REPORT OF THE DIRECTORS

Your Directors present their Report together with the Audited Financial Statements for the year ended 31st March, 2014.

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

Principal Activities

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

Financial Results (US$ million)

	ITC Infotech (USA), Inc. Consolidated (*)	
Year Ended March 31,	**2014**	**2013**
Total Revenue	**70.61**	63.20
Operating Income before Amortization	**2.10**	1.77
Net Cash Flow provided by Operating activities	**2.44**	(1.23)

(*) including Pyxis Solutions, LLC

Business Review

Total Revenues grew by 12% (previous year - 27%) to US$ 70.6 million (previous year- US$ 63.2 million), while Operating Income before Amortization grew by 18% (previous year- 49%) to US$ 2.1 million (previous year - US$1.77).

The global strategy of partnership with leading Independent Software Vendors (ISVs) and joint go to market has delivered sustainable value to your Company; it has also created competencies in several business domains; the Corporation has successfully leveraged such capabilities in new markets such as Latin America and Canada.

The expanded customer base, the strong sales funnel and the bank of market-relevant capabilities, augur well for the year 2014-15.

Wholly Owned Subsidiary - Pyxis Solutions, LLC (Pyxis)

Pyxis primarily provides high end, domain-based software quality consulting to marquee clients in the financial services industry. During 2013-14, revenue performance of Pyxis was reflective of uncertainties in capital markets. Revenues declined by 12% (previous year- increased by 21%) at USD 6.2 million (previous year- US$ 7.0), whereas net income grew by 94% (previous year- 140%) to USD 0.41 million (previous year- US$ 0.21 million).The increased client activity and the efforts towards successful client retention present attractive growth possibilities in the next financial year.

During the year under review, Pyxis declared and paid US$ 500,000 (previous year-Nil) as dividend for the financial year 2013-14 by way of distribution to the Corporation, the Sole Member of Pyxis.

Directors

Mr. S. Puri resigned as a Director of the Corporation 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 the Corporation.

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

Auditors

M/s. EisnerAmper LLP, Accountants and Advisors, Auditors of the Corporation, offer themselves for re-appointment as Auditors of the Corporation to audit the Financial Statements of the Corporation for the financial year ending 31st March, 2015.

On behalf of the Board

7th May, 2014

B. Sumant — Director
S. Sivakumar — Vice Chairman

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
ITC Infotech (USA), Inc.

Report on the Financial Statements

We have audited the accompanying special-purpose financial statements of ITC Infotech (USA), Inc. which comprise the special-purpose balance sheets as of March 31, 2014 and 2013, and the related special-purpose statements of operations and accumulated deficit, and cash flows for each of the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditor considers internal control relevant to the entity'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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the financial position of ITC Infotech (USA), Inc. as of March 31, 2014 and 2013, and the results of its operations and its cash flows for each of the years then ended in accordance with the Basis of Presentation as described in Note B[1].

Emphasis of Matter

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

Effect of Adopting New Accounting Standard

As discussed in Note A to the financial statements, effective April 1, 2013 the Company elected the provisions of FASB ASU 2014-02 which provides for the prospective amortization of goodwill and eases the requirements for testing goodwill impairment. Our opinion is not modified with respect to this matter.

Basis of Accounting

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

Restriction of Use

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

EisnerAmper LLP
Iselin, New Jersey
May 7, 2014

BALANCE SHEET AS AT MARCH 31,

	2014 $	2014 ₹	2013 $	2013 ₹
ASSETS				
Current assets				
Cash and cash equivalents	**4,475,940**	**268,198,324**	2,183,447	118,539,337
Accounts receivable, net of allowance for doubtful accounts of $568,805 (₹ 34,082,796) and $568,805 (₹ 30,880,423) for 2014 and 2013, respectively	**15,151,645**	**907,886,568**	13,350,783	724,814,009
Due from ITC Infotech Ltd. (UK), net	—	—	—	—
Advances to employees	**219,300**	**13,140,456**	124,282	6,747,270
Deferred income taxes	**1,442,003**	**86,404,820**	1,277,945	69,379,634
Total current assets	**21,288,888**	**1,275,630,168**	16,936,457	919,480,250
Equipment, software, furniture and fixtures and leasehold improvements	**626,046**	**37,512,676**	544,821	29,578,332
Less: Accumulated depreciation and amortization	**504,149**	**30,208,608**	456,396	24,777,739
	121,897	**7,304,068**	88,425	4,800,593
Intangible assets, goodwill and net assets in Pyxis Solutions, LLC. (see Note E)	**14,184,523**	**849,936,618**	14,184,523	770,077,754
Less: Accumulated amortization	**4,868,594**	**291,726,152**	3,545,575	192,489,267
	9,315,929	**558,210,466**	10,638,948	577,588,487
Other assets, principally unsecured advances	**92,216**	**5,525,583**	459,183	24,929,045
	30,818,930	**1,846,670,285**	28,123,013	1,526,798,375
Liabilities and Stockholder's Equity				
Current liabilities				
Accounts payable	**849,382**	**50,894,969**	968,335	52,570,907
Accrued expenses and other current liabilities	**2,583,700**	**154,815,304**	2,442,168	132,585,301
Accrued payroll and payroll taxes	**884,659**	**53,008,767**	728,825	39,567,909
Due to ITC Infotech Ltd. (UK), net	**301,466**	**18,063,843**	26,141	1,419,195
Due to Pyxis Solutions, LLC., net	—	—	6,759	366,946
Due to ITC Infotech India Ltd., net	**8,496,075**	**509,084,814**	6,408,190	347,900,635
Total current liabilities	**13,115,282**	**785,867,697**	10,580,418	574,410,893
Non-current liabilities				
Deferred income taxes	**77,695**	**4,655,484**	179,112	9,723,990
Commitments and contingencies (see Note F)				
Stockholder's equity				
Capital stock, no par value; 185,000 shares authorized; 182,000 shares issued and outstanding at March 31, 2014 and 2013	**200,000**	**11,984,000**	200,000	10,858,000
Additional paid-in capital	**18,000,000**	**1,078,560,000**	18,000,000	977,220,000
Accumulated deficit	**(574,047)**	**(34,396,896)**	(836,517)	(45,414,508)
Total stockholder's equity	**17,625,953**	**1,056,147,104**	17,363,483	942,663,492
	30,818,930	**1,846,670,285**	28,123,013	1,526,798,375

On behalf of the Board

Date : May 7, 2014	G. Satish Financial Controller	L. N. Balaji President	B. Sumant Director	S. Sivakumar Vice Chairman

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT FOR THE YEARS ENDED MARCH 31,

	2014	2014	2013	2013
	$	₹	$	₹
Revenues				
Service fees	**39,833,139**	**2,386,801,689**	38,283,598	2,078,416,535
Account management fees - affiliates	**331,582**	**19,868,393**	358,668	19,472,086
Project fees	**24,748,474**	**1,482,928,562**	17,877,939	970,593,308
Total revenues	**64,913,195**	**3,889,598,644**	56,520,205	3,068,481,929
Cost of revenues, principally employment costs and fees charged by affiliates	**52,226,185**	**3,129,393,005**	44,073,979	2,392,776,320
Gross profit	**12,687,010**	**760,205,639**	12,446,226	675,705,609
General and administrative expenses	**10,998,318**	**659,019,215**	10,885,169	590,955,825
Operating income before amortization	**1,688,692**	**101,186,424**	1,561,057	84,749,784
Amortization of intangible assets and goodwill	**1,323,019**	**79,275,298**	753,137	40,887,808
Operating income	**365,673**	**21,911,126**	807,920	43,861,976
Other income	**500,142**	**29,968,509**	1,649	89,524
Income before income tax expense	**865,815**	**51,879,635**	809,569	43,951,500
Income tax expense				
Current	**868,820**	**52,059,694**	248,844	13,509,741
Deferred	**(265,475)**	**(15,907,262)**	(142,421)	(7,732,036)
Total income tax expense	**603,345**	**36,152,432**	106,423	5,777,705
Net income	**262,470**	**15,727,203**	703,146	38,173,795
Accumulated deficit at beginning of year	**(836,517)**	**(50,124,099)**	(1,539,663)	(83,588,303)
Accumulated deficit at end of year	**(574,047)**	**(34,396,896)**	(836,517)	(45,414,508)

On behalf of the Board

	G. Satish	L. N. Balaji	B. Sumant	S. Sivakumar
Date : May 7, 2014	Financial Controller	President	Director	Vice Chairman

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED MARCH 31,

	2014	2014	2013	2013
	$	₹	$	₹
Cash flows from operating activities				
Net income	**262,470**	**15,727,203**	703,146	38,173,795
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities				
Depreciation and amortization	**1,370,772**	**82,136,631**	793,596	43,084,327
Deferred income taxes	**(265,475)**	**(15,907,262)**	(142,421)	(7,732,036)
Bad debt expense	**—**	**—**	103,312	5,608,808
(Increase) decrease in assets				
Accounts receivable	**(1,800,862)**	**(107,907,651)**	(3,258,298)	(176,892,998)
Due from ITC Infotech Ltd. (UK), net			40,036	2,173,554
Advances to employees	**(95,018)**	**(5,693,479)**	107,052	5,811,853
Security deposits and other advances	**366,967**	**21,988,663**	(207,285)	(11,253,503)
Increase (decrease) in liabilities				
Accounts payable	**(118,953)**	**(7,127,664)**	(184,868)	(10,036,484)
Accrued expenses and other liabilities	**141,532**	**8,480,597**	776,746	42,169,540
Accrued payroll and payroll taxes	**155,834**	**9,337,573**	175,220	9,512,694
Due to ITC Infotech Ltd. (UK), net	**275,325**	**16,497,474**	26,141	1,419,195
Due to Pyxis Solutions, LLC., net	**(6,759)**	**(404,999)**	(23,129)	(1,255,673)
Due to ITC Infotech India Ltd., net	**2,087,885**	**125,106,069**	(104,398)	(5,667,767)
Net cash provided by (used in) operating activities	**2,373,718**	**142,233,155**	(1,195,150)	(64,884,695)
Cash flows from investing activities				
Capital expenditures	**(81,225)**	**(4,867,002)**	(52,395)	(2,844,525)
Net cash used in investing activities	**(81,225)**	**(4,867,002)**	(52,395)	(2,844,525)
Net increase (decrease) in cash and cash equivalents	**2,292,493**	**137,366,153**	(1,247,545)	(67,729,220)
Cash and cash equivalents at beginning of year	**2,183,447**	**130,832,171**	3,430,992	186,268,557
Cash and cash equivalents at end of year	**4,475,940**	**268,198,324**	2,183,447	118,539,337

Supplemental disclosures of cash flow information.

Income taxes paid were $591,974 (₹ 35,471,082) and $23,180 (₹ 1,258,442) during 2014 and 2013, respectively.
Disposal of fully depreciated fixed assets were $0 (₹ 0) and $70,313 (₹ 3,817,293) during 2014 and 2013, respectively.

On behalf of the Board

	G. Satish	L. N. Balaji	B. Sumant	S. Sivakumar
Date : May 7, 2014	Financial Controller	President	Director	Vice Chairman

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2014 and 2013

NOTE A - BUSINESS BACKGROUND AND PRINCIPAL TRANSACTIONS WITH AFFILIATES

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

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

Pyxis Solutions, LLC ("Pyxis"), a wholly owned subsidiary of the Company since 2008, was formed as a New York State limited liability company in 2000. Pyxis is principally engaged in the information technology services business offering Quality Assurance (QA) solutions and testing services. Its customers are commercial entities throughout the United States of America.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Basis of presentation:

As required by its parent company Infotech India, the financial statements of the Company are not prepared in accordance with accounting principles generally accepted in the United States as the results of operations of its wholly-owned subsidiary Pyxis were not included since the date of acquisition. Accordingly, these financial statements do not purport to follow US GAAP. Furthermore, as permitted by accounting principles generally accepted in the United States, the impact of the acquisition of Pyxis was not pushed-down to Pyxis. Accordingly, the intangible assets presented herein relate to the excess purchase price over the fair value of Pyxis' assets and liabilities as at the date of acquisition.

These financial statements are presented in U.S. dollars. However, as required by the parent company, the Indian Rupee equivalent figures, arrived at by applying the year end interbank exchange rate of US$1 = 59.92 for fiscal year ended March 31, 2014 (2013 US$1 = Rs. 54.29) as provided by the parent company, have been included solely for informational purposes and is not in conformance with the provisions of FASB ASC 830-30 - Foreign Currency Matters - Translation of Financial Statements and U.S. GAAP.

[2] Recognition of revenue:

Service Fees:

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

Project Fees:

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

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

Account management fees:

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

[3] Cash and cash equivalents:

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

[4] Accounts receivable:

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

[5] Equipment, software, furniture and fixtures and leasehold improvements:

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

[6] Income taxes:

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

The Company provides for income tax in accordance with the Financial Accounting Standards Board ("FASB") issued ASC 740-10, "Income Taxes" ("ASC 740-10"). ASC 740-10 provides recognition criteria and a related measurement model for uncertain tax positions taken or expected to be taken in income tax returns. ASC 740-10 requires that a position taken or expected to be taken in a tax return be recognized in the financial statements when it is more likely than not that the position would be sustained upon examination by tax authorities. Tax positions that meet the more likely than not threshold are then measured using a probability weighted approach recognizing the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement. There were no significant matters determined to be unrecognized tax benefits taken or expected to be taken in a tax return that have been recorded in the Company's financial statements for the year ended March 31, 2014. The income tax returns of the Company are subject to examination by the IRS and other taxing authorities, generally for three years after they are filed.

[7] Use of estimates:

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

[8] Advertising costs:

Advertising costs are expensed as incurred.

[9] Long-lived assets:

The Company follows ASC 360, "Property, Plant and Equipment". Accordingly, whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable, the Company assesses the recoverability of the asset. No impairment charge has been recorded in fiscal years ended March 31, 2014 or 2013.

[10] Intangible assets:

Intangible assets are stated at fair value at the date of Pyxis acquisition and are amortized on the straight line method over their estimated useful life of 4 to 8 years.

[11] Goodwill:

Effective April 1, 2013, the Company adopted Financial Accounting Standards Board Accounting Standards Update 2014-02 Intangibles - Goodwill and Other (Topic 350) ("ASU 2014-02") which includes alternative accounting guidance developed by the Private Company Council that permits private companies to elect to amortize goodwill and to use a simpler impairment test at either the entity level or the reporting unit level. The Company has elected to amortize its goodwill on a straight line basis over ten years and to test goodwill for impairment at the reporting unit level. Goodwill is only tested for impairment when a triggering event occurs that indicates that the fair value of the reporting unit may be less than its carrying amount. There is no requirement to test goodwill for impairment on an annual basis. Any impairment would be recognized for the difference between the fair value of the reporting unit and its carrying amount. Prior to the adoption of ASU 2014-02, the Company did not amortize goodwill but instead tested it for impairment at the reporting unit level on an annual basis.

[12] Fair value measurements:

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

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

[13] Capitalized software costs:

Costs incurred for development of computer software for internal use of the Company are capitalized. Any costs incurred in the preliminary stages of development and in the operating stages of the software are expensed immediately. Capitalized software costs are amortized over a period of five years or over the estimated useful lives, whichever is lower. There were no such costs capitalized in fiscal years ended March 31, 2014 or 2013.

[14] Subsequent events:

The Company evaluated all events or transactions that occurred after March 31, 2014 up through May 7, 2014, the date when the financial statements were available to be issued.

NOTE C - RELATED PARTY TRANSACTIONS

The Company had transactions with the following parties:

Year ended March 31,

	2014	**2014**	2013	2013
	$	**(₹)**	$	(₹)
Transactions with Infotech India				
Costs for project consultations / other expenses, included in cost of revenues / general and administrative expenses	**27,699,787**	**1,659,771,233**	23,492,010	1,275,381,223
Project / other expenses reimbursements from Infotech India included as a reduction in cost of revenues / general and administrative expenses	248,708	14,902,600	—	—
Transactions with Infotech UK				
Service / account management fees / others, recognized as revenue	**73,532**	**4,406,050**	177,715	9,648,147
Costs for project consultations / other expenses, included in cost of revenues / general and administrative expenses	**488,213**	**29,253,728**	546,983	29,695,707
Project / other expense reimbursements from Infotech UK included as a reduction in cost of revenues / general and administrative expenses	—	—	5,647	306,576
Transactions with Pyxis				
Service/account management fees /others, recognized as revenue	**258,050**	**15,462,364**	180,953	9,823,938
Costs for project consultations/ other expense reimbursements, included in cost of revenues/ general and administrative expenses	**217,560**	**13,036,195**	178,752	9,704,446
Other expense reimbursements from Pyxis included as reduction in cost of revenues / general and administrative expenses	**307,698**	**18,437,285**	432,360	23,472,824

Rent paid includes $116,380 (₹ 6,973,490) and $109,581 (₹ 5,949,152) towards rent paid to King Maker Marketing Inc. (see Note G) for the fiscal years ended March 31, 2014 and 2013, respectively.

NOTE D - ACCOUNTS RECEIVABLE

Accounts receivable includes both billed and unbilled receivable. Changes in the allowance for doubtful accounts in 2014 and 2013 are as follows:

	2014	**2014**	2013	2013
	$	**(₹)**	$	(₹)
Beginning balance	**568,805**	**34,082,788**	465,493	25,271,615
Increase to allowance	—	—	103,312	5,608,808
Ending balance	**568,805**	**34,082,788**	568,805	30,880,423

Unbilled receivables were approximately $ 7,448,423 (₹ 446,309,521) and $1,934,237 (₹ 105,009,726) as of March 31, 2014 and 2013 respectively.

NOTE E - INTANGIBLE ASSETS AND NET ASSETS IN PYXIS SOLUTIONS, LLC.

The Company has assets arising from the acquisition of 100% membership interest of Pyxis Solutions, LLC in 2008 and was accounted in accordance with ASC 805, "Business Combinations" ("ASC 805"). On April 1, 2013, the Company adopted ASU 2014-12 (see note B [11]). Accordingly, the components of intangible assets (including goodwill) as at March 31, 2014 and 2013 are as follows:

			2014			2013		
Identifiable intangible assets	Estimated useful life	Currency	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Trade name	8	$ ₹	300,000 17,976,000	211,438 12,669,365	88,562 5,306,635	300,000 16,287,000	173,938 9,443,094	126,062 6,843,906
Non-compete agreement	4	$ ₹	90,000 5,392,800	90,000 5,392,800	— —	90,000 4,886,100	90,000 4,886,100	— —
Customer relationship	8	$ ₹	3,900,000 233,688,000	2,748,699 164,702,042	1,151,301 68,985,958	3,900,000 211,731,000	2,261,199 122,760,494	1,638,801 88,970,506
Know how	5	$ ₹	1,100,000 65,912,000	1,100,000 65,912,000	— —	1,100,000 59,719,000	1,020,438 55,399,579	79,562 4,319,421
Total intangible assets		$ ₹	5,390,000 322,968,800	4,150,137 248,676,207	1,239,863 74,292,593	5,390,000 292,623,100	3,545,575 192,489,267	1,844,425 100,133,833
Goodwill	10	$ ₹	7,184,566 430,499,195	718,457 43,049,945	6,466,109 387,449,250	7,184,566 390,050,088	— —	7,184,566 390,050,088
Net assets in Pyxis Solutions, LLC. upon acquisition		$ ₹	1,609,957 96,468,623	— —	1,609,957 96,468,623	1,609,957 87,404,566	— —	1,609,957 87,404,566
Total intangible assets, goodwill and net assets in Pyxis Solutions, LLC.		$ ₹	14,184,523 849,936,618	4,868,594 291,726,152	9,315,929 558,210,466	14,184,523 770,077,754	3,545,575 192,489,267	10,638,948 577,588,487

Amortization of identifiable intangible assets and goodwill for the years ended March 31, 2014 and 2013 was $1,323,019 (₹ 79,275,298) and $753,137 (₹ 40,887,808), respectively. At March 31, 2014 the expected amount of amortization of identifiable intangible assets and goodwill, over the next five years are as follows:

2014-2015	$ 1,243,457	₹ 74,507,943
2015-2016	1,243,457	74,507,943
2016-2017	908,320	54,426,534
2017-2018	718,457	43,049,919
2018-2019	718,457	43,049,919

NOTE F - COMMITMENTS AND CONTINGENCIES

[1] Leases

The Company has leased offices and storage spaces under non-cancelable operating leases, some of these expiring through fiscal 2018. One such office has been leased from King Maker Marketing Inc. whose parent Company (ITC Limited) is same as the Company's ultimate parent company. Total rent and other reimbursements to King Maker Marketing Inc. was approximately $116,380 (₹ 6,973,490) and $109,581 (₹ 5,949,152) for the fiscal years ended March 31, 2014 and 2013, respectively. Total rent expense under all facilities leases was approximately $199,915 (₹ 11,978,907) and $181,979 (₹ 9,879,640) for the fiscal years ended March 31, 2014 and 2013, respectively.

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

The future minimum annual lease payments as at March 31, 2014 are as follows:

	Office		Equipment		Total	
	$	₹	$	₹	$	₹
2014-2015	181,204	10,857,744	4,663	279,407	185,867	11,137,151
2015-2016	158,432	9,493,265	3,128	187,410	161,560	9,680,675
2016-2017	144,161	8,638,151	718	43,020	144,879	8,681,171
2017-2018	36,387	2,180,310	—	—	36,387	2,180,310

NOTE G - INCOME TAXES

The provision for income taxes consists of the following:

Year ended March 31,

	$ 2014	2014(₹)	$ 2013	2013(₹)
Federal Taxes				
Current	579,988	34,752,886	—	—
Deferred	(277,791)	(16,645,208)	(83,360)	(4,525,613)
State and local taxes				—
Current	144,250	8,643,477	129,161	7,012,150
Deferred	12,316	737,924	(59,061)	(3,206,422)
Foreign Taxes	144,582	8,663,353	119,683	6,497,590
Total current expense	603,345	36,152,432	106,423	5,777,705

As a result of the Pyxis acquisition, the Company's amortizable tax basis goodwill exceeds its financial reporting goodwill. Under ASC 740, this is known as component 2 goodwill. No tax benefit is recorded for amortization of component 2 goodwill until such deduction reduces taxes payable. As at March 31, 2014, no tax benefit related to the amortization of component 2 goodwill has been recorded.

Deferred tax assets and liabilities consist of the following:

	$ 2014	2014(₹)	$ 2013	2013 (₹)
Current assets				
Accounts Receivable Reserve	224,012	13,422,799	229,980	12,485,614
Accrued vacation	235,589	14,116,493	211,767	11,496,830
Accrued bonus	757,763	45,405,159	759,706	41,244,439
Foreign tax credit carry-over	224,639	13,460,369	76,492	4,152,751
	1,442,003	86,404,820	1,277,945	69,379,634
Non-current liability				
Amortization	(56,291)	(3,372,957)	(193,697)	(10,515,810)
Depreciation	(21,404)	(1,282,527)	14,585	791,820
	(77,695)	(4,655,484)	(179,112)	(9,723,990)

NOTE H - CONCENTRATION OF CREDIT RISK AND SIGNIFICANT CUSTOMERS

A significant portion of the Company's sales are to several key customers, some of which are also agencies providing software consulting services to commercial entities and software developers. Three such key customers accounted for approximately 25% (9%, 8% and 8%) and approximately 30% (12%, 10% and 8%) of the Company's revenues for the years ended March 31, 2014 and 2013, respectively. Accounts receivable from these customers approximated 22% (12%, 5%, and 5%) and 26% (11%, 4%, and 11%) of total accounts receivable as at March 31, 2014 and 2013, respectively.

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

NOTE I - EMPLOYEE BENEFIT PLANS

The Company maintains a 401(k) Savings Plan for qualified employees. Employees who are eligible, as defined by the plan documents, may contribute an amount not to exceed 100% of participant's compensation, up to the maximum annual elective contribution established by the Internal Revenue Service. The Company makes a Safe Harbor Matching Contribution equal to 100% on the first 3% of eligible earnings that are deferred as Elective Deferral and an additional 50% on the next 2% of eligible earnings. The 401(k) expense for the years ended March 31, 2014 and 2013 was $ 265,424 (₹ 15,904,206) and $ 193,346 (₹ 10,496,754) respectively.