REPORT OF THE DIRECTORS

Your Directors present their Report together with the Audited Financial Statements for the year ended 31st March, 2012.

The Corporation is a wholly owned subsidiary of ITC Infotech India Limited, incorporated in India.

Principal Activities

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

Financial Results (US$ million)

	ITC Infotech (USA), Inc. Consolidated(*)	
Year Ended March 31	**2012**	2011
Total Revenue	**49.85**	38.43
Operating Income before Amortization	**1.19**	0.82
Net Cash Flow provided by Operating activities	**0.93**	1.25

(*) including Pyxis Solutions, LLC, a wholly owned subsidiary of the Corporation.

Business Review

During 2011, spends on IT services in the United States grew by 4.4%, representing the second consecutive year of growth post the recent recession. The overhang of global economic uncertainties continued to reflect upon IT spending patterns, with customers adopting a save-to-invest approach across the business verticals serviced by the Corporation. While early signs of an uptick in budget allocations became visible, actual allocations to projects continued to be carefully calibrated.

In the midst of such uncertain market conditions, the Corporation is pleased to report another year of significant growth. Total Revenues grew by 30% to US$ 49.85 million, while Operating Income before Amortization grew by 45% to US$ 1.19 million. The robust growth rates are outcomes of the Corporation's successful domain centric service delivery and marketplace strategies.

Several value added solutions were launched including some which were co-innovated with leading independent software vendors. These solutions addressed critical business challenges such as shrinking time-to-market on new product launches, managing complex global infrastructure, ensuring design integrity, insightfully segmenting clients and many more areas that enhance competitiveness. Solution capability aligned to market needs enabled the Corporation to add several marquee customers, thus sustaining the pace of growth.

The expanded customer base, the strong sales funnel and the bank of market-relevant capabilities, augur well for the year 2012-13.

Wholly Owned Subsidiary - Pyxis Solutions, LLC (Pyxis)

Pyxis primarily provides high end, domain-based software quality consulting to marquee clients in the financial services industry. During 2011, growth in IT services spends in the US financial services industry lagged that of overall IT services growth. The sector posted a growth of only 1.5 per cent compared to the overall growth of 4.4 per cent, and continued to be characterized by sporadic rate cuts and furloughs. Amidst challenging market conditions, Pyxis' focus was on client retention, cost management and strengthening solution capability aligned to market needs. Pyxis was chosen by its largest client to support a high visibility project that was revived after being put on hold due to market conditions. Further, the strength of Pyxis' capability enabled major new client acquisition towards the end of the financial year. The increased client activity and the efforts towards successful client retention present attractive growth possibilities in the next financial year.

During the year under review, Pyxis declared and paid US$ 500,000 (previous year - US$ 750,000) as dividend for the financial year 2011-12 by way of distribution to the Corporation, the Sole Member of Pyxis.

Directors

M/s. Y. C. Deveshwar, S. Sivakumar, B. B. Chatterjee, (Ms) B. Parameswar, S. Puri, B. Sumant and R. Tandon, Directors of the Corporation, will retire at the Annual Meeting, and, being eligible, offer themselves for re-appointment.

Auditors

M/s. EisnerAmper LLP, Accountants and Advisors, Auditors of the Corporation, offer themselves for re-appointment as Auditors of the Corporation to audit the Financial Statements of the Corporation for the financial year ending 31st March, 2013.

On behalf of the Board

B. Sumant *Director*

May 7, 2012 S. Sivakumar *Vice Chairman*

INDEPENDENT AUDITORS' REPORT

Board of Directors
ITC Infotech (USA), Inc.

We have audited the accompanying special-purpose balance sheets of ITC Infotech (USA), Inc. as of March 31, 2012 and 2011, and the related special-purpose statements of operations and accumulated deficit, and cash flows for each of the years then ended. The financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of reporting to the members' of ITC Infotech (USA), Inc., and its Companies, as described in Note B[1], the Company does not consolidate Pyxis Solutions, LLC, a 100% owned subsidiary and is not intended to be a presentation in conformity with generally accepted accounting principles.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the financial position of ITC Infotech (USA), Inc. as of March 31, 2012 and 2011 and the results of its operations and its cash flows for each of the years then ended in accordance with the Basis of Presentation as described in Note B[1].

As discussed in Note B[1] to the financial statements, the Indian Rupee equivalent figures have been included in the financial statements as required by the parent company, and is not a representation in conformity with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the board of directors and management of ITC Infotech (USA), Inc. and its group Companies and is not intended to be and should not be used by anyone other than these specified parties.

EisnerAmper LLP
Edison, New Jersey
May 7, 2012

BALANCE SHEET

	March 31, 2012 $	March 31, 2012 ₹	March 31, 2011 $	March 31, 2011 ₹
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	3,430,992	164,859,166	2,286,054	101,958,008
Accounts receivable, net of allowance for doubtful accounts of $465,493 (₹ 22,366,938) and $396,427 (₹ 17,680,644) for 2012 and 2011, respectively	10,195,797	489,908,046	9,390,245	418,804,927
Due from ITC Infotech Ltd. (UK), net	40,036	1,923,730	—	—
Advances to employees	231,334	11,115,599	103,965	4,636,839
Deferred income taxes	1,095,009	52,615,182	1,119,362	49,923,546
Total current assets	14,993,168	720,421,723	12,899,626	575,323,320
EQUIPMENT, SOFTWARE, FURNITURE AND FIXTURES AND LEASEHOLD IMPROVEMENTS	562,739	27,039,609	660,722	29,468,201
Less: Accumulated depreciation and amortization	486,250	23,364,313	533,432	23,791,067
	76,489	3,675,296	127,290	5,677,134
INTANGIBLE ASSETS	14,184,523	681,566,330	14,184,523	632,629,729
Less: Accumulated amortization	2,792,438	134,176,646	2,024,938	90,312,235
	11,392,085	547,389,684	12,159,585	542,317,491
Other assets, principally unsecured advances	251,898	12,103,699	292,829	13,060,173
	26,713,640	1,283,590,402	25,479,330	1,136,378,118
LIABILITIES AND STOCKHOLDER'S EQUITY				
CURRENT LIABILITIES				
Accounts payable	1,153,203	55,411,404	1,171,826	52,263,440
Accrued expenses and other current liabilities	1,665,422	80,023,527	1,274,087	56,824,280
Accrued payroll and payroll taxes	553,605	26,600,720	491,350	21,914,210
Due to ITC Infotech Ltd. (UK), net	—	—	165	7,359
Due to Pyxis Solutions, LLC., net	29,888	1,436,118	75,797	3,380,546
Due to ITC Infotech India Ltd., net	6,512,588	312,929,853	6,359,410	283,629,686
Total current liabilities	9,914,706	476,401,622	9,372,635	418,019,521
NON-CURRENT LIABILITIES				
Deferred income taxes	138,597	6,659,586	158,227	7,056,924
COMMITMENTS AND CONTINGENCIES (see Note G)				
STOCKHOLDER'S EQUITY				
Capital stock, no par value; 185,000 shares authorised; 182,000 shares issued and outstanding at March 31, 2012 and 2011	200,000	9,610,000	200,000	8,920,000
Additional paid-in capital	18,000,000	864,900,000	18,000,000	802,800,000
Accumulated deficit	(1,539,663)	(73,980,806)	(2,251,532)	(100,418,327)
Total stockholder's equity	16,660,337	800,529,194	15,948,468	711,301,673
	26,713,640	1,283,590,402	25,479,330	1,136,378,118

The accompanying notes are an integral part of these financial statements

On behalf of the Board

	G Satish	L. N. Balaji	B. Sumant	S. Sivakumar
Date : May 7, 2012	Financial Controller	President	Director	Vice Chairman

STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT

	For the year ended March 31, 2012 $	For the year ended March 31, 2012 ₹	For the year ended March 31, 2011 $	For the year ended March 31, 2011 ₹
Revenues				
Service fees	33,064,146	1,588,732,216	24,966,387	1,113,500,860
Account management fees - affiliates	177,931	8,549,585	114,337	5,099,430
Project fees	11,017,012	529,367,427	7,252,758	323,473,007
Total revenues	44,259,089	2,126,649,228	32,333,482	1,442,073,297
Cost of revenues, principally employment costs and fees charged by affiliates	34,432,400	1,654,476,820	25,264,653	1,126,803,524
Gross profit	9,826,689	472,172,408	7,068,829	315,269,773
General and administrative expenses	8,726,432	419,305,058	6,273,750	279,809,250
Operating income before amortization	1,100,257	52,867,350	795,079	35,460,523
Amortization of intangible assets	767,500	36,878,375	767,500	34,230,500
Operating income	332,757	15,988,975	27,579	1,230,023
Other income	505,642	24,296,098	757,663	33,791,770
Income before income tax expense	838,399	40,285,073	785,242	35,021,793
Income tax expense				
Current	121,806	5,852,778	38,467	1,715,628
Deferred	4,724	226,988	14,208	633,677
Total income tax expense	126,530	6,079,766	52,675	2,349,305
Net income	711,869	34,205,307	732,567	32,672,488
Accumulated deficit at beginning of year	(2,251,532)	(108,186,113)	(2,984,099)	(133,090,815)
Accumulated deficit at end of year	(1,539,663)	(73,980,806)	(2,251,532)	(100,418,327)

The accompanying notes are an integral part of these financial statements

On behalf of the Board

	G Satish	L. N. Balaji	B. Sumant	S. Sivakumar
Date : May 7, 2012	Financial Controller	President	Director	Vice Chairman

STATEMENT OF CASH FLOW

	March 31, 2012 $	March 31, 2012 ₹	March 31, 2011 $	March 31, 2011 ₹
Cash flows from operating activities				
Net income	711,869	34,205,307	732,567	32,672,488
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities				
Depreciation and amortization	851,585	40,918,659	879,272	39,215,531
Deferred income taxes	4,724	226,988	14,208	633,677
Bad debt expense	838,417	40,285,937	—	—
(Increase) decrease in assets				
Accounts receivable	(1,643,970)	(78,992,759)	(2,602,700)	(116,080,420)
Due from ITC Infotech Ltd. (UK), net	(40,200)	(1,931,610)	—	—
Advances to employees	(127,369)	(6,120,080)	(47,028)	(2,097,449)
Security deposits and other advances	40,932	1,966,783	(121,613)	(5,423,940)
Increase (decrease) in liabilities				
Accounts payable	(18,623)	(894,835)	(122,840)	(5,478,664)
Accrued expenses and other liabilities	391,335	18,803,647	157,925	7,043,455
Accrued payroll and payroll taxes	62,256	2,991,401	179,551	8,007,975
Due to ITC Infotech Ltd. (UK), net	—	—	(78,804)	(3,514,658)
Due to Pyxis Solutions, LLC., net	(45,909)	(2,205,927)	75,797	3,380,546
Due to ITC Infotech India Ltd., net	153,175	7,360,059	2,314,283	103,217,022
Net cash provided by operating activities	1,178,222	56,613,570	1,380,618	61,575,563
Cash flows from investing activities				
Capital expenditures	(33,284)	(1,599,296)	(52,636)	(2,347,566)
Increase in goodwill acquired (see Note C)	—	—	(598,741)	(26,703,849)
Net cash used in investing activities	(33,284)	(1,599,296)	(651,377)	(29,051,415)
Cash flows from financing activities	—	—	—	—
Net cash provided by financing activities	—	—	—	—
Net increase in cash and cash equivalents	1,144,938	55,014,274	729,241	32,524,148
Cash and cash equivalents at beginning of year	2,286,054	109,844,892	1,556,813	69,433,860
Cash and cash equivalents at end of year	3,430,992	164,859,166	2,286,054	101,958,008

Supplemental disclosures of cash flow information:

Income taxes paid were $24,519 (₹ 1,178,138) and $44,865 (₹ 2,000,979) during 2012 and 2011, respectively.

The accompanying notes are an integral part of these financial statements

On behalf of the Board

	G Satish	L. N. Balaji	B. Sumant	S. Sivakumar
Date : May 7, 2012	Financial Controller	President	Director	Vice Chairman

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2012 and 2011

NOTE A - BUSINESS BACKGROUND AND PRINCIPAL TRANSACTIONS WITH AFFILIATES

ITC Infotech (USA), Inc. (the "Company"), a New Jersey corporation, is principally engaged in the information technology services business. Majority of its customers are commercial entities and software developers throughout the United States of America. The work is usually performed under contracts which specify fixed hourly rates (which depend upon the skill level of the employee staffed at the customer's location) and which vary in length, but are typically less than two years in duration. The Company generates revenue through specific projects, whereby the Company and its overseas affiliates undertake the responsibility to deliver specific software solutions ("Project Business") on a contractual basis. Substantially all of these contracts for Project Business were co-sourced, in terms of the marketing agreement with its affiliates (see Note D), or fulfilled with resources drawn from affiliates, on a contractual basis, to supplement the Company's resources. The Company either receives fees from affiliates for client account management in respect of work contracted between ITC Infotech India Ltd. or ITC Infotech Ltd. (UK) with clients in the United States, or incurs subcontract costs for technical services provided by affiliates to support customer contracts entered into by the Company.

The Company is a wholly owned subsidiary of ITC Infotech India Ltd. ("Infotech India"), an Indian company. There are 185,000 common shares authorised of which 182,000 have been issued, and are outstanding, to Infotech India. ITC Infotech Ltd. ("Infotech UK") is also a wholly owned subsidiary of ITC Infotech India Ltd.

The Company acquired 100% of the membership interests of Pyxis Solutions, LLC ("Pyxis") on August 11, 2008. Pyxis was formed as a New York State limited liability company in 2000. One of the founder members of Pyxis also owns a majority interest in an entity performing similar services in Singapore ("Pyxis Singapore"). Pyxis is principally engaged in the information technology services business offering Quality Assurance (QA) solutions and testing services. Its customers are commercial entities throughout the United States of America.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1) Basis of Presentation

As required by the parent company the financial statements of the Company are not prepared in accordance with accounting principles generally accepted in the United States as this presentation does not consolidate the results of its wholly owned subsidiary Pyxis. So accordingly, these financial statements do not purport to follow US GAAP. Furthermore, as permitted by accounting principles generally accepted in the United States, the impact of the acquisition of Pyxis was not pushed-down to Pyxis. Accordingly, the intangible assets presented herein relate to the excess purchase price over the fair value of current assets and liabilities. These financial statements are presented in U.S. dollars. However, as required by the parent company, the Indian Rupee equivalent figures, arrived at by applying the average interbank exchange rate of US$1 = 48.05 (2011 US$1 = Rs. 44.60) as provided by the parent company, have been included solely for informational purposes and is not in conformance with the provisions of FASB ASC 830-30 - Foreign Currency Matters - Translation of Financial Statements and U.S. GAAP.

2) Recognition of Revenue

Service Revenue

Service revenues are based upon hours worked by Company employees on customer assignments and are recognized when the work is performed. Revenue is determined by multiplying the hours worked by the contractual billing rates. Substantially all customers are invoiced weekly, biweekly, or monthly.

Project Revenue

Revenues on the project business are recognized as earned, typically in the month the service is performed. Costs associated with the use of subcontractors to fulfill such project business are recognized in the same period.

In accordance with Accounting Standards Codification Topic ("ASC") 605, "Revenue Recognition", the Company recognizes revenues on delivery when a non-cancellable agreement has been executed, fees are fixed and determinable and collection is considered probable unless there is significant uncertainty about customer acceptance, in which case revenues are recognised upon such acceptance. Losses on contracts are recognised when determinable.

3) Account Management Fees

Fees for client account management in respect of work contracted by Infotech India and Infotech UK with clients in the United States are billed monthly at a predetermined rate applied on the amount billed by Infotech India and Infotech UK, to its clients.

4) Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers all cash accounts which are not subject to withdrawal restrictions or penalties, and certificates of deposit with maturities of ninety days or less, when purchased, to be cash or cash equivalents.

5) Accounts Receivable

Credit is extended based on evaluation of a customer's financial condition and, generally, collateral is not required. Accounts receivable are generally due within 30 to 60 days and are stated at amounts due from customers net of an allowance for doubtful accounts. Accounts outstanding longer than the contractual payment terms are considered past due. The Company creates an allowance for accounts receivable based on historical experience and management's evaluation of outstanding accounts receivable. Accounts are written off when they are deemed uncollectible.

6) Equipment, Software, Furniture and Fixtures and Leasehold Improvements

Equipment, purchased or internally developed software, furniture and fixtures and leasehold improvements are stated at cost. Depreciation is provided under the straight line method based upon the estimated useful lives of the assets, with such lives ranging up to five years.

7) Income Taxes

The Company accounts for income taxes pursuant to ASC 740, "Income Taxes" ("ASC 740"). ASC 740 requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Future tax benefits, such as net operating loss carry forwards, are recognised to the extent that realisation of these benefits is considered to be more likely than not. If the future realisation of such benefits is uncertain, then a valuation allowance is provided.

The Company provides for income tax in accordance with the Financial Accounting Standards Board ("FASB") issued ASC 740-10, "Income Taxes" ("ASC 740-10"). ASC 740-10 provides recognition criteria and a related measurement model for uncertain tax positions taken or expected to be taken in income tax returns. ASC 740-10 requires that a position taken or expected to be taken in a tax return be recognised in the financial statements when it is more likely than not that the position would be sustained upon examination by tax authorities. Tax positions that meet the more likely than not threshold are then measured using a probability weighted approach recognising the largest amount of tax benefit that is greater than 50% likely of being realised upon ultimate settlement. There were no significant matters determined to be unrecognised tax benefits taken or expected to be taken in a tax return that have been recorded in the Company's financial statements for the year ended March 31, 2012. The income tax returns of the Company are subject to examination by the IRS and other taxing authorities, generally for three years after they are filed.

8) Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Although actual results could differ from those estimates, in the opinion of management such estimates would not materially affect the financial statements.

9) Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

10) Advertising Costs

Advertising costs are expensed as incurred.

11) Long-Lived Assets

The Company follows ASC 360, "Property, Plant and Equipment". Accordingly, whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable, the Company assesses the recoverability of the asset. No impairment charge has been recorded in fiscal years ended March 31, 2012 or 2011.

12) Intangible Assets

Intangible assets are stated at fair value at the date of Pyxis acquisition and are amortized on the straight line method over their estimated useful life of 4 to 8 years. Goodwill is not amortized but is subjected to annual impairment testing.

13) Impairment of Goodwill

The Company tests goodwill for impairment annually on March 31 at the reporting unit level using a fair value approach, in accordance with the provisions of ASC 350, "Intangibles - Goodwill and Other". Annual testing resulted in no impairments of goodwill in fiscal years ended March 31, 2012 and 2011. If an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value, goodwill will be evaluated for impairment between annual tests.

14) Fair Value Measurements

The Company's financial instruments include cash and cash equivalents, accounts receivable from customers, advances, other assets, accounts payable, and accruals which are short-term in nature. The Company believes the carrying amounts of these financial instruments reasonably approximate their fair value.

ASC 820 "Fair Value Measurements" ("ASC 820") defines fair value, establishes a common framework for measuring fair value under the U.S. GAAP, and expands disclosures about fair value measurements for financial and non-financial assets and liabilities.

15) Capitalised Software Costs

Costs incurred for development of computer software for internal use of the Company are capitalised. Any costs incurred in the preliminary stages of development and in the operating stages of the software are expensed immediately. Capitalised software costs are amortized over a period of five years or over the estimated useful lives, whichever is lower. There were no such costs capitalised in fiscal years ended March 31, 2012 or 2011.

16) Subsequent Events

The Company evaluated all events or transactions that occurred after March 31, 2012 up through May 7, 2012, the date when the financial statements were available to be issued.

NOTE C - ACQUISITION OF MEMBERSHIP INTERESTS

On August 11, 2008, the Company acquired 100% of the membership interests of Pyxis for $12,434,878 (Rs. 597,495,888). Accordingly, Pyxis became a wholly owned subsidiary from that date. In connection with the Membership Interest Purchase Agreement ("MIPA"), each of the two founder members of Pyxis, receive certain allocable portion of Pyxis's earning as "contingent payments". The first of such contingent payment, "Contingent Anniversary Payment", was contingent on Pyxis's earnings before interest, taxes, depreciation and amortization (EBITDA) as determined from the "First Anniversary Income Statement" in accordance with the terms of meeting or exceeding the target EBITDA. The second and last such payment, "Second Anniversary Payment", was computed on Pyxis's EBITDA as determined from the "Second Anniversary Income Statement".

The Company recorded this acquisition as a purchase, and the results of Pyxis's operations were included from the date of acquisition. The fair value of current assets and liabilities approximated their book value at the date of acquisition. For income tax purposes, Pyxis is considered a disregarded entity, and accordingly, its results of operations are included in the income tax return of the Company from the date of acquisition and forward. For income tax purposes, the Company has recognised intangible assets on a stepped-up basis and such intangible assets are being amortized over 15 years.

In accordance with MIPA, based on Pyxis's EBITDA for the year ended August 31, 2009, the Company paid the founder members of Pyxis $1,083,668 (Rs. 52,070,247) towards contingent anniversary payment, computed on the basis of the first anniversary income statement. This payment is reflected as an increase in goodwill in accordance with ASC 805. The Contingent Anniversary Payment was made from the Company's internal cash accruals.

In accordance with MIPA, based on Pyxis's EBITDA for the year ended August 31, 2010, the Company paid the founder members of Pyxis $598,741 (Rs. 28,769,505). This payment is reflected as an increase in goodwill in accordance with ASC 805. The Second Anniversary Payment was made from the Company's internal cash accruals.

In accordance with MIPA, the Company had provided an irrevocable standby letter of credit, expired on April 30, 2011 for $4,650,000 (Rs. 223,432,500), to each of the two founder members of Pyxis as a security for full and timely discharge of payments. The Company received the funding for this acquisition from an additional contribution of capital from its parent company of $13,500,000 (Rs. 648,675,000) in 2009.

After paying the Second Anniversary Payment, as above, the irrevocable standby letter of credit, to each of the two founder members of Pyxis, was closed on December 6, 2010.

The total purchase price for the acquisition of membership interest and allocation thereof, is as follows:

Purchase price	$ 12,434,878	₹ 597,495,888
Transaction costs	493,755	23,724,928
Total purchase price at the time of acquisition	12,928,633	621,220,816
Contingent anniversary payment	1,083,668	52,070,247
Second anniversary payment	598,741	28,769,505
Total purchase price	14,611,042	702,060,568
Allocation of purchase price		
Current assets acquired	2,567,021	123,345,359
Less: Current liabilities assumed	957,064	45,986,925
Net assets acquired (working capital)	1,609,957	77,358,434
Identifiable intangible assets (see Note F)	5,390,000	258,989,500
Goodwill (see Note F)	5,502,156	264,378,596
Add: Deferred tax benefit adjusted	426,520	20,494,286
Total purchase price at the time of acquisition	12,928,633	621,220,816
Add: Contingent anniversary payment added to goodwill (see Note C and Note F)	1,083,668	52,070,247
Add: Second anniversary payment added to goodwill (see Note C and Note F)	598,741	28,769,505
Total purchase price	$ 14,611,042	₹ 702,060,568

NOTE D - RELATED PARTY TRANSACTIONS

The Company had transactions with the following parties:

	Year ended March 31,			
	2012	**2012**	2011	2011
	$	**(₹)**	$	(₹)
Transactions with Infotech India				
Costs for project consultations / other expenses, included in cost of revenues / general and administrative expenses	**$17,600,501**	**845,704,060**	$12,424,265	554,122,219
Project / other expenses reimbursements from Infotech India	**515,468**	**24,768,238**	562,030	25,066,538
Service / account management fees recognised as revenue	**—**	**—**	53,262	2,375,485
Transactions with Infotech UK				
Service / account management fees / others, recognised as revenue	**119,275**	**5,731,151**	61,075	2,723,945
Costs for project consultations / other expenses, included in cost of revenues / general and administrative expenses	**209,165**	**10,050,369**	366,423	16,342,466
Project / other expense reimbursements from Infotech UK	**—**	**—**	556	24,798
Transactions with Pyxis				
Service / account management fees / others, recognised as revenue	**58,656**	**2,818,421**	—	—
Costs for project consultations / other expense reimbursements, included in cost of revenues / general and administrative expenses	**184,240**	**8,852,732**	241,176	10,756,450
Other expense reimbursements from Pyxis	**508,597**	**24,438,098**	233,665	10,421,459
Other expense reimbursements to Pyxis	**604**	**29,041**	29,149	1,300,045

Rent paid includes $106,217 (₹ 5,103,727) and $95,048 (₹ 4,239,141) towards rent paid to King Maker Marketing Inc. (see Note G) for the fiscal years ended March 31, 2012 and 2011 respectively.

Accounts receivable includes $0 (₹ 0) and $38,277 (₹ 1,707,154) receivable from Pyxis Solutions Pte. Ltd. for the fiscal years ended March 31, 2012 and 2011, respectively.

NOTE E - ACCOUNTS RECEIVABLE

Accounts receivable includes both billed and unbilled receivable. Changes in the allowance for doubtful accounts in 2012 and 2011 are as follows:

	2012	**2012**	2011	2011
	$	**(₹)**	$	(₹)
Beginning balance	**396,427**	**19,048,317**	396,427	17,680,644
Increase to allowance	**838,417**	**40,285,937**	—	—
Accounts written off	**(769,351)**	**(36,967,316)**	—	—
Provision written back	**—**	**—**	—	—
Ending balance	**465,493**	**22,366,938**	396,427	17,680,644

Unbilled receivables were approximately $ 1,091,194 (₹ 52,431,872) and $818,623 (₹ 36,510,586) as at March 31, 2012 and 2011 respectively.

NOTE F - INTANGIBLE ASSETS

The Company has assets arising on acquisition of membership interest in accordance with ASC 805,"Business Combinations" ("ASC 805"). Accordingly, the components of intangible assets (including goodwill) as at March 31, 2012 and 2011, are as follows:

			2012			2011		
Identifiable intangible assets	Estimated useful life	Currency	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Trade name	8	$	300,000	136,438	163,562	300,000	98,938	201,062
		₹	14,415,000	6,555,846	7,859,154	13,380,000	4,412,635	8,967,365
Non-compete agreement	4	$	90,000	81,863	8,137	90,000	59,363	30,637
		₹	4,324,500	3,933,517	390,983	4,014,000	2,647,590	1,366,410
Customer relationship	8	$	3,900,000	1,773,699	2,126,301	3,900,000	1,286,199	2,613,801
		₹	187,395,000	85,226,237	102,168,763	173,940,000	57,364,475	116,575,525
Know how	5	$	1,100,000	800,438	299,562	1,100,000	580,438	519,562
		₹	52,855,000	38,461,046	14,393,954	49,060,000	25,887,535	23,172,465
Total		$	5,390,000	2,792,438	2,597,562	5,390,000	2,024,938	3,365,062
		₹	258,989,500	134,176,646	124,812,854	240,394,000	90,312,235	150,081,765
Goodwill (see Note C)		$	7,184,566	—	7,184,566	7,184,566	—	7,184,566
		₹	345,218,396	—	345,218,396	320,431,644	—	320,431,644
Net assets acquired (working capital) (see Note C)		$	1,609,957	—	1,609,957	1,609,957	—	1,609,957
		₹	77,358,434		77,358,434	71,804,082		71,804,082
Total intangible assets		$	14,184,523	2,792,438	11,392,085	14,184,523	2,024,938	12,159,585
		₹	681,566,330	134,176,646	547,389,684	632,629,726	90,312,235	542,317,491

Amortization of identifiable intangible assets for the years ended March 31, 2012 and 2011 was $767,500 (Rs. 36,878,375) and $767,500 (₹ 34,230,500), respectively. At March 31, 2012 the expected amount of amortization of identifiable intangible assets, over the next five years are as follows:

2012-2013	$ 753,137	₹ 36,188,233
2013-2014	604,562	29,049,204
2014-2015	525,000	25,226,250
2015-2016	525,000	25,226,250
2016-2017	189,863	9,122,917
Total amortization expense	$ 2,597,562	₹ 124,812,854

NOTE G - COMMITMENTS AND CONTINGENCIES

LEASES

The Company has leased offices and storage spaces under non-cancellable operating leases, some of these expiring through fiscal 2017. One such office has been leased from King Maker Marketing Inc. whose parent Company (ITC Limited) is same as the Company's ultimate parent company. Total rent and other reimbursements to King Maker Marketing Inc. was approximately $106,217 (Rs. 5,103,727) and $95,048 (Rs. 4,239,141) for the fiscal years ended March 31, 2012 and 2011, respectively. Total rent expense under all facilities leases was approximately $158,950 (Rs 7,637,546) and $152,898 (₹ 6,819,251) for the fiscal years ended March 31, 2012 and 2011, respectively.

In addition, the Company has entered into various non-cancellable operating leases for the rental of equipment.

The future minimum annual lease payments as at March 31, 2012 are as follows:

	Offices		Equipment		Total	
	$	₹	$	₹	$	₹
2012-2013	151,436	7,276,500	4,309	207,047	155,745	7,483,547
2013-2014	153,417	7,371,687	3,320	159,526	156,737	7,531,213
2014-2015	155,437	7,468,748	2,991	143,718	158,428	7,612,466
2015-2016	157,498	7,567,779	2,991	143,718	160,489	7,711,497
2016-2017	78,804	3,786,532	2,991	143,718	81,795	3,930,250
Total Minimum Lease Payments	696,592	33,471,246	16,602	797,727	713,194	34,268,973

NOTE H - INCOME TAXES

The provision for income taxes consists of the following:

	Year ended March 31, $ 2012	2012(₹)	$ 2011	2011(₹)
Federal Taxes				
Current	—	—	—	—
Deferred	39,456	1,895,861	(155,075)	(6,916,345)
State and local taxes				
Current	33,123	1,591,560	38,467	1,715,628
Deferred	(34,732)	(1,668,873)	(1,178)	(52,539)
Foreign Taxes	88,683	4,261,218	170,461	7,602,561
Total current expense	$ 126,530	₹ 6,079,766	$ 52,675	₹ 2,349,305

As a result of the Pyxis acquisition, the Company's amortizable tax basis goodwill exceeds it financial reporting goodwill. Under ASC 740, this is known as component 2 goodwill. No tax benefit is recorded for amortization of component 2 goodwill until such deduction reduces taxes payable. As at March 31, 2012, no tax benefit related to the amortization of component 2 goodwill has been recorded.

The Company's 2012 and 2011 expected Federal income tax provision was offset by the utilisation of net operating loss carry forwards.

Deferred tax assets and liabilities consist of the following:

	$ 2012	2012(₹)	$ 2011	2011 (₹)
Net Operating Loss carry forwards	19,720	947,546	281,844	12,570,242
Other temporary differences (net)	488,445	23,469,782	294,789	13,147,589
Foreign tax credit carry-over	423,309	20,339,997	359,564	16,036,575
Federal Alternate Minimum Tax carry over	24,938	1,198,271	24,938	1,112,235
Net deferred tax asset	$ 956,412	₹ 45,955,596	$ 961,135	₹ 42,866,641

As at March 31, 2012, the Company has NOL of approximately $57,999 (₹ 2,786,852) available to offset future taxable income, as summarised below.

For the financial year ended March 31, 2011, Other Assets included a sum of $ 170,461 (₹ 7,602,561) being deferred tax asset created on foreign tax credits. This amount has been reclassified under deferred tax asset in the current year's presentation.

Operating loss carry forwards for Federal income tax purposes will expire as follows:

Year	Expiring Amount ($)	Expiring Amount (₹)
March, 2025	1,329	63,858
March, 2026	10,805	519,180
March, 2027	17,343	833,331
March, 2028	22,564	1,084,200
March, 2030	5,958	286,282
	$ 57,999	₹ 2,786,851

NOTE I - CONCENTRATION OF CUSTOMER SALES

A significant portion of the Company's sales are to several key customers, some of which are also agencies providing software consulting services to commercial entities and software developers. Three such key customers accounted for approximately 33% (13%, 12% and 8%) and approximately 37% (18%, 11% and 8%) of the Company's net revenues for the years ended March 31, 2012 and 2011, respectively. Accounts receivable from these customers approximated 26% (9%, 9%, and 8%) and 32% (14%, 14%, and 4%) of total accounts receivable as at March 31, 2012 and 2011, respectively.

NOTE J - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to regulatory limits. The Company has not experienced any losses in such accounts.