

REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2014

Your Directors submit their Report for the financial year ended 31st March, 2014.

FINANCIAL RESULTS

Your Company's consolidated and standalone financial results are tabulated below:

	Consolidated(*)		Standalone	
	₹ Lakhs)		₹ Lakhs)	
Year Ended March 31,	2014	2013	2014	2013
Total Revenue	127875	101780	92591	70665
Total Expenditure	113541	92310	77503	61613
Profit before Tax	14334	9470	15088	9052
Provision for Tax	5708	2777	4968	2179
Profit after Tax	8626	6693	10120	6873

(*) 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

The global IT industry was expected to grow by approximately 1.6% in 2013 (based on reports of analysts) due to slower economic recovery in the US and European markets. In contrast, the Indian IT Industry was expected to grow by 13% in 2013-14 (as per estimate figures released by NASSCOM in February, 2014) with both global multinationals and Indian IT companies driving offshoring for cost and price competitiveness. The favourable exchange rates in India have also benefitted the Indian IT Industry which is largely export oriented.

Your Company's consolidated Total Revenue grew by 25.6% to ₹ 1279 crores, well above the industry average, while Net Profit grew by 28.9% to ₹ 86.3 crores. This robust performance demonstrates the success of the focused strategies adopted by the Company in (i) identifying and investing in new technology based growth drivers, (ii) striving to create cutting edge world-class capabilities in each of its existing service lines, (iii) building solutions and capabilities around the products of global software vendors and partnering with them to take such products to the market, (iv) offering new and value additive service lines to existing customers with high potential, (v) focusing on geographical expansion to develop new markets and acquire customers, (vi) cost management and resource optimization in managing a balance with growth led investment imperatives, and (vii) creating a pool of skilled talent.

During the year your Company created an independent business unit focused on Treasury and Capital Markets related IT technologies, aligned with a global Independent Software Vendor (ISV); the unit has already gained traction amongst banking customers and is expected to become a future pillar of growth.

The customer list of your Company includes several marquee customers, some of whom feature in the leaders category in their respective business segments. The revenues of your Company reflect billing engagements with 258 customers compared to 232 customers in the previous year.

Your Company consolidated its focus on Middle-East, Africa, India and the larger Asia-Pacific region. It has expanded its sales force in each of these regions which has, within a short period, generated a healthy business pipeline. There has also been significant traction in new customer acquisition, particularly in Australia, India and Middle-East. As part of a consolidation exercise, your Company has decided to close the branch office in South Korea (Republic of Korea).

The service delivery capability of your Company continued to earn global recognition. Your Company has featured for the 8th consecutive year amongst the Leaders Category in the '2013 Global Outsourcing Top 100' by the International Association of Outsourcing Professionals (IAOP). Your Company also featured for the 9th consecutive year in the Global Services 100 survey conducted by Global Services and Neo Advisory. Your Company was re-certified under ISO 9001 for all its locations and obtained ISO/IEC 20000-1:2011 certification for its IT Infrastructure Managed Services for external clients.

Going forward, your Company will continue to review and reinforce its strategies and action plans to rapidly scale up its global footprint by leveraging the network of branch offices set up in the last few years. Building additional technology niches continues to be a key focus area, with SMAC (Social media, Mobility, Analytics and Cloud computing) at the forefront of the technology ecosystem. Your Company has established a focus group to tap the emerging opportunities in this space.

The outlook for the Indian IT industry is positive with NASSCOM predicting a growth rate of 13% in the forthcoming year. However, your Company expects to grow significantly through execution of its strategies, which it continues to refine, to ensure differentiated solutions, domain expertise, strong delivery capabilities and above all, a superior customer experience.

WHOLLY OWNED SUBSIDIARIES - FINANCIAL RESULTS

The financial results of your Company's wholly owned subsidiaries are

tabulated below:

	ITC Infotech (USA), Inc Consolidated(*)				ITC Infotech Limited, UK			
	(millions)		(millions)		₹		₹	
	US\$	₹	US\$	₹	GBP	₹	GBP	₹
Year Ended March 31,	2014	2014	2013	2013	2014	2014	2013	2013
Total Revenue	70.61	4230.81	63.20	3431.12	25.29	2523.21	25.03	2057.92
Net Profit	0.17	10.38	0.91	49.67	1.18	118.22	1.86	152.94

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

The Board of Directors of ITC Infotech Limited, UK have recommended the interim dividend of GBP 2,057,445 (₹ 20.53 crores), declared on 20th February, 2014, as the final dividend for the financial year 2013-14 (previous year - GBP 2,057,445 - ₹ 16.92 crores).

During the year under review, Pyxis Solutions, LLC, declared and paid US\$5,00,000 (₹ 3.00 crores) as dividend for the financial year 2013-14 (previous year - Nil) by way of distribution to its Sole Member i.e. ITC Infotech (USA), Inc.

TALENT MANAGEMENT

The economic recovery, though slow, visible in the US and European markets, emergent demand from new markets and evolving new generation technological skills, have reinforced the need to ensure a seamless supply chain of skilled resources. Your Company has broadened its channels of sourcing quality talent and has strengthened its capability building processes through college affiliations, technology incubation cells and employee ideation panels. Further, demand for talent is expected to rise and retention of critical talent continues to be a high priority and focus area. Your Company makes a constant endeavour to enhance employee engagement, invest in employee friendly policies and enable facilitation for smooth transition of talent across various geographies. A recent internal employee satisfaction survey indicates a response level of greater than 80% as well as a significant level of engaged employees which vindicates the efforts of your Company in this area. Your Company is confident of meeting the increasing requirements for skilled manpower.

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, 2014, 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, and
- that the Annual Accounts for the financial year ended 31st March, 2014, 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.

During the year under review, your Company continued to implement Enthalpy based Air conditioning system thereby leading to energy saving.

II. FOREIGN EXCHANGE EARNINGS AND OUTGO

The foreign exchange earnings (on accrual basis) of your Company during the year were ₹ 76008.76 lakhs (previous year- ₹ 56041.85 lakhs) while the outgoings (on accrual basis) were ₹ 18707.29 lakhs (previous year- ₹ 15323.98 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, are given in Annexure "A".

DIRECTORS

Mr. S. Puri resigned as a Director of your Company with effect from close of business on 8th August, 2013. Your Board of Directors places on record

its appreciation of the contribution made by Mr. Puri during his tenure as Director of your Company.

In accordance with the provisions of Section 152 of the Companies Act, 2013 and Articles 143 & 144 of the Articles of Association of the Company, Mr. Y. C. Deveshwar and Mr. R. Tandon will retire by rotation at the ensuing Annual General Meeting of your Company and, being eligible, offer themselves for re-election.

AUDIT COMMITTEE

The Board of Directors at its meeting held on 9th August, 2013, reconstituted the Audit Committee of your Company which now comprises Mr. B. B. Chatterjee (Chairman of the Committee), Mr. A. Nayak and Mr. R. Tandon, 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 (L&L), retire at the ensuing Annual General Meeting. L & L have confirmed their eligibility and have

offered themselves for re-appointment as Statutory Auditors. In accordance with Section 139 of the Companies Act, 2013, your Directors have recommended for your approval the appointment of M/s. Lovelock & Lewes as the Statutory Auditors of the Company for a period of three years.

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 unstinted support, hard work, solidarity and co-operation.

New Delhi, 7th May, 2014

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 2014

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 Rs.60,00,000 /- or more p.a.

Name 1	Age 2	Designation / Nature of Duties 3	Gross Remuneration (₹) 4	Net Remuneration (₹) 5	Qualifications 6	Experience (Years) 7	Date of Joining 8	Previous Employment / Position held 9
BABU V.V.R.	59	Sr. Vice President - IT Services	8392355	5855253	M.Sc., M.Phil.	37	1-Oct-00	ITC Ltd. Divisional Head - India Operations (ISD)
BETIGERI SACHIN	41	Vice President - Business Development (India & APAC)	6212411	4441116	B.E.	16	29-Aug-11	Parametric Technology India Ltd. Business Head - Large Accounts
BRINK AB ##	46	General Manager - Business Development	10526148	5299936	Havo, MTS - WTB (Mech Engg.), NIMA (Mkg)	20	1-Mar-13	Computer Sciences Corporation Sr. Business Development Executive
HERLEKAR SUMEET #	34	Senior Business Development Manager	11719654	7126275	PGPM	11	7-Jan-08	Wipro Technologies Project Leader
KUMAR RAJIV #	39	Business Development Manager	6966722	4012463	PGDM	12	1-Aug-06	Steel RX Pvt. Ltd. Manager - Operations
KUMAR VISHAL #	43	Sr. Vice President - Middle East & Africa	8595600	8595600	B.E.	21	13-Jan-03	PSI Data Systems Ltd. Sales & Marketing Manager
OCHANI ANUP #	37	General Manager - Key Accounts	6381572	6381572	B.E.	16	12-Nov-07	Aptiva Consulting Project Manager
PANDEY SUNIL #	29	Lead Consultant	7428305	4094654	B.Tech	9	15-Apr-11	Aditya Birla Ltd. Assistant Manager (PLM)
PARANJPE P ##	43	General Manager - Business Development	10415534	6159656	M.Sc.	21	1-Mar-12	L&T Infotech GMBH Area Director
PATNI M #	34	Senior Business Development Manager	8304846	5112158	PGDM	10	31-Dec-07	Patni Computers Systems Ltd. Assistant Manager-Business Development
PERIVIER M ##	45	Senior Business Development Manager	12878571	7138765	M.Fin.	21	23-Apr-12	PTC Business Development Manager
PULAVORTY R #	39	General Manager - Delivery	10262508	6785230	M.B.A.	14	1-Oct-00	ITC Ltd. Asst. Systems Engineer
RAJESH B.A.B #	46	General Manager - Managed Services	8673167	6253494	B.Sc.	22	12-Jan-10	Bristlecone India Ltd. Manager-Delivery
SEETHARAM S B #	37	Account Manager	8524541	4276095	M.Sc., PGDBA	14	1-Aug-10	Mind Tree Ltd. Test Lead
SINGH NEERAJ #	37	Head - PLM Services & Alliances (Europe)	8250782	4425296	B.Sc.	13	1-Oct-01	NA
SIVAGNANAM SANKAR #	34	Solution Lead	6352485	3320967	B.E.	14	2-May-12	Accenture Technology Solutions Integration Lead
SREENIVASAN V.	51	Sr. Vice President - IT Services	6513677	4396967	B.E.	29	1-Oct-00	ITC Ltd. Head Software Development Centre
TALWAR A.	55	Sr. Vice President - Talent Management	6499833	4394675	M.B.A.	30	9-Apr-01	Reliance Telecom Ltd. Vice President - HRD

Employed for a part of the year and in receipt of remuneration aggregating Rs.5,00,000/- or more per month

GUPTA S. K.	58	Sr. Vice President - IT Services	5686678	4013687	M.Tech.	36	1-Oct-04	Vmokasha Technologies Exe. - Vice President
JANARDHANAN S.	55	Sr. Vice President - IT Services	5449847	4182126	M.Sc.	33	1-Oct-00	ITC Ltd. Head - IT Services
MAHESHWARI A.	45	Sr. Vice President - India Business Division	4968799	3587373	M.B.A.	25	1-Aug-10	ITC Ltd. Chief Operating Officer CPO

Notes :

- # On secondment to foreign branch / return from secondment; Remuneration includes Indian salary and foreign salary; foreign salary converted into Indian rupees at the average of the month end inter bank exchange rate.
- ## Employed directly by the foreign branch.
- 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 under the Companies Act, 1956.
- Net Remuneration comprises cash income less (a) income tax, surcharge (as applicable) & 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

B. Sumant
Managing Director

S. Sivakumar
Vice Chairman

New Delhi, 7 May, 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ITC INFOTECH INDIA LIMITED**Report on the Financial Statements**

1. We have audited the accompanying financial statements of ITC Infotech India Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of 'the Companies Act, 1956' of India (the "Act") read with the General circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), 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.
8. **As required by section 227(3) of the Act, 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 purpose 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 and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from branches not visited by us;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and 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 read with the General circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
 - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For Lovelock & Lewes

Firm Registration Number: 301056E

Chartered Accountants

Sunit Kumar Basu

Partner

Place : New Delhi

Date : May 7, 2014

Membership Number: 55000

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of ITC Infotech India Limited on the financial statements as of and for the year ended March 31, 2014

- i. (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 have been noticed on such verification.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 4(ii) of the said Order are not applicable to the Company.
- iii. The Company has not granted/taken any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii) (b), (c), (d), (f) and (g) of the said Order are not applicable to the Company.
- iv. 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. 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 in the aforesaid internal control system.
- v. (a) According to the information and explanations given to us, there have been no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act.
- (b) In our opinion, and according to the information and explanations given to us, there are no transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees Five Lakhs in respect of any party during the year.

- vi. 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.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
- ix. (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, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sales-tax, wealth-tax, customs duty and excise duty which have not been deposited on account of any dispute. The particulars of dues of income tax and service tax as at March 31, 2014 which have not been deposited on account of disputes are as follows:

Name of the statute	Nature of dues	Amount (₹)	Period to which the amount relates	Forum where the dispute is pending
Finance Act, 1994	Service tax including Interest & Penalty	7,676,853*	April 1, 2007 to June 30, 2011	The Commissioner (Appeals), Bangalore
Income tax Act, 1961	Income tax including interest	62,098,200**	Assessment Year 2010-11	The Commissioner of Income Tax (Appeals) I, Kolkata

* Net of amount deposited under protest Rs. 1,500,000.

** Net of amount deposited under protest Rs. 78,291,100.

- x. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the balance sheet date, the provisions of Clause 4(xi) of the Order are not applicable to the Company.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

- Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- xiii. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- xv. 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. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the Company.
- xvi. The Company has not raised any term loans. Accordingly, the provisions of Clause 4(xvi) of the Order are not applicable to the Company.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- xviii. 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. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- xxi. 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 material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

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

Sunit Kumar Basu
Partner
Membership Number: 55000

Place : New Delhi
Date : May 7, 2014

BALANCE SHEET AS AT 31ST MARCH, 2014

	Notes	As at 31st March, 2014 (₹)	As at 31st March, 2013 (₹)
I EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	852,000,000	852,000,000
(b) Reserves and surplus	3	2,550,041,641	1,538,005,278
2 Non-current liabilities			
(a) Long-term provisions	4	107,643,924	88,393,414
3 Current liabilities			
(a) Trade payables	5	519,659,323	497,345,519
(b) Other current liabilities	6	527,339,739	457,744,940
(c) Short-term provisions	7	237,046,235	104,954,790
TOTAL		4,793,730,862	3,538,443,941
II ASSETS			
1 Non-current assets			
(a) Fixed assets	8		
(i) Tangible assets		638,858,486	589,967,312
(ii) Intangible assets		90,909,076	93,144,950
(b) Non-current investments	9	870,434,087	870,434,087
(c) Deferred tax assets	10	168,694,031	90,564,414
(d) Long-term loans and advances	11	23,540,035	72,138,455
2 Current assets			
(a) Current investments	12	540,894,232	—
(b) Trade receivables	13	1,916,445,079	1,258,699,191
(c) Cash and bank balances	14	186,626,283	398,382,362
(d) Short-term loans and advances	15	93,018,299	69,006,157
(e) Other current assets	16	264,311,254	96,107,013
TOTAL		4,793,730,862	3,538,443,941

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 : New Delhi
Date : 7th May, 2014

On behalf of the Board

B. Sumant
Managing Director

S. Sivakumar
Vice Chairman

R. Batra
Chief Financial Officer

S. V. Shah
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

	Notes	For the year ended 31st March, 2014 (₹)	For the year ended 31st March, 2013 (₹)
I Revenue from Operations	17	9,029,392,100	6,808,001,903
II Other Income	18	229,653,772	258,520,214
Total Revenue		<u>9,259,045,872</u>	<u>7,066,522,117</u>
III Expenses			
Employee Benefits Expense	19	5,104,029,061	4,295,873,461
Other Expenses	20	2,387,844,654	1,630,614,065
Finance Costs	21	7,079,089	—
Depreciation and Amortisation	8	251,322,111	234,859,631
Total Expenses		<u>7,750,274,915</u>	<u>6,161,347,157</u>
IV Profit before Tax		<u>1,508,770,957</u>	<u>905,174,960</u>
V Tax Expenses	22		
Current Tax		574,864,211	232,421,923
Deferred Tax		(78,129,617)	(14,496,888)
		<u>496,734,594</u>	<u>217,925,035</u>
VI Profit after Tax		<u>1,012,036,363</u>	<u>687,249,925</u>
Earnings Per Share (Face value ₹ 10 each) (Basic and Diluted)	28	11.88	8.07

Significant Accounting Policies

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 : New Delhi

Date : 7th May, 2014

On behalf of the Board

B. Sumant

Managing Director

S. Sivakumar

Vice Chairman

S. V. Shah

Company Secretary

R. Batra

Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

		For the year ended 31st March, 2014 (₹)		For the year ended 31st March, 2013 (₹)
A. NET PROFIT BEFORE TAX				
ADJUSTMENTS FOR :		1,508,770,957		905,174,960
Depreciation and Amortisation	251,322,111		234,859,631	
Dividend from Subsidiary Company	(211,940,695)		(176,317,348)	
Dividend Income from Current Investments	(14,141,603)		—	
Gain on sale of Current Investments	(551,057)		—	
Fixed Assets - Loss on Sale / Write off (net)	2,816,049		90,926	
Unrealised (Gain) / Loss on Exchange (net)	38,589,889		(3,717,672)	
Provision for Doubtful Debts, Loans and Advances	42,075,488		797,410	
Interest on Deposit	(83,312)		(133,067)	
Finance Costs - Interest expense	7,079,089		—	
Liabilities no longer required written back (included in Other Operating Revenues)	—		(440,102)	
		<u>115,165,959</u>		<u>55,139,778</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		<u>1,623,936,916</u>		<u>960,314,738</u>
ADJUSTMENTS FOR :				
Trade Receivables, Loans and Advances and Other Assets	(946,060,524)		30,499,968	
Trade Payables, Other Liabilities and Provisions	209,380,572		(736,679,952)	
			<u>103,382,411</u>	<u>133,882,379</u>
CASH FROM OPERATIONS				
Income Tax Paid		887,256,964		1,094,197,117
		<u>486,721,612</u>		<u>116,225,324</u>
NET CASH FROM OPERATING ACTIVITIES		<u>400,535,352</u>		<u>977,971,793</u>
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets	(297,302,889)		(376,417,426)	
Purchase of Current Investments	(6,150,609,059)		—	
Sale / Redemption of Current Investments	5,610,265,884		—	
Sale of Fixed Assets	143,500		2,885,123	
Interest Received	208,772		102,299	
Dividend Income from Current Investments	14,141,603		—	
Dividend from Subsidiary Company	211,940,695		176,317,348	
		<u>(611,211,494)</u>		<u>(197,112,656)</u>
NET CASH USED IN INVESTING ACTIVITIES				
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from Short Term Borrowings	—		3,968,000,000	
Repayments of Short Term Borrowings	—		(4,538,000,000)	
Interest paid	(2,081,409)		—	
		<u>(2,081,409)</u>		<u>(570,000,000)</u>
NET CASH USED IN FINANCING ACTIVITIES				
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		<u>(212,757,551)</u>		<u>210,859,137</u>
OPENING CASH AND CASH EQUIVALENTS		<u>399,810,434</u>		<u>188,951,297</u>
CLOSING CASH AND CASH EQUIVALENTS		<u>187,052,883</u>		<u>399,810,434</u>
CASH AND CASH EQUIVALENTS COMPRISE :				
Cash and Bank Balances as above	187,052,883		399,810,434	
Margin Money	—		400,000	
Unrealised (Loss) / Gain on Foreign Currency Cash and Cash Equivalents	(426,600)		(1,828,072)	
Cash and Bank Balances (Note 14)		<u>186,626,283</u>		<u>398,382,362</u>

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard 3 "Cash Flow Statements".

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 : New Delhi

Date : 7th May, 2014

On behalf of the Board

B. Sumant

Managing Director

S. Sivakumar

Vice Chairman

S. V. Shah

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.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the revised Schedule VI to the Companies Act, 1956 based on the nature of services rendered and their realisation in cash and cash equivalents.

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 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.

To charge off as revenue expenditure all upgradation / enhancements unless they bring similar significant additional benefits.

e) Capital Work-in-Progress

To treat cost of assets not ready for 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.

Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amounts of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised in previous years.

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) Investment Income

To account for income from Investments on an accrual basis, inclusive of related tax deducted at source. To account for income from dividends when the right to receive such dividends is established.

j) Proposed Dividend

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

k) Lease Rentals

To charge rentals in respect of leased premises and equipment to the Statement of Profit and Loss.

l) 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.

m) 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, measured using the tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date.

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.

n) 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 account for premium paid on currency options in the Statement of Profit and Loss at the inception of the option.

To account for profit/loss arising on settlement or cancellation of currency option as income / expense for the period.

To recognise the net mark to market losses in the Statement of Profit and Loss on the outstanding portfolio of options/forwards/swaps as at the Balance Sheet date, and to ignore the net gain, if any.

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.

To translate the financial statement of non-integral foreign operations by recording the exchange difference arising on translation of assets / liabilities and income / expenses in a foreign exchange translation reserve.

o) Employee Benefits

To make regular monthly contributions to Provident Fund administered by the Government of India which is in the nature of defined contribution scheme and to charge such amounts paid / payable in the Statement of Profit and Loss.

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.

p) 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.

q) 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, 2014 (₹)	As at 31st March, 2013 (₹)	As at 31st March, 2014 (₹)	As at 31st March, 2013 (₹)
2 SHARE CAPITAL				
Authorised:				
86,000,000 (2013 - 86,000,000) Equity Shares of ₹ 10 each	<u>860,000,000</u>	860,000,000		
Issued, subscribed and paid-up:				
85,200,000 (2013 - 85,200,000) Equity Shares of ₹ 10 each (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.)	<u>852,000,000</u>	852,000,000		
	<u>852,000,000</u>	852,000,000		
3 RESERVES AND SURPLUS				
Surplus in Statement of Profit and Loss				
Balance at the beginning of the year	1,538,005,278	850,755,353		
Add : Profit for the year	<u>1,012,036,363</u>	687,249,925		
	<u>2,550,041,641</u>	1,538,005,278		
4 LONG-TERM PROVISIONS				
Provision for Employee Benefits				
Retirement Benefits and Compensated Absences	<u>107,643,924</u>	88,393,414		
	<u>107,643,924</u>	88,393,414		
5 TRADE PAYABLES				
Trade Payables (Refer Note 24)	<u>519,659,323</u>	497,345,519		
	<u>519,659,323</u>	497,345,519		
6 OTHER CURRENT LIABILITIES				
Other Payables				
Employee	343,067,484	262,855,645		
Statutory Dues	116,731,243	134,788,892		
Other Liabilities (includes payable for fixed assets ₹ 51,400,857 (2013-₹ 47,766,787))	<u>67,541,012</u>	60,100,403		
	<u>527,339,739</u>	457,744,940		
7 SHORT-TERM PROVISIONS				
Current Portion of Long-Term Employee Benefits				
Retirement Benefits and Compensated Absences	201,094,647	104,954,790		
Provision for Income Tax (Net of Advance Tax* - ₹ 950,130,699 (2013 - ₹ Nil))	35,951,588	—		
* Advance tax includes MAT credit entitlement of ₹ 130,543,221 (2013 - ₹ Nil)				
	<u>237,046,235</u>	104,954,790		

8. FIXED ASSETS 2013-14

DESCRIPTION	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at 1st April, 2013 (₹)	Additions/ Adjustment (₹)	Withdrawals (₹)	As at 31st March, 2014 (₹)	As at 1st April, 2013 (₹)	For the year (₹)	On Withdrawals (₹)	As at 31st March, 2014 (₹)	As at 31st March, 2014 (₹)	As at 31st March, 2013 (₹)
(i) TANGIBLE ASSETS										
Leasehold Properties -										
Building Improvement	313,066,109	36,049,932	—	349,116,041	171,847,846	78,503,701	—	250,351,547	98,764,494	141,218,263
Plant and Equipment	355,458,607	94,697,696	2,126,037	448,030,266	171,317,573	52,161,490	1,867,544	221,611,519	226,418,747	184,141,034
Office Equipment	25,022,394	3,622,871	1,122,884	27,522,381	10,923,501	454,708	910,718	10,467,491	17,054,890	14,098,893
Computers etc.	413,097,954	119,173,021	20,036,514	512,234,461	225,123,924	69,701,168	18,532,609	276,292,483	235,941,978	187,974,030
Furniture and Fixtures	154,024,905	16,359,624	3,240,232	167,144,297	91,489,813	17,231,354	2,255,247	106,465,920	60,678,377	62,535,092
SUB TOTAL	1,260,669,969	269,903,144	26,525,667	1,504,047,446	670,702,657	218,052,421	23,566,118	865,188,960	638,858,486	589,967,312
Previous Year	1,081,142,618	213,783,953	34,256,602	1,260,669,969	500,816,302	201,166,908	31,280,553	670,702,657	589,967,312	
(ii) INTANGIBLE ASSETS										
Capitalised Software	413,890,977	31,033,816	—	444,924,793	320,746,027	33,269,690	—	354,015,717	90,909,076	93,144,950
SUB TOTAL	413,890,977	31,033,816	—	444,924,793	320,746,027	33,269,690	—	354,015,717	90,909,076	93,144,950
Previous Year	325,184,006	88,706,971	—	413,890,977	287,053,304	33,692,723	—	320,746,027	93,144,950	
GRAND TOTAL	1,674,560,946	300,936,960	26,525,667	1,948,972,239	991,448,684	251,322,111	23,566,118	1,219,204,677	729,767,562	683,112,262
Previous Year	1,406,326,624	302,490,924	34,256,602	1,674,560,946	787,869,606	234,859,631	31,280,553	991,448,684	683,112,262	

8. Continued FIXED ASSETS 2012-13

DESCRIPTION	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at 1st April, 2012 (₹)	Additions/ Adjustment (₹)	Withdrawals (₹)	As at 31st March, 2013 (₹)	As at 1st April, 2012 (₹)	For the year (₹)	On Withdrawals (₹)	As at 31st March, 2013 (₹)	As at 31st March, 2013 (₹)	As at 31st March, 2012 (₹)
(i) TANGIBLE ASSETS										
Leasehold Improvements	272,287,064	40,779,045	—	313,066,109	99,500,284	72,347,562	—	171,847,846	141,218,263	172,786,780
Plant and Equipment	306,860,223	55,953,832	7,355,448	355,458,607	129,200,503	48,482,728	6,365,658	171,317,573	184,141,034	177,659,720
Office Equipment	16,530,627	9,670,106	1,178,339	25,022,394	10,392,582	1,495,591	964,672	10,923,501	14,098,893	6,138,045
Computers etc.	339,801,023	95,859,166	22,562,235	413,097,954	189,175,286	56,918,246	20,969,608	225,123,924	187,974,030	150,625,737
Furniture and Fixtures	145,663,681	11,521,804	3,160,580	154,024,905	72,547,647	21,922,781	2,980,615	91,489,813	62,535,092	73,116,034
SUB TOTAL	1,081,142,618	213,783,953	34,256,602	1,260,669,969	500,816,302	201,166,908	31,280,553	670,702,657	589,967,312	580,326,316
Previous Year	712,433,538	406,452,321	37,743,241	1,081,142,618	419,642,738	115,606,969	34,433,405	500,816,302	580,326,316	
(ii) INTANGIBLE ASSETS										
Capitalised Software	325,184,006	88,706,971	—	413,890,977	287,053,304	33,692,723	—	320,746,027	93,144,950	38,130,702
SUB TOTAL	325,184,006	88,706,971	—	413,890,977	287,053,304	33,692,723	—	320,746,027	93,144,950	38,130,702
Previous Year	311,336,940	13,847,066	—	325,184,006	258,014,288	29,039,016	—	287,053,304	38,130,702	
(iii) CAPITAL WORK-IN-PROGRESS										
Capital Work-in-Progress										
GRAND TOTAL	1,406,326,624	302,490,924	34,256,602	1,674,560,946	787,869,606	234,859,631	31,280,553	991,448,684	683,112,262	19,222,099
Previous Year	1,023,770,478	420,299,387	37,743,241	1,406,326,624	677,657,026	144,645,985	34,433,405	787,869,606	637,679,117	

	As at 31st March, 2014 (₹)	As at 31st March, 2013 (₹)	As at 31st March, 2014 (₹)	As at 31st March, 2013 (₹)
--	----------------------------------	----------------------------------	----------------------------------	----------------------------------

9 NON-CURRENT INVESTMENT

Long-Term, Trade Investments - Unquoted (At Cost) Subsidiary Companies				
ITC Infotech Limited (UK) 685,815 (2013 - 685,815) Equity Shares of GBP 1 each, fully paid-up	68,685,837	68,685,837		
ITC Infotech (USA), Inc. 182,000 (2013 - 182,000) Common Shares without par value, fully paid-up	801,748,250	801,748,250		
	<u>870,434,087</u>	870,434,087		

10 DEFERRED TAX ASSETS

Deferred Tax Assets				
On provision for employees' separation and retirement etc.	104,940,240	62,731,825		
On provision for doubtful debts and advances	22,969,830	11,114,229		
On fiscal allowances on fixed assets	27,761,446	16,718,360		
Other timing differences	13,022,515	—		
	<u>168,694,031</u>	90,564,414		

	As at 31st March, 2014 (₹)	As at 31st March, 2013 (₹)	For the year ended 31st March, 2014 (₹)	For the year ended 31st March, 2013 (₹)
11 LONG-TERM LOANS AND ADVANCES				
Good and Unsecured				
Loans to Employees	10,541,953	11,246,933		
Other Advances (Unexpired Expenses)	5,121,951	—		
Deposits with Others (includes deposits for Company accommodations, offices)	6,360,334	8,684,714		
Advance Tax * (Net of Provision for Income Tax ₹ Nil (2013 - ₹ 427,265,232))	—	52,191,011		
* Advance tax includes MAT credit entitlement of ₹ Nil (2013 - ₹ 130,543,221)				
Advances with Government and Public Bodies	1,515,797	15,797		
	<u>23,540,035</u>	<u>72,138,455</u>		
12 CURRENT INVESTMENTS				
Current Investments (at lower of cost and fair value)				
Investment in Mutual Funds - Unquoted Reliance Liquid Fund - Treasury Plan - Daily Dividend Option 104,769 Units (2013 Nil) of ₹ 1000 each	160,163,949	—		
Reliance Liquidity Fund - Daily Dividend Reinvestment 190,371 Units (2013 Nil) of ₹ 1000 each	190,468,300	—		
JP Morgan India Liquid Fund Super Institutional - Daily Dividend Reinvestment 18,973,263 Units (2013 Nil) of ₹ 10 each	190,261,983	—		
Aggregate excess of cost over fair value ₹ Nil (2013 - ₹ Nil)				
Aggregate amount of unquoted investments	540,894,232	—		
13 TRADE RECEIVABLES				
Trade receivables outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	59,716,532	55,103,629		
Unsecured, considered doubtful	63,868,922	22,685,874		
	123,585,454	77,789,503		
Less: Provision for doubtful debts	(63,868,922)	(22,685,874)		
	59,716,532	55,103,629		
Others				
Unsecured, considered good	1,856,728,547	1,203,595,562		
	<u>1,916,445,079</u>	<u>1,258,699,191</u>		
14 CASH AND BANK BALANCES				
Cash and Cash Equivalents@				
Cash in Hand	133,857	173,851		
Cheques on hand	27,505	481,511		
Balances with banks :				
On Current Accounts	186,464,921	397,327,000		
@ Cash and cash equivalents include cash on hand, cheques, drafts on hand, cash at bank with original maturity of 3 months or less				
Other Bank Balances				
On Deposit Account*	—	400,000		
*includes ₹ Nil (2013 - ₹ 4,00,000) held as margin money				
	<u>186,626,283</u>	<u>398,382,362</u>		
15 SHORT - TERM LOANS AND ADVANCES				
Good and Unsecured				
Advances with Statutory Authorities	25,074,995	—		
Loans to Employees	4,973,194	6,361,196		
Other Advances (includes advance to employees, unexpired expenses)	53,296,563	57,957,708		
Deposits with Others (includes deposits for Company accommodations, offices)	9,673,547	4,687,253		
Doubtful and Unsecured				
Loans to Employees	2,204,829	2,224,829		
Other Advances (includes advance to employees)	1,504,626	9,344,895		
	3,709,455	11,569,724		
Less : Provision for Short - Term Loans and Advances	(3,709,455)	(11,569,724)		
	<u>93,018,299</u>	<u>69,006,157</u>		
16 OTHER CURRENT ASSETS				
Good and Unsecured				
Unbilled Revenue	264,311,254	95,981,553		
Interest accrued on Deposit	—	125,460		
	<u>264,311,254</u>	<u>96,107,013</u>		
17 REVENUE FROM OPERATIONS				
Sale of Services				
Exports	7,380,820,713	5,425,945,111		
Domestic	1,576,038,907	1,346,793,304		
Resale of Software and Hardware				
Exports	8,115,036	1,922,610		
Domestic	64,417,444	32,900,776		
Other Operating Revenues	—	440,102		
	<u>9,029,392,100</u>	<u>6,808,001,903</u>		
18 OTHER INCOME				
Interest on Deposits (Gross)	83,312	133,067		
Interest Others (includes interest on income tax refunds, employee loans)	498,764	8,210,358		
Dividend from Subsidiary Company	211,940,695	176,317,348		
Sale of Fixed Assets	143,500	2,885,123		
Gain on Exchange (Net)	—	67,681,613		
Miscellaneous Income	2,294,841	3,292,705		
Gain on sale of Current Investments	551,057	—		
Dividend Income from Current Investments	14,141,603	—		
	<u>229,653,772</u>	<u>258,520,214</u>		
19 EMPLOYEE BENEFITS EXPENSE				
Salaries and Bonus	4,776,244,854	4,011,890,016		
Contribution to Provident and Other Funds (Refer Note 27)	249,553,863	210,714,994		
Workmen and Staff Welfare Expenses	47,643,558	39,824,624		
Reimbursement of Contractual Remuneration	30,586,786	33,443,827		
	<u>5,104,029,061</u>	<u>4,295,873,461</u>		
20 OTHER EXPENSES				
Rent	65,368,817	55,281,933		
Rates and Taxes	1,127,973	1,421,293		
Insurance	32,814,082	32,868,882		
Travelling and Conveyance	618,199,492	480,565,087		
Recruitment Expenses	46,561,127	34,417,802		
Communication	44,317,800	39,394,570		
Power and Fuel	72,640,504	66,784,779		
Outsourcing Charges	857,512,688	572,441,184		
Software and Related Expenses	113,189,127	77,347,302		
Purchase of Hardware and Software for Resale	62,052,825	30,630,090		
Business Development Expenses	59,672,742	43,243,339		
Repairs and Maintenance				
- Buildings	39,459,140	26,562,412		
- Machinery	19,594,465	14,872,493		
- Others	17,912,814	9,529,083		
Legal, Professional and Consultancy Expenses	110,630,702	69,902,668		
Doubtful and Bad Debts	41,183,048	782,853		
Doubtful and Bad Loans and Advances	892,440	14,557		
Fixed Assets Discarded	2,959,549	2,976,049		
Auditors' Remuneration and Expenses (Refer Note 29)	1,930,053	2,046,330		
Training and Development	35,201,853	34,303,689		
Bank Charges	6,003,151	3,714,697		
Printing and Stationery	3,201,986	2,992,123		
Loss on Exchange (Net)	99,776,190	—		
Miscellaneous Expenses	35,642,086	28,520,850		
	<u>2,387,844,654</u>	<u>1,630,614,065</u>		
21 FINANCE COSTS				
Interest Expense (on advance Income Tax)	7,079,089	—		
22 TAX EXPENSES				
Current Tax	575,858,512	296,336,688		
(including tax on foreign branches ₹ 13,069,211 (2013 - ₹ 13,148,841))				
Adjustment for earlier year based on completed assessment	(994,301)	(1,699,964)		
MAT Credit	—	(62,214,801)		
	574,864,211	232,421,923		
Deferred Tax	(78,129,617)	(14,496,888)		
	<u>496,734,594</u>	<u>217,925,035</u>		
23 Commitments and Contingencies				
a) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ Nil (2013 - ₹ 8,875,037).				
b) Claims against the Company not acknowledged as debts ₹ 188,591,131 (2013 - ₹ 114,287,501) comprising certain claims relating to income tax and service tax disputed by the Company. It is not practicable for the Company to estimate the timing of cash flow, if any, in respect of the above. An amount of ₹ 1,500,000 (2013 - ₹ Nil) has been deposited under protest and is included in Note 11 under Long-Term Loans and Advances.				
24 Micro and Medium scale business entities				
A sum of ₹ 936,252 is payable to Micro and Small Enterprises as at 31st March, 2014 (2013 ₹ Nil). There are no Micro, Small and Medium Enterprises, to whom the Company made payments beyond 45 days during the year. Further there are no dues to Micro, Small and Medium Enterprises outstanding for more than 45 days as at 31st March, 2014. 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.				
25 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 ₹ 59,748,057 (2013 - ₹ 49,646,633) are charged as Rent under Note 20 to the Accounts.				

The Company has few non-cancellable leasing arrangements, with lock-in period upto 3 years, for which the lease rentals of ₹ 5,620,760 (2013 - ₹ 5,635,300) 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, 2014	31st March, 2013
Not later than one year	₹ 14,990,756	₹ 4,140,864
Later than one year and not later than five year	₹ 614,301	₹ 2,495,863

26 The Company uses forward exchange contracts to hedge against its foreign currency exposure relating to the underlying transactions 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:

Currency	Cross Currency	31st March, 2014		31st March, 2013	
		Buy	Sell	Buy	Sell
GBP	USD	—	1,195,000	—	820,000
EUR	USD	—	9,600,000	—	7,908,828
USD	INR	2,200,000	29,660,000	—	16,375,410
AUD	USD	—	—	—	500,000
DKK	USD	7,500,000	—	12,000,000	—
NOK	USD	1,700,000	—	1,500,000	—

Foreign exchange currency exposures that have not been hedged by a derivative instrument or otherwise as at year end.

Currency Pair	Currency	31st March, 2014			31st March, 2013		
		Buy	Sell	Net*	Buy	Sell	Net*
GBP	USD	437,255	—	437,255	471,816	348,974	122,842
EUR	USD	1,955,155	294,346	1,660,809	2,107,095	(976,874)	3,083,969
USD	INR	2,630,984	—	2,630,984	5,370,504	4,264,242	1,106,262
AUD	USD	274,782	370,407	(95,625)	894,859	548,305	346,554
DKK	USD	18,467,604	—	18,467,604	17,841,767	—	17,841,767
AED	USD	189,268	33,940	155,328	—	—	—
HKD	USD	1,159,483	—	1,159,483	679,853	—	679,853
LKR	USD	—	—	—	46,500	—	46,500
ZAR	USD	943,998	784,662	159,336	4,535,949	3,733,636	802,313
SEK	USD	422,689	—	422,689	469,477	—	469,477
SAR	USD	24,900	—	24,900	—	—	—
KRW	USD	796,909	—	796,909	—	—	—
NOK	USD	2,351,456	—	2,351,456	4,559,632	788,963	3,770,670

*Figures in brackets indicate open exports. Figures without brackets indicate open imports.

27 Employee Benefits

(a) The following table sets out the Defined Benefit Plans / Long-Term Compensated Absences as per Actuarial Valuation as on 31st March, 2014 and recognised in the financial statements in respect of Employee Benefit Schemes :

	For the year ended 31st March, 2014			For the year ended 31st March, 2013		
	(₹)			(₹)		
	Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
I. Components of Employer Expense	Party Funded	Funded	Unfunded	Party Funded	Funded	Unfunded
1 Current Service Cost	22,358,800	16,452,996	20,008,400	19,489,306	11,079,966	13,757,945
2 Interest cost	22,041,395	12,424,774	7,095,680	14,867,845	9,901,629	6,118,189
3 Expected Return on Plan Assets	(15,979,500)	(9,985,500)	—	(12,228,000)	(8,048,000)	—
4 Actuarial Losses / (Gains)	9,517,601	45,517,258	9,238,226	40,916,794	1,499,095	(4,781,240)
5 Total expense recognised in the Statement of Profit & Loss	37,938,296	64,409,528	36,342,306	63,045,945	14,432,690	15,094,894
The Pension and Gratuity Expenses have been recognised in "Contribution to Provident and Other Funds" and Leave Encashment in "Salaries & Bonus" in Note 19.						
II. Actual Returns	10,500,000	6,300,000	—	15,400,000	10,300,000	—
III. Net Asset / (Liability) recognised in Balance Sheet						
1 Present Value of Defined Benefit Obligation	281,453,072	203,062,575	108,722,924	256,794,005	143,753,047	85,301,152
2 Fair Value on Plan Assets	176,100,000	108,400,000	—	179,000,000	113,500,000	—
3 Status [Surplus/(Deficit)]	(105,353,072)	(94,662,575)	(108,722,924)	(77,794,005)	(30,253,047)	(85,301,152)
Current	(85,558,619)	(94,662,575)	(20,873,453)	(58,140,178)	(30,253,047)	(16,561,565)
Non-current	(19,794,453)	—	(87,849,471)	(19,653,827)	—	(68,739,587)
4 Net Asset / (Liability) recognised in Balance Sheet	(105,353,072)	(94,662,575)	(108,722,924)	(77,794,005)	(30,253,047)	(85,301,152)
IV. Change in Defined Benefit Obligations (DBO)						
1 Present Value of DBO at Beginning of Period	256,794,005	143,753,047	85,301,152	193,348,060	128,520,357	82,748,463
2 Current Service Cost	22,358,800	16,452,996	20,008,400	19,489,306	11,079,966	13,757,945
3 Interest Cost	22,041,395	12,424,774	7,095,680	14,867,845	9,901,629	6,118,189
4 Actuarial (Gains) / Losses	4,038,101	41,831,758	9,238,226	44,088,794	3,751,095	(4,781,240)
5 Benefits Paid	(23,779,229)	(11,400,000)	(12,920,534)	(15,000,000)	(9,500,000)	(12,542,205)
6 Present Value of DBO at the End of Period	281,453,072	203,062,575	108,722,924	256,794,005	143,753,047	85,301,152
V. Change in Fair Value of Assets						
1 Plan Assets at Beginning of Period	179,000,000	113,500,000	—	126,700,000	87,700,000	—
2 Expected Return on Plan Assets	15,979,500	9,985,500	—	12,228,000	8,048,000	—
3 Actuarial Gains / (Losses)	(5,479,500)	(3,685,500)	—	3,172,000	2,252,000	—
4 Actual Company Contributions	10,379,229	—	—	51,900,000	25,000,000	—
5 Benefits Paid	(23,779,229)	(11,400,000)	—	(15,000,000)	(9,500,000)	—
6 Plan Assets at the End of Period	176,100,000	108,400,000	—	179,000,000	113,500,000	—
VI. Actuarial Assumptions	For the year ended 31st March, 2014			For the year ended 31st March, 2013		
1 Discount Rate (%)	9%			8%		
2 Expected Return on Plan Assets (%)	9%			8%		
3 Long-term rate of compensation increase (%)	10%			8%		

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.

Major Category of Plan Assets as a % of the Total	For the year ended 31st March, 2014	For the year ended 31st March, 2013
1 Government Securities / Special Deposit with RBI	38%	34%
2 High Quality Corporate Bonds	33%	31%
3 Insurance Companies*	17%	25%
4 Mutual Funds	3%	2%
5 Cash and Cash Equivalents	9%	8%

*In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage of amount for each category to the fair value of plan assets has not been disclosed

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, 2014			For the year ended 31st March, 2013			For the year ended 31st March, 2012			For the year ended 31st March, 2011			For the year ended 31st March, 2010		
	₹			₹			₹			₹			₹		
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	Pension	Gratuity	Leave Encashment
1 Present Value of Defined Benefit Obligation	281,453,072	203,062,575	108,722,924	256,794,005	143,753,047	85,301,152	193,348,060	128,520,357	82,748,463	174,841,782	109,823,310	81,702,196	177,923,852	92,576,860	75,482,968
2 Fair Value of Plan Assets	176,100,000	108,400,000	—	179,000,000	113,500,000	—	126,700,000	87,700,000	—	122,000,000	89,800,000	—	111,400,000	87,200,000	—
3 Status (Surplus / (Deficit))	(105,353,072)	(94,662,575)	(108,722,924)	(77,794,005)	(30,253,047)	(85,301,152)	(66,648,060)	(40,820,357)	(82,748,463)	(52,841,782)	(20,023,310)	(81,702,196)	(66,523,852)	(5,376,860)	(75,482,968)
4 Experience Adjustment of Plan Assets [Gain / (loss)]	(3,704,000)	(2,576,000)	—	(2,789,875)	(2,000,500)	—	(1,048,000)	(1,508,000)	—	(9,140,000)	(2,279,000)	—	1,628,500	10,470,250	—
5 Experience Adjustment of Obligation [(Gain) / Loss]	(6,670,665)	25,964,656	7,265,277	51,109,539	11,994,803	7,328,180	508,889	6,239,146	(5,571,828)	(1,621,251)	6,246,134	2,844,651	(11,877,125)	(5,518,904)	(672,376)

(b) Amounts towards Defined Contribution Plans have been recognised under "Contribution to Provident and Other Funds" in Note 19 ₹ 147,206,039 (2013 ₹ 133,236,359).

	For the year ended 31st March, 2014	For the year ended 31st March, 2013
	₹	₹
28 Earnings per share		
(a) Profit after Taxation	<u>1,012,036,363</u>	<u>687,249,925</u>
(b) Weighted average number of Equity Shares	<u>85,200,000</u>	<u>85,200,000</u>
(c) Earnings Per Share (Face value of ₹ 10 per share) (Basic and Diluted)	<u>11.88</u>	<u>8.07</u>
29 Auditors' Remuneration and Expenses (Net of service tax credit)		
Audit Fees	1,200,000	1,200,000
Tax Audit Fees	200,000	200,000
Fees for Other services	390,000	340,000
Reimbursement of Expenses (including service tax)	140,053	306,330
	<u>1,930,053</u>	<u>2,046,330</u>
30 Value of Imports during the year (C.I.F. Basis)		
Capital Goods	<u>108,358,537</u>	<u>81,280,934</u>
	<u>108,358,537</u>	<u>81,280,934</u>
31 Expenditure in Foreign Currency during the year (On Accrual Basis)		
Travel	301,611,742	228,508,073
Professional, Consultancy and Account Management	698,747,930	534,128,392
Software and Related Expenses	16,624,799	7,655,786
Expenditure of foreign branches	852,261,779	758,821,121
Others	1,483,109	3,284,994
	<u>1,870,729,359</u>	<u>1,532,398,366</u>
32 Earnings in foreign exchange during the year (F.O.B. – Accrual Basis)		
Sale of Services and Resale of Software and Hardware	7,388,935,749	5,427,867,721
Dividend from Subsidiary Company	211,940,695	176,317,348
	<u>7,600,876,444</u>	<u>5,604,185,069</u>

33 Previous year's figures have been re-grouped / re-classified wherever necessary to correspond with the current year's classification / disclosure.

34 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.

SECONDARY SEGMENT INFORMATION

(GEOGRAPHICAL SEGMENTS) :

	31st March, 2014	31st March, 2013
	₹	₹
Segment Revenue		
India	1,640,456,351	1,379,694,080
Rest of the World	7,388,935,749	5,427,867,721
Total Revenue	<u>9,029,392,100</u>	<u>6,807,561,801</u>
Segment Assets *		
India	2,678,118,593	2,081,229,502
Rest of the World	1,946,918,238	1,314,459,014
Total Assets	<u>4,625,036,831</u>	<u>3,395,688,516</u>
Capital Expenditure *		
India	299,107,016	283,268,825
Rest of the World	1,829,944	—
Total Capital Expenditure	<u>300,936,960</u>	<u>283,268,825</u>

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

35 RELATED PARTY DISCLOSURES

(i) **HOLDING COMPANY:**

ITC Limited

(ii) **ENTERPRISES WHERE CONTROL EXISTS:**

Wholly Owned Subsidiaries:

ITC Infotech Limited (UK)

ITC Infotech (USA), Inc. and its subsidiary Pyxis 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

Srinivasa Resorts 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 (till August 08, 2013)

Mr. R. Tandon

Management Committee Members

Mr. B. Sumant - Managing Director

Mr. R. Batra

Mr. A. Talwar

Mr. S. Janardhanan (till October 13, 2013)

Mr. V. V. R. Babu

Mr. S. K. Gupta (till January 15, 2014)

Mr. V. V. Rajasekhar

Mr. A. Maheshwari (till September 30, 2013)

Mr. S. V. Shah

Mr. S. Sreenivasan

(v) DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS ON 31ST MARCH, 2014

Description	Holding Company		Wholly Owned Subsidiaries						Fellow Subsidiaries		Key Management Personnel	
	2014	2013	2014			2013			2014	2013	2014	2013
			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	996,756,410	964,931,011	714,177,908	1,655,192,703	17,594,880	512,401,443	1,248,870,649	17,819,653	50,627,054	44,033,570	—	—
Purchase of Goods / Services	4,603,074	4,010,977	586,490,423	—	—	486,380,007	—	—	42,901	—	—	—
Rent paid	17,479,800	17,479,800	—	—	—	—	—	—	—	—	—	—
Remuneration to Key Management Personnel	—	—	—	—	—	—	—	—	—	—	38,828,264	46,471,872
Reimbursement of Contractual Remuneration (including Key Management Personnel)	30,586,786	33,443,827	—	—	—	—	—	—	—	—	—	—
Expenses recovered	2,315,007	3,330,697	19,642,510	35,844,039	—	13,155,181	29,065,391	—	—	—	—	—
Expenses reimbursed	90,618,607	81,597,311	18,603,208	15,308,669	—	16,315,376	—	—	—	—	—	—
Receipt towards Loan Repayment	—	—	—	—	—	—	—	—	—	—	752,906	57,382
Dividend Income	—	—	211,940,695	—	—	176,317,348	—	—	—	—	—	—
Interest recovered on Loans	—	—	—	—	—	—	—	—	—	—	69,165	3,613
Loans received	—	3,968,000,000	—	—	—	—	—	—	—	—	—	—
Loan repaid	—	4,538,000,000	—	—	—	—	—	—	—	—	—	—
Balances as on 31st March,												
i) Trade Receivables	—	2,382,140	87,170,236	523,662,075	1,271,075	131,470,042	347,292,585	1,337,951	24,804,936	15,861,426	—	—
ii) Loans Given	—	—	—	—	—	—	—	—	—	—	422,970	1,175,876
iii) Trade Payables	5,060,312	10,734,164	351,116,821	—	—	484,727,349	—	—	—	—	—	—

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%	NIL	GBP 6,108,787 INR 609,473,679	GBP 1,184,772 INR 118,204,702	GBP 2,544,604 INR 253,875,141
2	ITC INFOTECH (USA), INC. (**)	182,000	100%	USD 262,469 INR 15,727,142	USD 342,320 INR 20,511,814	NIL	NIL
3	PYXIS SOLUTIONS, LLC. (**)	Note	100%	USD 410,740 INR 24,611,541	USD 1,720,272 INR 103,078,698	NIL	NIL

The financial year of all the subsidiary companies ended on 31st March, 2014.

(*) The Indian Rupee (INR) equivalent figures have been arrived at by applying the year-end interbank exchange rate of GBP 1 = INR 99.77

(**) The Indian Rupee (INR) equivalent figures have been arrived at by applying the year-end interbank exchange rate of USD 1 = INR 59.92

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.

On behalf of the Board

B. Sumant
Managing Director

S. Sivakumar
Vice Chairman

Place : New Delhi
Date : 7th May, 2014

R. Batra
Chief Financial Officer

S. V. Shah
Company Secretary