52,00,000	8,52,00,000
(c) Earnings Per Share (Face value of ₹ 10 per share) (Basic and Diluted)	3.37	0.88

29 Auditors' Remuneration and Expenses

(Net of service tax credit)	For the year ended 31st March, 2012	For the year ended 31st March, 2011
	₹	₹
Audit Fees	11,00,000	11,00,000
Tax Audit Fees	2,00,000	2,00,000
Fees for Other services	3,26,976	2,84,173
Reimbursement of Expenses	1,92,315	1,78,236
	<u>18,19,291</u>	<u>17,62,409</u>

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

Capital Goods	5,81,71,990	6,58,47,076
	<u>5,81,71,990</u>	<u>6,58,47,076</u>

31 Expenditure in Foreign Currency during the year (On Accrual Basis)

Travel	18,78,74,481	16,99,68,021
Professional, Consultancy and Account Management Fees	44,33,40,717	28,74,76,149
Software and Related Expenses	13,65,870	30,34,764
Expenditure of foreign branches	57,27,30,154	46,29,75,090
Others	2,72,86,941	92,54,405
	<u>1,23,25,98,163</u>	<u>93,27,08,429</u>

32 Earnings in foreign exchange during the year (F.O.B. – Accrual Basis)

Sale of Services and Resale of Software	4,24,52,68,575	3,13,57,67,526
	<u>4,24,52,68,575</u>	<u>3,13,57,67,526</u>

33. SEGMENT REPORTING

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.

31st March, 2012
₹

31st March, 2011
₹

SECONDARY SEGMENT INFORMATION (GEOGRAPHICAL SEGMENTS) :

Segment Revenue		
India	1,37,70,51,753	1,07,57,91,957
Rest of the World	4,24,52,68,575	3,13,57,67,526
Total Revenue	<u>5,62,23,20,328</u>	<u>4,21,15,59,483</u>
Segment Assets *		
India	2,09,81,02,839	1,68,02,11,366
Rest of the World	1,31,32,97,469	1,89,23,37,624
Total Assets	<u>3,41,14,00,308</u>	<u>3,57,25,48,990</u>
Capital Expenditure *		
India	43,47,00,646	17,95,55,139
Rest of the World	—	—
Total Capital Expenditure	<u>43,47,00,646</u>	<u>17,95,55,139</u>

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

34. RELATED PARTY DISCLOSURES

(i) HOLDING COMPANY:

ITC Limited

(ii) ENTERPRISES WHERE CONTROL EXISTS:

Wholly Owned Subsidiaries:

ITC Infotech Limited (UK)

ITC Infotech (USA), Inc.

Pyxix Solutions LLC.

(iii) OTHER RELATED PARTIES WITH WHOM THE COMPANY HAD TRANSACTIONS, etc.

Fellow Subsidiary Companies:

Surya Nepal Private Limited

Wimco Limited

Technico Agri Sciences Limited

Technico Technologies Inc.

Srinivasa Resorts Limited

Landbase India Limited

(iv) KEY MANAGEMENT PERSONNEL

Non-Executive Directors

Mr. Y. C. Deveshwar - Chairman

Mr. S. Sivakumar - Vice Chairman

Mr. A. Nayak

Mr. B. B. Chatterjee

Mr. S. Puri

Mr. R. Tandon

Management Committee Members

Mr. B. Sumant - Managing Director

Mr. R. Batra

Mr. A. Talwar

Mr. S. Janardhanan

Mr. V. V. R. Babu

Mr. S. K. Gupta

Mr. V. V. Rajasekhar

Mr. A. Maheshwari

Mr. S. V. Shah

Mr. V. Sreenivasan (w.e.f. 1st July, 2011)

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

Description	Holding Company		Wholly Owned Subsidiaries						Fellow Subsidiaries		Key Management Personnel	
	2012	2011	2012			2011			2012	2011	2012	2011
			ITC Infotech Limited (UK)	ITC Infotech (USA), INC.	Pyxis Solutions LLC	ITC Infotech Limited (UK)	ITC Infotech (USA), INC.	Pyxis Solutions LLC				
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Sale of Goods / Services	91,28,51,772	83,10,67,971	38,26,62,278	86,38,92,757	2,01,11,115	37,61,47,120	56,70,65,514	1,68,98,332	70,95,676	1,25,86,479	—	—
Purchase of Goods / Services	37,88,047	45,73,881	37,47,73,011	—	—	24,67,15,727	27,03,589	—	—	32,02,321	—	—
Rent paid	1,39,33,282	1,05,65,530	—	—	—	—	—	—	—	—	—	—
Remuneration to Key Managerial Personnel	—	—	—	—	—	—	—	—	—	—	3,78,46,983	4,15,16,313
Reimbursement of Contractual Remuneration	3,64,95,829	2,28,86,957	—	—	—	—	—	—	—	—	—	—
Remuneration of managers on deputation recovered	17,96,029	11,09,309	—	—	—	—	—	—	—	—	—	—
Expenses recovered	22,73,846	41,39,281	73,02,820	2,58,88,632	—	32,87,992	2,55,91,005	—	—	10,489	—	—
Expenses reimbursed	6,75,51,822	4,79,88,196	1,29,57,637	2,05,45,598	—	34,76,269	1,85,78,281	—	—	—	—	—
Receipt towards Loan Repayment	—	—	—	—	—	—	—	—	—	—	7,91,761	2,43,500
Interest recovered on Loans	—	—	—	—	—	—	—	—	—	—	10,307	12,718
Loans received	3,03,85,00,000	2,39,61,00,000	—	—	—	—	—	—	—	—	—	—
Loan repaid	3,96,10,00,000	2,01,25,00,000	—	—	—	—	—	—	—	—	—	—
Balances as on 31st March												
i) Debtors / Receivables	96,38,027	1,80,90,356	8,07,08,913	35,20,96,438	19,17,784	6,93,10,266	31,47,62,165	14,76,451	—	39,87,635	—	—
ii) Loans Taken	57,00,00,000	1,49,25,00,000	—	—	—	—	—	—	—	—	—	—
iii) Loans Given	—	—	—	—	—	—	—	—	—	—	9,13,258	14,12,466
iv) Creditors / Payables	93,87,302	81,32,468	20,53,14,450	2,05,45,598	—	16,47,00,500	2,81,57,825	—	—	—	19,64,762	—

35 The financial statements for the year ended 31st March, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31st March, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

STATEMENT REGARDING SUBSIDIARY COMPANIES

PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Sl. No.	Name of the Subsidiary Company	Number of Shares held by the Company	Extent of Holding	Profits / (Losses) so far it concerns the members of the Holding Company and not dealt with in the books of Account of the Holding Company		Profits / (Losses) so far it concerns the members of the Holding Company and dealt with in the books of Account of the Holding Company	
				For the Financial Year of the Subsidiary	For the Previous Financial Year(s) since it became a Subsidiary	For the Financial Year of the Subsidiary	For the Previous Financial Year(s) since it became a Subsidiary
1	ITC INFOTECH LIMITED, (UK) (*)	685,815	100%	GBP 21,25,817 INR 17,31,69,053	GBP 41,80,399 INR 34,05,35,303	NIL	NIL
2	ITC INFOTECH (USA), INC. (**)	182,000	100%	USD 7,11,869 INR 3,62,19,895	(USD 10,72,695) (INR 5,45,78,722)	NIL	NIL
3	PYXIS SOLUTIONS LLC. (**)	Note	100%	USD 88,419 INR 44,98,759	USD 14,20,016 INR 7,22,50,414	NIL	NIL

The financial year of all the subsidiaries ended on 31 March, 2012.

(*) The Indian Rupee (INR) equivalent figures have been arrived at by applying the year end interbank exchange rate of GBP 1 = INR 81.46

(**) The Indian Rupee (INR) equivalent figures have been arrived at by applying the year end interbank exchange rate of USD 1 = INR 50.88

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 : Bangalore
Date : 8th May, 2012

On behalf of the Board
B. Sumant *Managing Director*
S. Sivakumar *Vice Chairman*
R. Batra *Chief Financial Officer*
S. V. Shah *Company Secretary*