REPORT OF THE DIRECTORS

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

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

Principal activities

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

Key performance indicators

	GBP (million)	
Year Ended March 31,	2012	2011
Total Income	24.35	22.22
Cost of Sales	17.06	16.00
Gross Profit	7.29	6.22
Operating Profit	2.97	1.45
Profit before Tax	2.98	1.45
Profit after Tax	2.13	1.03

Business review

Your Company's results substantially improved with Total Income, Operating Profit and Profit After Tax growing by 10%, 105% and 107% respectively, through greater market penetration, improved realisations and effective operations and cost management.

Your Company's focus on identified Business Verticals has resulted in acquisition of several marquee customers in the Banking, Financial Services and Insurance sector. Market development activities in Europe, South Africa and Middle East have enabled acquisition of several clients in these regions with potential for significant business opportunities.

While the overall business environment in Europe remains pessimistic, and IT budgets are under severe pressure, this also presents new opportunities for your Company in its chosen focus areas as exemplified in the current year.

With a growing funnel in its chosen service lines, and a sales organisation aligned to and sharply focused on driving its value proposition in each of these service lines, your Company looks forward to 2012-13 with confidence.

Financial risk management objectives and policies

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

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

a) Market risk - currency risk

The Company is exposed to translation and transaction foreign exchange risk. Approximately 14% of its sales are in US dollars and the Company pays its major supplier, its parent company, mostly in US dollars. It limits its exposure by holding foreign currency in currency bank accounts. It does not currently hold any hedging instruments but foreign exchange management is kept under regular review.

b) Credit risk

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

c) Liquidity risk

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

Directors

The Directors in office at the end of the year are listed below. All served on the Board throughout the year, unless indicated otherwise. The interests of the Directors in the shares of the Company as at 31st March, 2012 and 1st April, 2011 were as follows:

	2012 and 2011 Ordinary Shares
Y. C.Deveshwar	—
S.Sivakumar	—
B. B. Chatterjee	—
S. Puri	—
B.Sumant	—
R.Tandon	—

Mr. B. B. Chatterjee, Director, and Mr. Y. C. Deveshwar, Director & Chairman, will retire by rotation at the Annual General Meeting and, being eligible, offer themselves for re-election.

Statement of directors' responsibilities

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

i. select suitable accounting policies and then apply them consistently;

ii. make judgements and estimates that are reasonable and prudent;

iii. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;

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

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

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

Auditors

PricewaterhouseCoopers LLP, Auditors, offer themselves for re-appointment in accordance with the provisions of Section 485 of the Companies Act, 2006.

Approved by the Board on 7th May, 2012 and signed on behalf of the Board by

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

B. Sumant
Director

S. Sivakumar
Vice Chairman

INDEPENDENT AUDITORS' TO THE MEMBERS OF ITC INFOTECH LIMITED

We have audited the financial statements of ITC Infotech Limited for the year ended 31 March, 2012 which comprise the profit and loss account, the balance sheet, cash flow statement, the statement of total recognised gains and losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

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

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March, 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Mike Robinson (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Milton Keynes

21 May, 2012

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

	Note	2012 £	Unaudited 2012 ₹	2011 £	Unaudited 2011 ₹
Turnover	2	24,347,804	1,870,885,259	22,224,843	1,595,632,603
Cost of sales		17,059,773	1,310,872,957	16,002,587	1,148,905,734
Gross profit		7,288,031	560,012,302	6,222,256	446,726,869
Other operating charges	3	4,317,416	331,750,246	4,775,531	342,859,248
Operating profit	4	2,970,615	228,262,056	1,446,725	103,867,621
Operating profit before foreign exchange gain/(loss)		2,944,562	226,260,144	1,546,776	111,050,782
Foreign exchange gain/(loss)		26,053	2,001,913	100,051	7,183,161
Interest receivable and similar income	6	6,542	502,687	4,285	307,642
Profit on ordinary activities before taxation		2,977,157	228,764,743	1,451,010	104,175,263
Tax on profit on ordinary activities	7	851,340	65,416,965	416,021	29,868,228
Profit for the financial year		2,125,817	163,347,778	1,034,989	74,307,035

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

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial years stated above and their historical costs equivalents

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

BALANCE SHEET AS AT 31 MARCH, 2012

	Note	2012 £	Unaudited 2012 ₹	2011 £	Unaudited 2011 ₹
Fixed assets					
Tangible assets	8	21,607	1,660,282	31,059	2,229,882
Current assets					
Debtors	9	6,001,667	461,168,091	6,730,710	483,231,324
Loans and advances		56,418	4,335,159	108,752	7,807,850
Deferred tax recoverable	10	2,532	194,559	3,694	265,211
Cash at bank		4,983,977	382,968,793	2,612,614	187,572,622
		11,044,594	848,666,603	9,455,770	678,877,007
Creditors: amounts falling due within one year	11	3,525,944	270,933,537	4,082,681	293,116,082
Net Current Assets		7,518,650	577,733,066	5,373,089	385,760,925
Total assets less current liabilities		7,540,257	579,393,348	5,404,148	387,990,807
Capital and reserves					
Called-up equity share capital	15	685,815	52,698,025	685,815	49,238,075
Profit and loss account	16	6,854,442	526,695,323	4,718,333	338,752,732
Shareholders' funds	17	7,540,257	579,393,348	5,404,148	387,990,807

These financial statements were approved by the directors on 7th May, 2012 and are signed on their behalf by:

HS Garewal *President*	G Bindal *Financial Controller*	B. Sumant *Director*	S. Sivakumar *Vice Chairman*

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2012

	Note	2012 £	Unaudited 2012 ₹	2011 £	Unaudited 2011 ₹
Net cash inflow / (outflow) from operating activities	18	**3,008,231**	**231,152,470**	852,194	61,183,268
Returns on investments and servicing of finance					
Interest received		**2,199**	**168,971**	4,285	307,642
Net cash inflow from returns on investments and servicing of finance		**2,199**	**168,971**	4,285	307,642
Taxation		**(632,790)**	**(48,623,583)**	(222,070)	(15,943,516)
Capital expenditure					
Payments to acquire tangible fixed assets		**(6,277)**	**(482,325)**	(7,822)	(561,580)
Net cash outflow from capital expenditure		**(6,277)**	**(482,325)**	(7,822)	(561,580)
Increase / (Decrease) in cash	18	**2,371,363**	**182,215,533**	626,587	44,985,814

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

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH, 2012

	2012 £	Unaudited 2012 ₹	2011 £	Unaudited 2011 ₹
Profit for the financial year	**2,125,817**	**163,347,778**	1,034,989	74,307,035
Currency translation of (loss) / gain of retained earnings of overseas branches	**10,292**	**790,837**	832	59,733
Total recognised gains and losses relating to the financial year	**2,136,109**	**164,138,615**	1,035,821	74,366,768

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

NOTES TO THE FINANCIAL STATEMENTS

Supplementary information - Indian Rupee amounts

The financial statements of ITC Infotech Limited are prepared in accordance with accounting principles generally accepted in the United Kingdom, the country of incorporation, and are presented in GBP. The supplementary information (comprising the pro-forma financial information disclosed in Indian Rupees) requested by the parent company has been arrived at by applying the year end interbank exchange rate of GBP 1 = ₹ 76.84 (2011: GBP 1 = ₹ 71.80) as provided by the parent company. The supplementary information has not been audited.

1. Principal accounting policies

Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Financial instruments

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

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

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

Turnover

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

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

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

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

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

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

Leased assets

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

Deferred taxation

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

Foreign currencies

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

Recruitment costs

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

2. Turnover

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

	2012 £	Unaudited 2012 ₹	2011 £	Unaudited 2011 ₹
United Kingdom	17,539,289	1,347,718,967	16,133,769	1,158,323,945
India	4,782,616	367,496,213	3,606,992	258,963,991
US	129,455	9,947,322	236,794	17,000,625
Singapore	190,461	14,635,023	9,676	694,688
Europe	1,653,783	127,076,686	2,203,074	158,169,698
Other	52,200	4,011,048	34,538	2,479,656
	24,347,804	1,870,885,259	22,224,843	1,595,632,603

3. Other operating charges

	2012 £	Unaudited 2012 ₹	2011 £	Unaudited 2011 ₹
Administrative expenses	4,556,845	350,147,970	4,775,531	342,859,248
Provision for leave encashment no longer required	(239,429)	(18,397,724)	—	—
	4,317,416	331,750,246	4,775,531	342,859,248

4. Operating profit

	2012 £	Unaudited 2012 ₹	2011 £	Unaudited 2011 ₹
Operating profit is stated after charging:				
Depreciation of owned fixed assets	15,729	1,208,616	17,138	1,230,422
Auditor's remuneration:				
- audit fees	19,750	1,517,590	20,775	1,491,541
- non-audit fees – taxation and other services	3,250	249,730	14,505	1,041,386
Loss / (gain) on foreign exchange	(26,053)	(2,001,913)	100,051	7,183,161
Operating lease costs:				
Land and buildings	41,919	3,221,056	53,191	3,818,848
Plant and equipment	1,809	139,004	1,809	129,877

5. Directors and employees

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

	2012 No.	2011 No.
Staff	232	210

The aggregate payroll costs of the above were:

	2012 £	Unaudited 2012 ₹	2011 £	Unaudited 2011 ₹
Wages and salaries	10,020,001	769,936,877	8,719,581	626,022,318
Social security costs	997,985	76,685,167	787,840	56,562,973
	11,017,986	846,622,044	9,507,421	682,585,291

Remuneration in respect of directors was nil (2011: £nil).

6. Interest receivable & similar income

	2012 £	Unaudited 2012 ₹	2011 £	Unaudited 2011 ₹
Bank interest receivable	2,199	168,971	4,285	307,642
Other miscellaneous income	4,343	333,716	—	—
	6,542	502,687	4,285	307,642

	2012 £	Unaudited 2012 ₹	2011 £	Unaudited 2011 ₹
7. Taxation on ordinary activities				
(a) Analysis of charge in the year				
Current tax:				
- UK Corporation tax on profits of the year	612,937	47,098,079	350,140	25,138,302
- Adjustment in respect of previous years	237,241	18,229,598	81,345	5,840,164
- Foreign Tax – Current Year	—	—	3,864	277,416
– Prior Year	—	—	(23,994)	(1,722,649)
Total current tax	850,178	65,327,677	411,355	29,533,233
Deferred tax:				
Origination and reversal of timing differences	1,162	89,288	4,666	334,995
Tax on profit on ordinary activities	851,340	65,416,965	416,021	29,868,228
Taxation on ordinary activities				
(b) Factors affecting current tax charge				
The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 26% (2011 - 28%).				
Profit on ordinary activities before taxation	2,977,157	228,764,743	1,451,010	104,175,263
Profit on ordinary activities multiplied by rate of tax	776,736	59,684,393	406,283	29,169,074
Expenses not deductible for tax purposes	29,221	2,245,342	30,851	2,214,962
Movement in capital allowances	(1,062)	(81,604)	(1,785)	(128,154)
Adjustments to tax charge in respect of previous periods	45,283	3,479,546	(23,994)	(1,722,649)
Total current tax (note 6(a))	850,178	65,327,677	411,355	29,533,233

The standard rate of corporation tax in the UK changed from 28% to 26% with effect from 1 April, 2011. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 26%.

Finance Act 2011 received Royal Assent on 19 July, 2011, and included legislation in respect of corporation tax rate changes as follows:
- A reduction in the main rate of corporation tax to 26% with effect from 1 April, 2011;
- A reduction in the main rate of corporation tax to 25% with effect from 1 April, 2012.

Deferred tax assets and liabilities at 31 March, 2012 have been measured using the rate of 24%.

The 2012 Budget included an announcement that the main rate will be reduced by an additional 1% to 24% on 1 April, 2012. Further reductions in the main rate of corporation tax to 23% effective from 1 April, 2013 and 22% effective from 1 April, 2014 are expected to be enacted. However, these proposed rate reductions had not been substantively enacted at the balance sheet date of 31 March, 2012 and have therefore not been reflected in these financial statements.

It has also been previously announced that capital allowances rates will reduce to 18% writing down allowances per annum on the main plant and machinery pool and 8% writing down allowances per annum on the special rate pool, both changes becoming effective from 1 April, 2012. The impact of these changes is not expected to be material to the balance sheet.

8. Tangible fixed assets

	Leasehold improvements £	Unaudited Leasehold improvements ₹	Fixtures and fittings £	Unaudited Fixtures and fittings ₹	Computer equipment £	Unaudited Computer equipment ₹	Total £	Unaudited Total ₹
Cost								
At 1 April, 2011	50,965	3,916,151	60,215	4,626,921	175,666	13,498,175	286,846	22,041,247
Additions	—	—	—	—	6,277	482,325	6,277	482,325
At 31 March, 2012	50,965	3,916,151	60,215	4,626,921	181,943	13,980,500	293,123	22,523,572
Depreciation								
At 1 April, 2011	40,207	3,089,506	53,974	4,147,362	161,606	12,417,805	255,787	19,654,673
Charge for the year	4,965	381,532	2,958	227,293	7,806	599,813	15,729	1,208,638
At 31 March, 2012	45,172	3,471,038	56,932	4,374,655	169,412	13,017,618	271,516	20,863,311
Net book value								
At 31 March, 2012	5,793	445,134	3,283	252,266	12,531	962,882	21,607	1,660,282
At 31 March, 2011	10,758	826,645	6,241	479,558	14,060	1,080,370	31,059	2,386,574

For simplicity, the brought forward Rupee amounts at 1 April, 2011 have been translated at the 31 March, 2012 exchange rate.

9. Debtors

	2012 £	Unaudited 2012 ₹	2011 £	Unaudited 2011 ₹
Trade debtors	4,460,994	342,782,778	5,295,551	380,194,084
Amounts owed by group undertakings	1,538,248	118,198,976	1,367,764	98,198,616
Prepayments and accrued income	2,425	186,337	67,395	4,838,624
	6,001,667	461,168,091	6,730,710	483,231,324

	2012 £	Unaudited 2012 ₹	2011 £	Unaudited 2011 ₹
10. Deferred taxation				
The deferred tax included in the Balance sheet is as follows:				
Deferred tax asset	2,532	194,559	3,694	265,211
The movement in the deferred taxation account during the year was:				
Balance brought forward	3,694	283,847	8,360	600,206
Profit and loss account movement arising during the year	(1,162)	(89,288)	(4,666)	(334,995)
Balance carried forward	2,532	194,559	3,694	265,211
The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:				
Excess of depreciation over taxation allowances on fixed assets	2,532	194,559	3,694	265,211

11. Creditors: amounts falling due within one year

	2012 £	Unaudited 2012 ₹	2011 £	Unaudited 2011 ₹
Trade creditors	304,317	23,383,718	839,628	60,281,092
Corporation tax	339,095	26,056,060	121,707	8,737,954
Other taxation and social security	835,952	64,234,552	937,259	67,290,510
Other creditors	2,046,580	157,259,207	2,184,087	156,806,526
	3,525,944	270,933,537	4,082,681	293,116,082

12. Leasing commitments

At 31 March, 2012 the company had annual commitments under non-cancellable operating leases as set out below.

	2012				2011			
	Land & Buildings £	Unaudited Land & Buildings ₹	Other Items £	Unaudited Other Items ₹	Land & Buildings £	Unaudited Land & Buildings ₹	Other Items £	Unaudited Other Items ₹
Operating leases which expire:								
Within 1 year	62,878	4,831,546	—	—	—	—	—	—
Within 1 to 2 years	—	—	—	—	—	—	—	—
Within 2 to 5 years	—	—	1,809	139,004	60,941	4,375,259	1,809	129,877
	62,878	4,831,546	1,809	139,004	60,941	4,375,259	1,809	129,877

13. Capital commitments

There were no capital commitments at 31 March, 2012 or 31 March, 2011.

14. Contingent liabilities

There were no contingent liabilities at 31 March, 2012 or 31 March, 2011.

15. Share capital

Authorised share capital:

	2012 £	Unaudited 2012 ₹	2011 £	Unaudited 2011 ₹
1,629,700 Ordinary shares of £1 each	1,629,700	125,226,148	1,629,700	117,004,312

Allotted, called up and fully paid:

	2012 No.	2012 £	Unaudited 2012 ₹	2011 No.	2011 £	Unaudited 2011 ₹
Ordinary shares of £1 each	685,815	685,815	52,698,025	685,815	685,815	49,238,075

16. Profit and loss account

	£	Unaudited ₹
At 1 April 2011	4,718,333	362,556,708
Profit for the financial year	2,125,817	163,347,778
Other recognised losses and gains	10,292	790,837
At 31 March 2012	6,854,442	526,695,323

For simplicity, the brought forward Rupee amounts at 1 April, 2011 have been translated at the 31 March, 2012 exchange rate.

17. Reconciliation of movements in shareholders' funds

	2012	Unaudited 2012	2011	Unaudited 2011
	£	₹	£	₹
Profit for the financial year	2,125,817	163,347,778	1,034,989	74,307,035
Other recognised losses and gains	10,292	790,837	832	59,733
Net addition to shareholders' funds	2,136,109	164,138,615	1,035,821	74,366,768
Opening shareholders' funds	5,404,148	415,254,733	4,368,327	313,624,039
Closing shareholders' funds	7,540,257	579,393,348	5,404,148	387,990,807

For simplicity, the brought forward Rupee amounts at 1 April, 2011 have been translated at the 31 March, 2012 exchange rate.

18. Notes to the statement of cash flows

	2012	Unaudited 2012	2011	Unaudited 2011
	£	₹	£	₹
Reconciliation of operating profit to net cash inflow/ (outflow) from operating activities				
Operating profit	2,970,615	228,262,057	1,446,725	103,867,621
Foreign exchange movement	10,292	790,837	832	59,733
Depreciation	15,729	1,208,616	17,138	1,230,423
Miscellaneous Income	4,343	333,716	—	—
Decrease/ (Increase) in debtors	781,377	60,041,009	(1,015,648)	(72,918,448)
(Decrease)/Increase in creditors	(774,125)	(59,483,765)	403,147	28,943,939
Net cash inflow/(outflow) from operating activities	3,008,231	231,152,470	852,194	61,183,268
Reconciliation of net cash flow to movement in net funds				
Increase/ (decrease) in cash in the period	2,371,363	182,215,533	626,587	44,985,814
Movement in net funds in the period	2,371,363	182,215,533	626,587	44,985,814
Net funds at 1 April, 2011	2,612,614	200,753,260	1,986,027	142,586,808
Net funds at 31 March, 2012	4,983,977	382,968,793	2,612,614	187,572,622

Analysis of changes in net funds

	At 1 April 2011	At 1 April 2011	Cash flows	Cash flows	At 31 March 2012	At 31 March 2012
	£	₹	£	₹	£	₹
Net cash:						
Cash in hand and at bank	2,612,614	200,753,260	2,371,363	182,215,533	4,983,977	382,968,793
Net funds	2,612,614	200,753,260	2,371,363	182,215,533	4,983,977	382,968,793

For simplicity, the brought forward Rupee amounts at 1 April, 2011 have been translated at the 31 March, 2012 exchange rate.

19. Controlling related party

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

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

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