

INSPIRED BY THE
PAST
MOTIVATED BY THE
PRESENT
DRIVEN BY THE
FUTURE

Disclaimer

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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INFOTECH HAS BEEN CONSISTENTLY INSPIRED BY THE PAST, MOTIVATED BY THE PRESENT AND DRIVEN BY THE FUTURE.

For more than two decades, when a number of companies and utility corporations needed specialized business-strengthening services that comprised deep engineering and IT capabilities, they increasingly turned to one company:

Infotech Enterprises.

THIS IS THE RESULT:

Infotech has grown its market capitalisation to ₹ 16,635 mn (as on 31 March 2012).

Widened its presence across 16 countries.

Serviced the demanding needs of 20+ Fortune 500 companies.

Employed more than 9,300 associates.

For good reason.

OVER THE LAST TWO DECADES INFOTECH HAS EVOLVED AS A LEADING ENGINEERING SOLUTIONS PLAYER SERVICING CLIENTS ACROSS THE GLOBE.

MISSION

Provide the best technology services and solutions to industry and governments worldwide

VISION

Delivering innovative solutions together for a better future

LINEAGE

- Incorporated as a private limited company in 1991 by Mr. B.V.R. Mohan Reddy
- Grew to a market capitalisation of ₹ 16,635 million (as on March 31, 2012) with the promoters holding 22.82% of the Company's equity. The Company's equity shares are listed and actively traded on the Bombay and National Stock Exchanges in India

30.7%

REVENUE GROWTH
2011-12

220bps

OPERATING MARGIN
GROWTH 2011-12

15.5%

PAT GROWTH
2011-12

PRESENCE

- Headquartered in Hyderabad, India
- More than 9,300 associates in 35 global locations
- Possesses best-in-class delivery centres in North America, Europe, Middle East and Asia Pacific

SERVICES

- Network and Content Engineering (N&CE) (now known as Utilities, Telecom & Content) services catering to utility, transportation, and government segments
- Engineering services addressing solutions in the engineering, manufacturing, and industrial product verticals

CLIENTELE

- The Company services growing client needs in the aerospace, automotive, consumer, energy, heavy equipment and machinery, marine, medical devices, oil & gas, transportation, semi-conductor, telecom and utility sectors

ACCOLADES

- Best Indian Company in South India doing business in USA - Indo American Chamber of Commerce
- Exceptional contribution to German - Indian Business Relations - Indo German Chamber of Commerce
- HR Excellence Award for Innovation - Star News

623

NET ASSOCIATE ADDITION
2011-12

45

NEW CUSTOMERS
2011-12

₹ 16,635

MARKET CAPITALISATION*
(IN MILLION)

*As on 31 March 2012

BOARD OF DIRECTORS

B.V.R. Mohan Reddy	<i>Chairman & Managing Director</i>
B. Sucharitha	<i>Whole Time Director</i>
M.M. Murugappan	<i>Independent Director</i>
G.V. Prasad	<i>Independent Director</i>
J. Ramachandran	<i>Independent Director</i>
K. Ramachandran	<i>Independent Director</i>
Vikas Sehgal	<i>Independent Director</i>
Alain De Taeye	<i>Independent Director (Nominee of Tom Tom)</i>
Allan J. Brockett	<i>Non-Executive Director (Nominee of Pratt & Whitney)</i>
Abhay Havaldar	<i>Non-Executive Director (Nominee of General Atlantic)</i>

KEY EXECUTIVES

B.V.R. Mohan Reddy	<i>Chairman & Managing Director</i>
B. Ashok Reddy	<i>President – Global HR & Corporate Affairs</i>
Ajay Aggarwal	<i>Chief Financial Officer</i>
Krishna Bodanapu	<i>President & Chief Operating Officer</i>
John Renard	<i>President & Head UT & C</i>
Bhanu Cherukuri	<i>President – Strategic Initiatives</i>
Ramaswami Anantharam	<i>Chief Information Officer</i>
William Whitley	<i>President, IEAI, USA</i>
Martin Trostel	<i>Managing Director, IEEL, UK & IEG, Germany</i>

CORPORATE INFORMATION

Auditors

Deloitte Haskins & Sells,
1-8-384 and 385, 3rd Floor,
'Gowra Grand', Sardar Patel Road,
Secunderabad – 500 003
Tel.: +91 40 40312600

Internal Auditors

Domestic Operations
M. Bhaskara Rao & Co.,
5-D, 5th Floor, 'Kautilya',
6-3-652, Somajiguda,
Hyderabad – 500 082
Tel.: +91 40 23311245

Global Operations
KPMG,
8-2-618/2, 'Reliance Humsafar',
4th Floor, Road No. 11
Banjara Hills,
Hyderabad – 500 034
Tel.: +91 40 30465000

Tax Advisors

G.P. Associates,
603, 6th Floor,
'Cyber Heights', Plot No. 13,
HUDA Layout, Road No. 2,
Banjara Hills,
Hyderabad – 500 034
Tel.: +91 40 23540822

Bankers

Oriental Bank of Commerce,
9-1-129/1, 'Oxford Plaza',
Sarojini Devi Road,
Secunderabad – 500 003
Tel.: +91 40 27704935

Citibank NA,
'Queens Plaza', 1st Floor,
Sardar Patel Road,
Secunderabad – 500 003
Tel.: +91 40 40005720

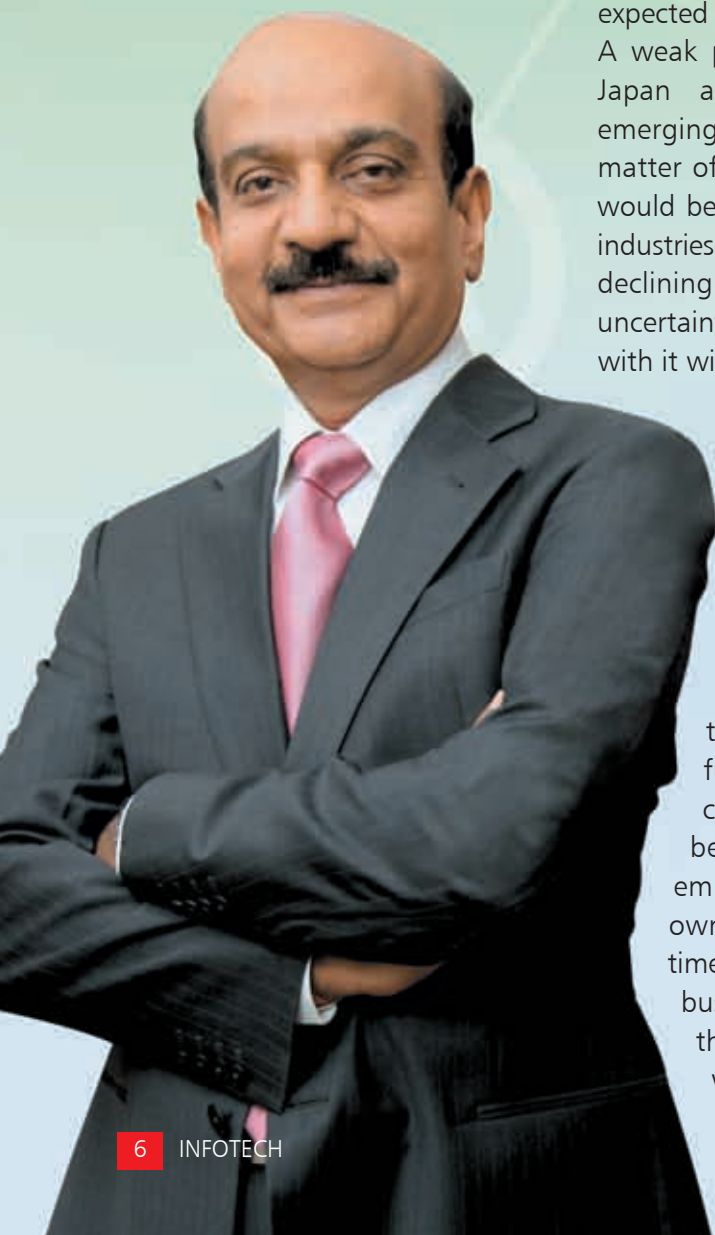
Registrar & Share Transfer Agents

Karvy Computershare Private Limited,
Unit: Infotech Enterprises Limited
Plot No. 17 to 24, Vitthal Rao Nagar,
Madhapur,
Hyderabad – 500 081
Tel.: +91 40 44665500

Company Secretary & Compliance Officer

Sudheendhra Putty,
4th Floor, 11, Software Units Layout, Infocity,
Madhapur, Hyderabad – 500 081
Tel.: +91 40 23124006

INSPIRED BY THE PAST MOTIVATED BY THE PRESENT DRIVEN BY THE FUTURE



Dear Shareholders,

I am happy to share with you my thoughts on the performance of your Company during the financial year (FY) 2011-12 and also on what the future holds for all of us.

Macroeconomic Environment and Industry Overview

The second half of 2011 witnessed a sluggish global economy owing to deepening Eurozone crisis, sharp slowdown in China and lower than expected growth in the UK and US. A weak post-tsunami recovery in Japan and volatility, in most emerging-market economies is a matter of concern. Globally, there would be challenges for countries, industries and businesses due to the declining growth rate. Managing uncertainty and the risks associated with it will be the key challenge.

The global sourcing industry landscape has also altered in line with changing economics, demographics, consumer connectivity and rise of emerging economies. At the same time, there is a fundamental shift in customers' buying behaviour, with a greater emphasis on complete ownership, standardization, time-to-market and delivering business outcomes. Also, in this global, interconnected world, not everything can

be accomplished centrally from a single location. Languages, skills, proximity to customer, business continuity and local market opportunities have created a compelling need for a network of delivery centres across the globe. We are witnessing globalization through M&A as well as local hiring. Specialization has become a key priority.

The business models have also undergone a paradigm shift. From contracts that were based on per hour pricing, the measurement is now based on business outcome. Focus on intellectual property creation and end-to-end processes / products enables the customer to realize top line benefits.

These challenges, in conjunction with an extremely volatile macroeconomic environment, present an opportunity for growth. In line with the words of a famous author, "What Got You Here Won't Get You There" - we recognize that capabilities, which made us a leader in the past, may not ensure success in the future. Operational excellence, innovation, IP creation and leadership development will be critical to the success. The companies who understand and adapt to these challenges will prosper in these tough times.

According to a NASSCOM-Booz Global Engineering R&D report released in May 2010, offshore revenues of both traditional (Aerospace, Automotive, Telecom,

Semiconductors (HiTech), Consumer Electronics and Construction/Heavy Equipment) and emerging verticals (Computing Systems, Energy, Infrastructure, Industrial Auto-mation and Medical Devices) are expected to reach USD 90-100 billion globally. Of this, India will garner a share of around 40 percent by 2020, equivalent to USD 40-45 billion. The growth of the addressable market for your company remains sound and strong.

Your Company

Financial Performance

In spite of the macroeconomic uncertainty around the globe, we had a very good year in line with our expectations. We posted robust growth and higher profits because of customer centricity and long term growth strategy.

Revenue for the year was at ₹15,531 million, a Y-o-Y growth in rupee terms at 30.7% and a Y-o-Y growth in \$ terms at 24%. Operating profit was at ₹ 2,704 million, an increase of 50% Y-o-Y. The operating margin for the year was at 17.4%, an increase of 220 bps over last year. Profit After Tax (PAT) for the year was ₹ 1,614 million, an increase of 15.5% over last year. Our strength grew to 9,334 from 8,711. Our cash and bank balances stood at ₹ 4,782 million.

Our relentless focus on key margin drivers like efficient onsite- offsite-offshore mix, right sizing the organizational pyramid and improving the productivity and utilization drove our operating margins up to 17.4% (a 220 bps increase over last year).

People

Talent engagement and retention have been a key focus for our Human Resources (HR) management team. HR excellence has been brought into the organization through innovative initiatives. Our initiatives were judged to be creative and innovative with a human touch. Your organization has improved ASAT score (Associate Satisfaction score) to 53% compared to 49.3% a year ago.

Building Robust Scalable Systems

With rapid growth, we recognize the importance of building one global company and support the same with robust scalable systems for accurate and timely decision making. We are putting in a lot of effort to instill a "One Infotech" culture, also being supported by robust scalable systems.

We have rolled out organization wide initiatives for strengthening our finance, delivery, human resources and sales processes. For our finance and accounting, we have completed the implementation of SAP across all our global locations. After extensive study of our delivery processes in different CoEs and in different verticals, we are currently implementing a unified delivery management system, e3 (enterprise execution excellence) to address operational requirements of all our business establishments, worldwide. We are also implementing a Global HR system to ensure one global database of all associates with automated work flows for recruitment, transfers, training, separation, performance appraisal and planning. With this implementation, we will have one platform for all our employee information to facilitate timely decision making. Sales automation system is being further enhanced for accurate and timely forecasting of sales data and monitoring sales performance.

Future Directions

Organization Restructuring and Leadership Development

Over the years, one of the key differentiators and growth accelerators has been our organization structure. The structure has enabled us to maintain focus on key markets and customers, while driving efficiency through operational excellence and standardization. We have ensured that the spirit of entrepreneurship is encouraged and rewarded in the organization structure. Over the last six months, the board of directors, the leadership team and I spent a considerable amount of time on identifying the structure that will allow us to continue our growth

momentum and focus on meeting expectations of key stakeholders. To reflect the markets we address and the solutions we provide, the company's business has been realigned into the following four business units (BU):

1. Aerospace (AERO) – Providing product engineering solutions to aerospace customers
2. Heavy Equipment, Transportation & HiTech (HTH) – Providing product and process engineering solutions to non-aerospace customers in manufacturing, high technology and process engineering industries
3. Utilities Telecom (UT) – Providing network engineering and related solutions to telecom and utility customers and their suppliers
4. Content (C) – Providing spatial solutions to a range of industries including mining, oil and gas and content publishing

In the context of this realignment, we created a position of President and Chief Operating Officer to head all business operations including delivery, sales, marketing, strategy and organizational excellence. Towards developing the next generation leadership, we have promoted Krishna Bodanapu as the President and Chief Operating Officer of the Company.

Quality and Innovation

In the first two decades of Infotech's existence, the focus was to ensure that quality becomes a key element of the company's DNA. We were successful in delighting our customers with continuous improvement in our execution methodologies and refinement of processes. We are now in the process of making innovation as a part of our DNA. We have taken steps to foster innovation as a culture in the company. Innovation, as it happens in product, process and business model is being recognized, rewarded and celebrated. Having initiated the journey of innovation in 2010 we hope to see innovation as a key element of our DNA in the near future.

Strategy

Your organization recognizes that it has three distinctive businesses within the company. The Aero and HTH focus on the product and process engineering, the UT focuses on network centric solutions including engineering, the Content business is more into spatial data related solutions including aggregation, analysis and business intelligence. All the three need to be treated differently and specific strategies are being continually developed for each of them. While they are different, they also have tremendous synergies in terms of common customers and a commonality in delivery excellence and entry level resource pool.

The Aero and HTH business is likely to upgrade to an art to part proposition as opposed to our current offering of art to print. The UT business will shift towards comprehensive network solutions that will include engineering, consulting, software and implementation. The Content business will need to build capabilities to manage "Big Data" in the coming years.

As the landscape evolves in terms of new markets, new industries and value chain, it is getting increasingly critical for your company to augment its existing capabilities. It also needs to enter into engagements that lead to end-to-end product development, in order to reach its set targets.

The future is indeed bright for the engineering services sector, the core of your company. Recent trends show that ER&D activities are moving closer to emerging markets and the confidence among global customers in India's supply base capabilities is growing too. Growth in local markets and the emergence of new verticals is further driving the growth of your company.

Business Risks

While we are very confident of the future, we are fully aware of risks emanating from:

- Uncertainty in global economies leading to protectionism and trade barriers
- Wild fluctuations in foreign exchange
- Slow down in creating robust infrastructure in India, coupled with run-away inflation that can put pressure on our cost structure

We started FY 13 with a strong order pipeline and a large order backlog. We are confident of an equally good FY 13.

I thank the Board of Directors for their support and guidance for the growth of our business year after year. I also thank all stakeholders for their continued confidence in us and also their support without which, it would not have been possible for us to deliver results.

Warm regards,

B.V.R. Mohan Reddy

Chairman & Managing Director

Values FIRST

FAIRNESS

For Infotech, fairness means equity and solidarity where associates and customers experience an evenhanded environment, irrespective of their cultural backgrounds. We believe in providing an encouraging and motivating ambience which enables associates to meet their personal and organisational objectives. We honour our commitments and consistently perform everything with the highest ethical standards.

INTEGRITY

At Infotech, we craft a workplace that cultivates the development of high professional standards and values. The organization in all dimensions of work, aligns its actions with its words and delivers what it promises. We are committed to the moral and ethical values of the organisation and law of the land, and expect the same honesty from our associates and customers. Maintaining a high level of confidentiality encourages our associates to discuss potential ethical issues.

RESPECT

At Infotech, we demonstrate positive intent and promote healthy working relationships. We weave a sense of respect in relationship with our associates, customers and other stakeholders. Respecting diversity, espoused values and opinions, we expect our stakeholders to demonstrate the same respect for each other and the organisation. Infotech believes that the most productive environment is where associates are valued and treated with respect and dignity, while we recognize and reward them for their hard work and performance.

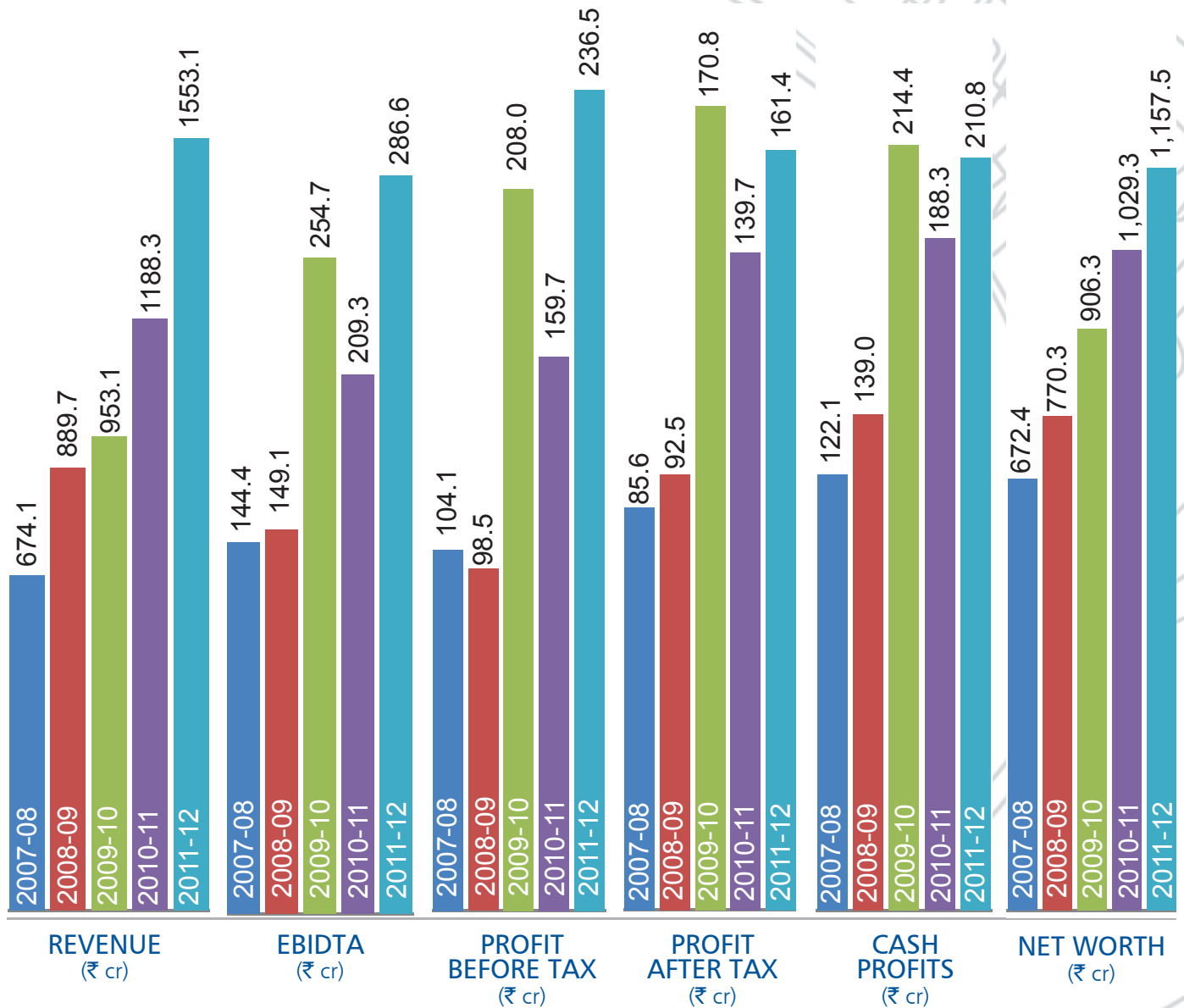
SINCERITY

For Infotech, sincerity is a commitment to present a workplace which establishes professionalism, dedication to quality, cost, delivery, value systems, speaking and acting truly about our vision and realistic goals. We have always demonstrated utmost reliability and accountability for all our commitments and promises, and we strive for the same ahead.

TRANSPARENCY

Infotech adheres to an open door policy and believes fair and open communication is the key to its success. We believe in clear billing processes and ensure availability of relevant information required for cooperation and collective decision making. Encouraging feedback from our clients and associates, builds a trustworthy organisation.

INSPIRED BY THE RICH ACHIEVEMENTS OF THE PAST.



MOTIVATED BY THE PERFORMANCE OF THE PRESENT.

PERCENTAGE OF REVENUE FROM EXPORTS (%)

98.2%

2011-12

TOTAL CUSTOMER BASE

215

2011-12

NUMBER OF NEW CUSTOMERS ADDED

45

2011-12

REPEAT BUSINESS AS A PERCENTAGE OF TOTAL REVENUE

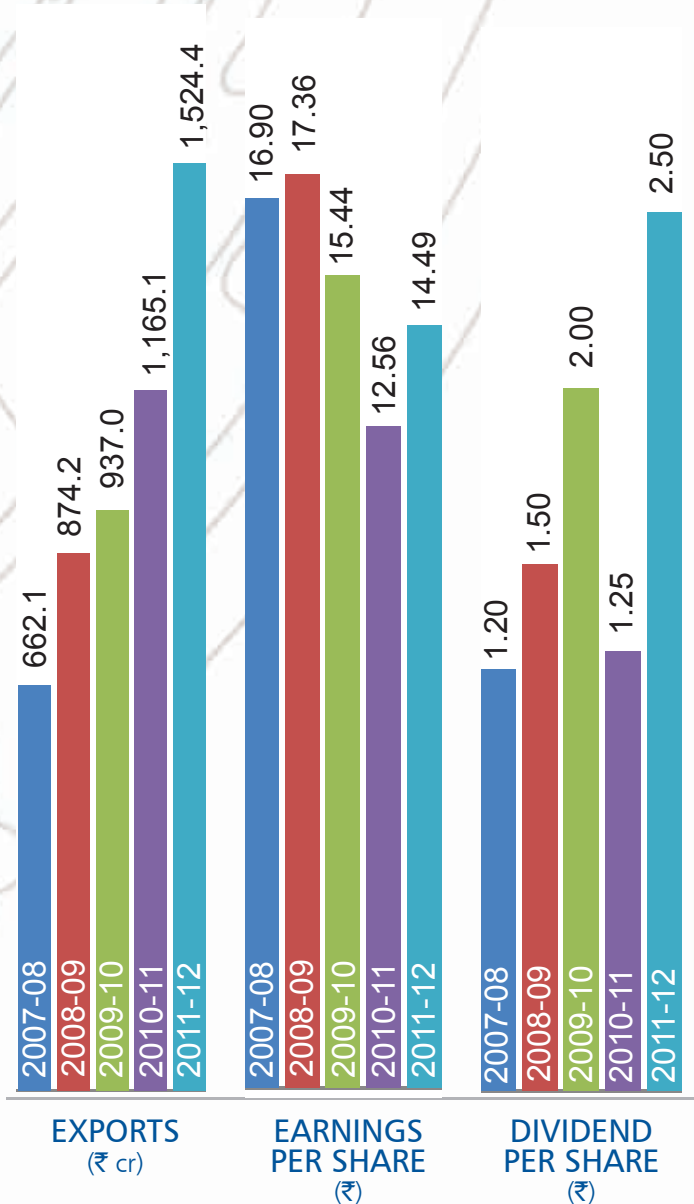
98.9%

2011-12

TURNOVER FROM THE TOP 5 CUSTOMERS (%)

37.1%

2011-12



AT INFOTECH, OUR COMPETITIVE ADVANTAGE IS DERIVED FROM OUR DEEP ENDURING COMPETENCIES

VALUES-DRIVEN

The Company is driven by a commitment to FIRST (Fairness, Integrity, Respect, Sincerity and Transparency) that guides engagements with its customers, associates, shareholders, suppliers and partners.

BRAND

Infotech is the largest dedicated engineering services company in India with over two decades of rich domain experience.

PRESENCE

The Company provides solutions in the geographies where its customers are based. The result is presence across 35 locations in 16 countries. North America, Europe and Asia Pacific contributed 57%, 32% and 11% of the company's revenues in 2011-12 respectively.

ENDURING RELATIONSHIPS

The Company enjoys a high proportion of repeat business from customers marked by enduring relationships. A significant percentage of the company's revenues were derived from long standing customers.

INFRASTRUCTURE

Physical Infrastructure complements the intellectual capital. The Company operates out of development centres and offices spread over 12 lakh sq. ft. across the country. This includes sprawling facilities in Hyderabad, Bangalore, Noida, Vizag and Kakinada. The Company also has operations from SEZs to leverage tax benefits.

INTELLECTUAL CAPITAL

The Company possesses a rich knowledge and experience bandwidth marked by a high retention at the senior and middle managerial levels.

ABILITY

The Company has demonstrated an ability to complete complex projects in line with the complete requirements of customers with a first-time pass rate of over 90%.

BUSINESS MODEL

The Company has reconciled offshore economies with on-site business effectiveness resulting in competent solutions delivery. The onsite-offshore revenue split was 42:58 for N&CE and 57:43 for ENGG.

HIGH UTILISATION

The Company's resource utilisation was 86% for N&CE and 73% for the ENGG segments, growing year on year.

AVERAGE AGE

An average organisational age of about 29 years represents a prudent mix of energy and experience.

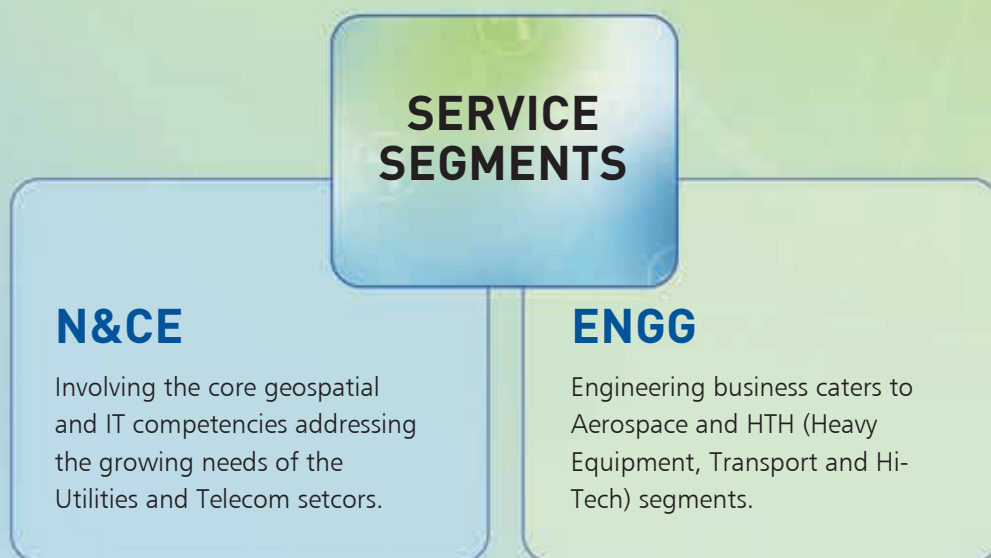
ENGINEERING SKILLS

Over 60% of the Company's resources are engineers who possess domain and business specialisation.

FINANCE

The Company generated ₹ 1,553.1 Cr of revenues in 2011-12 without any debt on its books and over ₹ 478 Cr of cash balance.

BUSINESS SEGMENTS



NETWORK AND CONTENT ENGINEERING (N&CE) SEGMENT

For decades, a number of utilities the world over worked with paper-based legacy designs of their infrastructure. The comprehensive record of their infrastructure was therefore recorded on extensive sheets. Each time these companies needed to make modifications in their infrastructure, they needed to access these sheets, which was time consuming.

The Company's Network and Content Engineering (N&CE) helped these companies graduate their legacy records to modern IT-based equivalents that made

it easy to search, locate, measure and modify design changes in the shortest possible time coupled with timely ground level action. The services made it possible for clients to shrink their project tenures on the one hand, reduce storage space, enhance data longevity and increase the flexibility in alternative design simulation approaches leading to informed cost-benefit analysis.

Over the years, the Company has graduated to the comprehensive range of N&CE offerings: strategic consulting,

network design, planning and analysis; operational support; network management and optimisation; geospatial and asset management; and a full range of implementation services.

The Company is a respected global organisation offering clients (telecom service providers and utilities) speed-to-market and operational efficiency in the design, deployment and management of next-generation networks, including fibre networks and Smart Grid solutions.

26% Revenue contribution from Utilities	476.1 ₹ Cr	71.3 ₹ Cr	15.0% EBIDTA MARGIN, 2011-12	86% RESOURCE UTILIZATION, 2011-12	21 NEW CUSTOMERS ADDED, 2011-12
42% Revenue contribution from Telecom	REVENUE, 2011-12	EBIDTA, 2011-12			
32% Revenue contribution from Content Engineering					

In this segment, Infotech leverages its rich intellectual capital of working across diverse clients, sectors and terrains. This enhances the efficiency and effectiveness of how these clients - in the government and commercial markets manage their data and other content. The business manages large complex geospatial databases that help clients graduate from legacy to modern information environments that in turn strengthen their competitive advantage.

Over the years, the company has strengthened its competitive advantage through globally dispersed locations in proximity to its largest customers leading to timely on-site support enhanced by back-end engineers working in India. The company has also made selective acquisitions of companies with strategic and synergic competencies and progressively strengthened its brand as a specialist solutions provider.

Owing to Infotech's deep domain knowledge and experience coupled with its clear understanding on networks (design and management), the Company has long term engagements with its customers.

This has translated into large, growing and enduring engagements with some of the largest customers the world over in the utilities (gas and electric) and telecommunication (wire line and wireless) sectors.

Segmental overview

North America

In the telecom engineering space, Infotech sustained its momentum with a steady growth in engagement with two of its largest customers.

- The Company signed a multi-year, multi-million dollar contract for engineering and design services with one of its largest telecom customers, thereby expanding its geographic service presence with the client across 23 US States
- The Company continued to report strong volumes with a large multi-year, multi million dollar client in one of its major service areas. The Company secured a short-term RFP project comprising work order design for inventory management and recovery.
- The Company received a million dollar annuity contract in the Content Engineering segment to provide CAD and GIS services using field survey data to capture pipeline boundaries in North America

Asia Pacific

- Secured the second renewal of a multi million dollar contract to manage the telecom network (physical and wireless) infrastructure of a major telecom company in Australia, strengthening a six-year relationship that becomes a benchmark for other telco opportunities in APAC

- Signed a global agreement with one of the world's largest mining companies to provide geospatial, data and engineering solutions

Highlights 2011-12

- Improved revenues 29.8% to ₹ 476.1 crore.
- Resource utilisation for the N&CE segment stood at 86% against 79% in the previous year
- Added 21 customers
- Strengthened the offshore business
- Launched dedicated services for better management networks through Network Operations Centre in Hyderabad
- Commissioned an office in Bern, Switzerland



Network Operations Centre: enhancing the end-user experience by design, availability and visibility management

- Supported Australian construction companies with their telecom and related infrastructure projects through business-strengthening solutions
- Introduced distribution management system services that helped major Australian utilities design, configure, test and manage their distribution systems
- Enriched its client portfolio for distribution management services with companies like Energex, SPAusnet, Powercor, AusGrid and Essential Energy, among others, in Australia

Europe, Middle East and Africa (EMEA)

- Signed a four-year deal with a rural payments agency for rural land register digitization and LCD
- Signed a multi-year contract with Ordnance Survey for development consultancy and management
- Renewed a contract for managing application support for a defence infrastructure organisation
- Secured four telecom accounts in the

Middle East and Europe

- Doubled its sales headcount to address opportunities in new regions
- Delivered enhanced OSS capability in Europe and the Middle East

Partnership with Software Engineering Institute (SEI)

- Infotech partnered with Software Engineering Institute (SEI), a US federal government-funded research and development centre to help global utilities assess their Smart Grid maturity level and implement corresponding solutions
- This service is provided through the Company's SEI-trained and certified navigators positioned across the world
- This partnership leverages the Company's domain depth, understanding of IT and OT systems and SEI-trained navigators to help global utilities strengthen their Smart Grid agenda.

- Entered Saudi Arabia and acquired a key multi million dollar deal
- Forged alliances with strategic partners in the Middle East for business growth

Outlook

The outlook for the Utilities business remains robust and there has been improvement in the Telecom segment as well. These relationships are marked by large and repeat multi-year customer engagement. The Company's Content Engineering business continues to gain traction; Infotech is working on significant opportunities in the mining and exploration segments. As an extension of this reality, the Company has commissioned an office in Perth (Australia) to cater to growing mining industry requirements.

ENGINEERING (ENGG) SEGMENT

It has become a requirement for all companies to engineer solutions. Technology is changing every day with something new always in the market. Engineering solutions are also required if

and when a new feature has to be added to the product or when the product has to be customized specifically to the needs of the client.

There is a need to offer advice or

assistance throughout the product lifecycle. This includes handling all matters from the inception of the product, design and development through the execution of the project.

54.2% Revenue contribution from Aero	1,077.0 ₹ Cr	202.2 ₹ Cr	18.8%	73%	24
45.8% Revenue contribution from HTH	REVENUE, 2011-12	EBIDTA, 2011-12	EBIDTA MARGIN, 2011-12	RESOURCE UTILIZATION, 2011-12	NEW CUSTOMERS ADDED, 2011-12

Companies often outsource their need for engineering solutions as it is difficult for them to spend time learning new technologies and looking for qualified resources to provide a comprehensive plan for the complete process.

The company's process engineering offerings have established an excellent track record of designing and optimising parts for a wide variety of products that range from tooth brushes to complex aircraft engines.

In an increasingly competitive market to stay ahead, any organisation would need an engineering solution to achieve a faster time to market, reduced design cycle-time, lower cost and a higher return on investment (ROI) on product development efforts. Infotech has made it possible for its customers.

This vertical provides solutions in the aerospace, rail transportation, off-highway vehicles, hi-tech and consumer electronics segments, among others. The company possesses nearly two decades of experience in the development of solutions in the areas of mechanical and electrical engineering, electronics and technical publications. The rich domain experience has translated into superior product engineering leading to effective customer solutions.

The company possesses integrated teams of skilled professionals who employ mature processes and proven business models across diverse functions (process to civil and structures, piping, electrical and instrumentation) to deliver on-time project engineering and enhance plant efficiencies.

Over the years, the company's cross-functional expertise has extended to the full range of new product development and product lifecycle management services.

Segment review

North America

- Selected as a strategic partner by two major heavy equipment manufacturers
- Inaugurated a dedicated engineering centre for a major helicopter OEM
- Doubled employee count to support requirements for a major HiTech customer
- Delivered the first operational prototype for test of a bus power control unit for a major aerospace OEM
- Developed 15 successful ASIC (application - specific integrated structure) designs
- HiTech division celebrated a high score on the customer satisfaction survey

Europe, Middle East and Africa (EMEA)

- Completed product development through the prototype stage for a leading industrial tool manufacturer
- Enlisted a major Scandinavian healthcare company as a customer
- Delivered the Jubilee Line project on schedule for London Olympics 2012
- Received business in kitchen appliances and lighting segments from an existing customer in the consumer space
- Added five customers in North Europe

Awards and recognition

- Celebrated 10 years of service with a major aerospace manufacturer
- Received Supplier Productivity Innovation Award from a major aerospace customer
- Accredited with Productivity Savings and Cost Avoidance Award from a major aerospace customer

Accredited with Engineering Services Supplier of the Year Award from a major aerospace customer

Highlights 2011-12

- Revenues improved 31.1% to ₹ 1,077.0 crore despite a global economic slowdown
- Segment utilisation was 73.0% against 73.5% in the previous year
- Added 24 customers
- Increased revenue per active customer by 34%
- Made investments in infrastructure and capabilities to address evolving customer needs



The Aerospace knowledge centre facilitates the training of fresh engineers



Rapid Prototyping Lab fitted with a state of the art 3d printer. It helps in verifying the designs much ahead in the product development cycle

INDUSTRY OVERVIEW

Global economy

The global environment turned adverse in September 2011, owing to the turmoil in the euro zone and doubts about the US economy provoked by rating agencies. Capital flows to developing countries declined by almost half in 2011. Europe appeared to have entered a recession, while growth in several major developing countries (Brazil, India, South Africa, Turkey and to a lesser extent Russia) slowed partly due to domestic policy tightening. Despite relatively strong activity in the US and Japan, global economic trade declined. Global GDP grew by 3.9% in 2011 compared with 5.3% in 2010. Despite a volatile economy, ER&D spending increased from USD 1,100 billion in 2009 to USD 1,150 billion in 2011, enhancing opportunities.

As per World Economic Outlook, global economic growth is expected to slow to 3.3% in 2012, largely because the euro area economy is expected to trip into a mild recession in 2012, owing to a rise in

sovereign yields, bank deleveraging and additional fiscal consolidation. Growth in emerging and developing economies is expected to average 5.4% a significant decline compared with 6.2% in 2011.

Indian economy

The Indian economy grew 6.9% in 2011-12 against 8.4% in 2010-11, largely due to weakening industrial growth. The agricultural sector witnessed a major slowdown growing at 2.5% compared with 7% in 2010-11. Growth in the industrial sector declined to 3.6% compared with 6.8% in 2010-11 primarily due to slower growth in the manufacturing sector (accounting for 80% of industry). The services sector continued to dominate with its share in GDP increasing from 58% in 2010-11 to 59% in 2011-12. The country's growth was affected by inflation, rising interest rates, US and EU crisis, depreciating rupee and rising fuel prices (Source: PMEAC, Review of Economy, February 2012).

The country's trade deficit is expected to expand from USD 130.2 billion (bn) in 2010-11 to USD 174.7 bn in 2011-12. The exports are estimated to have grown 21.4% from USD 250.5 bn in 2010-11 to 304.2 bn in 2011-12 while imports are estimated to have grown 25.8% from USD 380.6 bn in 2010-11 to USD 478.8 bn in 2011-12 (Source: PMEAC, Review of Economy, February 2012).

Net Foreign Direct Investments (FDI) in India remained positive with inflows estimated to have been USD 20.6 bn in 2011-12 compared with USD 7.7 bn in 2010-11. However, most of the inflows were recorded during the first half of the year (Source: PMEAC, Review of Economy, February 2012).

Industry segments

Aerospace: Infotech provides complete engineering service solutions for the aerospace industry reinforced by strong domain and product knowledge and broad-based experience in the operations

GDP growth %

Particulars	2010	2011	2012 (E)	2013(E)
World output	5.3	3.9	3.5	4.1
Advanced economies	3.2	1.6	1.4	2.0
Emerging and developing economies	7.5	6.2	5.7	6.0
Euro area	1.9	1.4	-0.3	0.9

(Source: IMF)

Economic snapshot

Sector	2010-11	2011-12 (AE*)
1. Agriculture and allied activities	7.0	2.5
2. Industry	6.8	3.6
i. Mining and quarrying	5.0	-2.2
ii. Manufacturing	7.6	3.9
iii. Electricity gas and water supply	3.0	8.3
3. Services	9.2	8.8
i. Construction	8.0	4.8
ii. Trade, hotels, transport, storage and communication	11.1	11.2
iii. Financing, insurance, realty and business services	10.4	9.1
iv. Community, social and personal services	4.5	5.9
4. GDP at factor cost	8.4	6.9

*AE – advanced estimates

(Source: Reserve Bank of India, March 2012 bulletin)

of engines, structures, systems, interiors and avionics. This competence makes Infotech a shared-innovation partner for major global aerospace manufacturers.

China, India and the Middle East represent the fastest-growing markets of the global aerospace industry. The global aerospace and defense market is expected to grow at a CAGR of over 5% in 2011-2013 and touch USD 889 billion by 2013. In India, much of this growth is being derived from an increasing use of air travel incentivising aircraft investment and carrier expansion. India is the world's ninth-largest aviation market and expected to grow to around USD 24 billion by 2016 based on a CAGR of 15% that is higher than the global average.

Hi-tech: Infotech has been acknowledged as a pioneer in engineering service solutions for the high tech and computing sectors. This has translated into an outstanding record of first-pass silicon success for customers, helping clients meet cutting-edge design requirements, develop strategies for product development and prepare detailed roadmaps to address emerging design trends.

Worldwide semiconductor sales hit US\$299.5 billion, a 0.4% year-on-year (YOY) increase and a new record. This comes despite natural disasters in major semiconductor hubs of Japan and Thailand and an overall weak global economy.

Semico Research's forecast for 2012 shows a 10.11% growth in semiconductor revenues over 2011. (Source: Semiconductor Industry Association)

Telecom: The rapid evolution in technology and introduction of high-speed voice data and new video services by cable companies, satellite carriers, wireless broadband providers and others has enhanced the need for cutting-edge technology solutions among telecom service providers. The global telecommunications industry is expected to grow at an average annual rate of 5.3% to USD 2.7 trillion by 2017.

North America is expected to grow at a CAGR of less than 4% over the forecast

period. From 2012 to 2017, the region's carrier revenue will grow from USD 459 billion to USD 554 billion at a CAGR of 3.8%.

Europe, Middle East, and Africa will have stronger growth, primarily from developing countries. From 2012 to 2017, carrier revenue in the region will grow from USD 683 billion to USD 893 billion, a CAGR of 5.5%.

Asia is seen as a key market; wireless revenue is expected to grow 64% by 2017 spurred by mobile broadband services, transition from 3G to 4G as well as the rising use of smart phones, media tablets and solid-state drives. The Indian telecom industry is one of the world's fastest-growing, adding more than 17 million monthly subscribers and accounting for almost 2% of India's GDP.

Despite increasing competition, Infotech helped some of the largest global telecom companies achieve their technical and marketing goals and build sophisticated data sets to support efficient customer-responsive network operations.

Automotive: To remain competitive, automotive OEMs and Tier-1 suppliers enhanced their focus on product engineering efficiency to remain competitive. Infotech delivers integrated product engineering solutions to global automotive clients, helping them compress programme timing, optimise costs and mass, reduce physical testing and address demanding emission and regulatory requirements.

The Indian automotive after market has been growing at a steady pace and is expected to expand rapidly over the next five years. The Indian market is worth ₹ 19,000 crore to ₹ 24,000 crore, has been growing at 11 per cent, and is estimated to reach ₹ 39,000 crore to ₹ 44,000 crore by 2015. This growth will primarily be fuelled by the increasing number of vehicles on the road, as well as the aggressive expansion of independent and foreign players. The global market is worth USD 490 billion to USD 540 billion. (Source: McKinsey)

Infotech is a preferred solutions provider through programme-level support across the product development life cycle and a 'right-shore' business model combining onsite, near-shore and offshore resources. As a result, Infotech delivers measurable, year-on-year productivity improvement through productivity enhancement tools, thereby reducing product engineering costs.

Transportation: Infotech partners with global rail majors to address emerging challenges, developing new mass transit and mainline train systems that are safer, faster, efficient, reliable and environment friendly. Globally, the rail and road industry grew by 7.5% in 2011 to USD 2,272.6 billion and is expected to grow to USD 3,169.4 billion, an increase of 39.5% by 2016, spurred by growing passenger needs and progressive modernization on the one hand and sustainable innovative engineering solutions on the other.

Heavy Equipment: The global construction equipment demand is expected to grow 6.5% annually through 2015 to more than USD170 billion, according to Freedonia. Infotech provides engineering solutions to the world's leading construction, material handling, mineral processing and production equipment manufacturers across the product engineering life cycle. Infotech provides integrated new product development solutions that comprise benchmarking, conceptualisation, detailed engineering and digital validation delivered by domain and functional experts with decades of product engineering experience.

Utilities: Even as European has dominated the global utilities industry, Asia Pacific is expected to lead the industry over the forecast period of 2012-2017. The market is estimated to reach USD 4,372 billion in 2017, with by a CAGR of 3.9% over five years. While rising prices and de-regulation are prompting consumers to seek increased reliability, quality, service, performance and information access, Infotech combines experience, knowledge, partnerships and global delivery capabilities to assist utilities in addressing their business challenges. The utilities sector is at a convergence of energy and telecommunications markets leading to the Smart Grid utility network, prompting innovation.

HUMAN RESOURCE OVERVIEW

At Infotech, intellectual capital plays an integral role in the company's sustainable growth. People represent the most important asset; the Company emphasises the importance of aligning its human resources with business practices; its human resource priorities comprise the following:

- Empowering associates to excel
- Integration and prioritisation of approaches to address the needs of internal and external customers
- Attracting, retaining and engaging associates in line with organisational objectives
- Nurturing a strong workforce through leadership development and training

For a company with over 9,000 associates, the prime objective of the human resource function continued to be associate development.

As an index of the company's intellectual depth, 35.28% of its associates were diploma holders and graduates, 48.44% were B.E or B.Tech degree holders, 16.06% held Masters degree holders and 0.21% were Ph.d/M.Phils.

The Company had around 1,800 associates located outside India as on 31 March 2012, comprising 19% of its total workforce. During 2011-12, the Company recruited over 2,990 associates, 50% of

which were freshers. The average associate age was 29 years at the close of 2011-12.

Associate engagement

At Infotech, associate engagement is designed to link associates performance with strategic outcomes.

These include specific action plans that enhance job satisfaction and overall performance.

Internal communication and branding

- The Company continued to communicate extensively through a monthly newsletter and quarterly magazine (Reflections) which highlights latest industry and corporate developments.

INFOTOUCH – An innovative award winning framework

- Internal communication and branding
- New adventures
- Fun with work
- Outperform
- Talent Development
- Opportunity
- Unique work place practice
- Connect
- Health and well- being

- The Company launched several initiatives enabling the seniors to informally interact with the associates

- The Company periodically organised quizzes to provide the associates with a learning platform

New adventures

- Several outbound activities were conducted to enhance bonding

- *Kalakshtera*, a social platform, helped associates showcase their hidden talent

- A literature club provides a continuous learning and reading opportunity for associates; the Company tied-up with various libraries in addition to creating its own.

Fun with work

- The Company organised Kids Day where the children of associates were invited and several activities were conducted for their benefit

- Birthdays of associates were celebrated at the end of each month

- A programme called *Spoorti* helped empower women associates

- The 'Infotsav' annual day helped bring the Infotech family together

Outperform

- The Company motivated high performers through awards
- The monthly 'Associate of the Month' and annual 'Associate of the Year' awards were presented to outstanding performances
- A rolling team trophy was presented to the team which reported the best delivery
- The Company presented long service awards to associates who completed five years at Infotech

- The Company organised a 'Mutual Admiration Week' where associates publicly acknowledged the contributions of their colleagues
- The Company sustained its 'Pat on the Back' appreciation method where associates were rewarded for their outstanding performance by managers and peers, receiving points that could be encashed at the Infotech Shoppe

Talent development

- A structured succession plan helped reinforce the leadership pipeline

- A Talent Development Framework provided technical and behavioural training
- Performance engagement workshops were conducted for senior leaders, helping them engage and coach teams for enhanced productivity and delivery.
- Several behavioural training programmes were conducted at all levels

Opportunity

- The Company supported innovative ideas by associates, making it possible for these to be presented at renowned forums

The intangibles

The three intangible success drivers of the Company comprise its customers, internal organisation and people.

Growth

CUSTOMERS		INTERNAL ORGANISATION		PEOPLE	
15.3%	33.4%	₹ 28.1 crore	₹ 33.9 crore	4.0	5.7
2010-11	2011-12	2010-11	2011-12	2010-11	2011-12
Revenue growth		Investment in R&D and IT		Average professional experience	

Efficiency

CUSTOMERS		INTERNAL ORGANISATION		PEOPLE	
₹ 2.8 crore	₹ 4.0 crore	4.2%	18.3%	12.7%	19.9%
2010-11	2011-12	2010-11	2011-12	2010-11	2011-12
Revenue per customer		Y-o-Y Growth in turnover per support staff		Y-o-Y growth in turnover per associate	

Stability

CUSTOMERS		INTERNAL ORGANISATION		PEOPLE	
99.4%	98.9%	34	33	29	29
2010-11	2011-12	2010-11	2011-12	2010-11	2011-12
Repeat orders		Average age of Support Staff (years)		Average Age of Revenue Persons (years)	

NET RESOURCE ADDITION

1,074	623
2010-11	2011-12

- The Company introduced variable pay for all associates, linked to their Balanced Scorecard scores

- The Company encouraged associates to enhance their qualifications and professional competence through opportunities to pursue educational courses

Unique work place practice

- The Company strengthened its online intranet facility for a quick reference to processes, practices and policies
- A periodic Associate Engagement Survey, conducted in partnership with AON Hewitt, helped gather feedback
- The Company conducted e-counseling services that focused on enhancing the psychological well-being of associates

Connect

- The Company conducted an anonymous survey encouraging subordinates to provide feedback on their managers
- The Company launched several initiatives enabling the seniors to informally interact with the associates

Health and well- being

- The Company implemented *Swasth*, a health and wellness initiative, through which health check-ups were conducted
- Signed an MOU with HAPPi (Health Awareness Promotion Project India initiative) under the Prevent Non Communicable Diseases Foundation

- The Company's in-house gymnasium was available at all locations

Results Speak

As a result of these initiatives, associates engagement improved from 49.2% to 53.6%, validated through the Associate Engagement Survey conducted in partnership with AON Hewitt.

Leadership development

The Company promoted activities that enhanced leadership quality through training. The Company implemented an experiential relationship-based learning methodology based on Infotech Leadership Qualities in 2011-12 through the following initiatives:

Talent Development Framework: The Company segregated its learning interventions across four different layers (Strategic Leaders, Senior Leaders, Front Line Managers (FLM) or First Time Managers (FTM) and Individual Contributors). At each level, appropriate training was provided by the Learning and Development team. The L&D team's unique training model improved learning offerings to address growing needs. During the year, the Company offered a total of 4,25,202 person-hours of behavioural and technical training.

High Performers Club (HPC): The Company created a pool of extraordinary talent for onward grooming to assume global leadership roles and meet growth requirements. The key focus of the

ATTRITION RATE (%)

16.6	17.5
2010-11	2011-12

initiative is to provide a continuous development platform for high performers.

Leadership Round Table: The Company conducted an individual development needs analysis for all identified successors keeping in mind the vision of the business, leadership capability needed and organisational gaps.

As a result, more than 70% of associates heading the Company's businesses were grown from within the organisation.

Awards and accolades

- Received HR Excellence Award for Innovation at the Star News HR and Leadership Awards ceremony in Mumbai
- Received the NHRD INSIPRE HR Award in the Talent Engagement and Retention category.
- Honoured at the second Asia's Best Employer Brand Awards 2011 in Suntec (Singapore) in the Innovation in Retention Strategy category
- Recognised at the Global HR Excellence Awards 2011 in the 10th Asia Pacific HRM Congress 2011, for the Organization with Innovative HR Practices category
- Recognised at the HR Leadership Award Ceremony by shine.com, a 100% subsidiary of Hindustan Times, as a Leader in HR Practices in Learning and Human Capital Development

ANALYSIS OF FINANCIAL STATEMENTS

The Company achieved creditable topline, profit and profitability growth in 2011-12 despite a global economic slowdown, vindicating the strength of the company's business model.

Financial snapshot

(₹ million)

	2009-10	2010-11	2011-12
Net revenue	9,531.2	11,883.1	15,531.3
EBIDTA	2,547.1	2,070.3	2,866.2
PAT	1,708.8	1,396.9	1,613.8
Cash profit	2,144.5	1,882.8	2,107.9
EPS (₹)	15.44	12.56	14.49
EBIDTA margin (%)	25.5	17.0	18.2
PAT margin (%)	17.1	11.5	10.3
ROCE (%)	25.2	16.4	21.7
RONW (%)	20.4	14.4	14.8

Revenue analysis

Net revenues grew 30.7% from ₹ 11,883.1 million in 2010-11 to ₹ 15,531.3 million in 2011-12 owing to the following:

- N&CE reported a utilization of 86% against 79% in the previous year whereas the ENGG segment reported a utilization of 73% against 73.5% in the previous year.
- Annual price escalation clauses in contracts with top 20 customers (who contribute 70% to the business)
- Added 45 clients

Exports constituted 82% of the total revenue. Over 60% of the revenues were earned in US dollars, 20% in euros, 10% in GBP, 5% in Australian dollars and balance in other currencies.

Expenditure analysis

The Company's expenditure increased 26.1% from ₹ 10,580.1 million in 2010-11 to ₹ 13,341.7 million in 2011-12, owing largely to an increase in employee benefit expenses. However, the Company reduced cost per employee by rightsizing the pyramid through the recruitment of freshers. Total operating cost as a proportion of net revenue was 82.7% in 2011-12 against 84.9% in 2010-11, reflecting the impact of cost optimisation.

Margins analysis

The Company's EBIDTA margin strengthened 120 bps from 17.0% in 2010-11 to 18.2% in 2011-12 owing to the following:

- With over 82% of the income derived from exports, the Company benefited from Rupee depreciation

- Reduced average cost per employee by right sizing the pyramid
- Improved resource utilization and productivity
- Strengthened the management of receivables and cash inflow
- Optimised the on-site and off-shore mix of solutions delivery

Capital employed

Total capital employed in the business increased 12.5% from ₹ 10,293.1 million as on March 31, 2011 to ₹ 11,574.8 million as on March 31, 2012, largely due to an increase in reserves and surplus owing to the increased generation of profits and forex gains. Return on capital employed (ROCE) increased from 10.7% in 2010-11 to 14.2% in 2011-12, indicating a stronger business model. Similarly, net worth increased 12.5% from ₹ 10,293.1 million as on March 31, 2011 to

₹ 11574.8 million as on March 31, 2012. Return on net worth stood at 14.8% in 2011-12 against 14.4% in the previous year, there being no debt on the company's books.

Fixed assets

The Company's gross block increased 7.6% from ₹ 6,326.7 million as on March, 31, 2011 to ₹ 6,810.6 million as on March, 31, 2012. The tangible gross block increased 9.98% owing to the purchase of office equipment, machinery, furniture and fixtures; intangible gross block increased 14.5% owing to the purchase of computer software. Net assets increased 2.1% to ₹ 3,465.5 million as on March, 31, 2012 from ₹ 3,393.5 million as on March, 31, 2011. Accumulated depreciation as a proportion of the gross block was 52.2% in 2011-12 as against 50.7% in 2010-11.

Investments

The Company made non-current investments during the year under review in its associate company and other entities. Non-current investment declined from ₹ 578.62 million in 2010-11 to ₹ 243.93 million in 2011-12 as investments in the associate company were recouped by higher dividend received

from them. Current investments comprised investments in mutual funds, which was ₹ 334.11 million in 2010-11 and ₹ 222.49 million in 2011-12.

Working capital

In the Company's business, working capital is required to fund overheads, salaries and day-to-day expenses. The Company's working capital outlay increased 24.8% to ₹ 7,593.6 million as on 31 March 2012 due to an increase in business operations. Working capital as a proportion of the total capital employed was 65.6% as on 31 March 2012 as against 59.1% as on 31 March 2011.

Trade receivables: Sundry debtors increased 43.2% from ₹ 2,567.02 million as on 31 March, 2011 to ₹ 3,674.96 million as on 31 March, 2012. Debtors outstanding for a period exceeding six months constituted 0.6% of the receivables. Unsecured debt considered doubtful constituted 3.0% of the debtors, for which the provisions have been duly made.

Loans and advances: Loans and advances increased 7.9% from ₹ 1007.73 million as on 31 March 2011 to ₹ 1,087.27 million as on 31 March 2012.

Trade payables: Sundry creditors increased 84.5% to ₹ 847.1 million as on 31 March 2012 from ₹ 459.14 million as on 31 March 2011.

Taxation

The Company's average tax rate increased from 16.9% in 2010-11 to 35.3% in 2011-12 due to the expiry of STPI benefits in 2010-11. The Company was entitled to MAT credit until 2010-11 and hence did not receive any benefit during the year. The Company embarked on initiatives to commission facilities in SEZ locations to derive tax benefits available until 31 March 2012.

Forex management

The Company's foreign currency earnings stood at ₹ 8,808.8 million in 2011-12, while foreign currency outgo was ₹ 2,013.1 million. The Company reported a net foreign currency loss of ₹ 130.5 million during the year under review, arising largely from the depreciation in the value of the Indian rupee.

CORPORATE SOCIAL RESPONSIBILITY

Infotech believes in the philosophy of returning to society as a measure of gratitude for what it has taken from it. In view of this, the Company's corporate social responsibility (CSR) aims to extend beyond charity and enhance social impact.

VISION

To improve quality of education imparted to underprivileged children

MISSION

Achieving long-term, holistic development of community around us by supporting education of underprivileged children through adoption of schools

Infotech's CSR initiatives are conducted through Infotech Enterprises Charitable Trust (IECT), which largely focuses on the improvement and expansion of primary education programmes in India for underprivileged children. The Company's 'Adopt A School' programme comprises financial and infrastructure support for schools reinforced by volunteering by Infotech associates. As an institutionalised approach, the Company allocated 0.5% of its net profit for CSR activities.

Highlights , 2011-12

Improving quality of education

- Added 900 students, increasing total student strength in IECT schools to 5,400
- SSC pass percentage in IECT high schools increased from 35% in 2010-11 to 57% for the academic year 2011-12
- The IECT team conducted extra classes and mock tests with the support of IECT Vidya volunteers to strengthen knowledge and academic performance
- Added 13 Vidya volunteers to reinforce the teaching staff in IECT schools
- Appointed qualified teaching staff for Science, Mathematics and English.
- Conducted summer special classes for students in standards nine and ten.

- Distributed notebooks, textbooks and examination kits
- Conducted career guidance and knowledge sessions
- Conducted activity based sessions by IEL associates

Improving health and safety

- Supplemented mid-day meal by providing boiled eggs 3 days a week
- Provided drinking water facility through overhead tanks
- Strengthened the social infrastructure of IECT school properties through the appointment of guards, provision of drinking water and storage facilities
- Provided food supplements to 600 children of the ninth and tenth standards attending extra classes in all IECT high schools

Contribution by others

- Associates contributed ₹1.1 lakh towards IECT CSR activities
- Customers contributed 2,500 Euros towards infrastructure development
- Individuals, customers and associates conducted various activities in IECT schools, spending ₹ 4.69 lakhs

Other activities

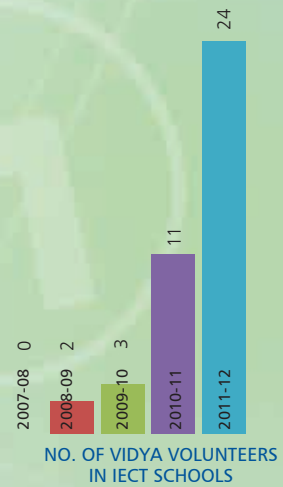
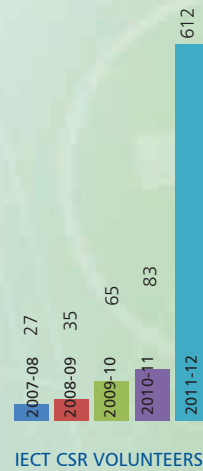
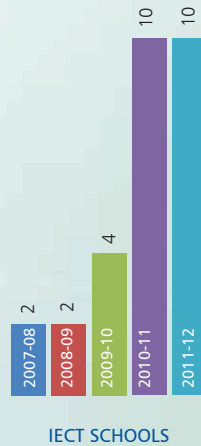
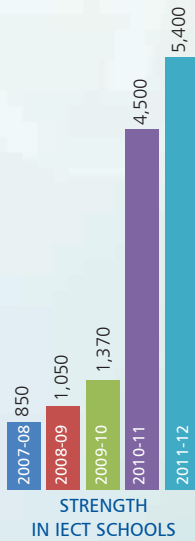
- Added 529 associates to CSR volunteers from within the organisation
- Conducted meetings with parents of school children
- Distributed school bags and uniforms to all school children
- Encouraged employees to volunteer in CSR activities

Local community and government involvement in IECT CSR activities

- Foundation stone laid for six classrooms at Darga High School by Deputy Chief Minister Damodar Raja Narasimha
- Constructed additional class rooms in two IECT Schools (Khazaguda and Shamshiguda) with Government support
- BHEL has volunteered to build 15 class rooms in the IECT high school at Serilingampally
- Local communities and the government built 18 additional class rooms in three IECT schools
- The IECT CSR team collaborated with the CII CSR team in various affirmative actions

These initiatives were recognized with Global CSR Awards by Star News

IECT CSR progress report



IECT School Children participated in "Vande Mataram - A tribute to Mother India" event and gave spectacular dance performances at both the facilities at Hyderabad.

DE-RISKING THE BUSINESS

At Infotech, we recognise the impact of industry uncertainty and their possible outcomes and in view of this, the company embarked on various initiatives to minimise risk and maximise business sustainability.

An excessive dependence in select verticals could affect the company adversely following a downturn in those.

Risk mitigation

- The Company has a client base that operates across product engineering, process engineering, network and content engineering
- The Company has its risks divided between the various verticals so as to insure itself in the long run from downturn in any particular vertical

- The Company has an array of service offerings across its business verticals, namely, geospatial data services, geospatial technical services and engineering design services among others
- During the year, the Company's revenues were distributed in the ratio of 31:69 between the N&CE and Engineering verticals respectively

Concentration on a few large clients could impact profitability in any fluctuation in revenue streams emanating from them

Risk mitigation

- During the year under review, the Company added 45 new customers as against 58 customers in 2010-11

- The top 5 customers contributed 37.1% to revenue in 2011-12 against 37.7% in 2010-11

Concentration of revenue from a particular geography could adversely impact the business in any downturn in that geography

Risk mitigation

- The Company is present across 35 locations in 16 countries

- The Company's business is spread across North America, Europe, Australia and APAC, reducing the risk of geographical concentration

Changes in the global economic environment could impact the progress of the Company

Risk mitigation

- The Company succeeded in fighting through the tough economic conditions by growing its topline by 30% during the year.
- Despite Europe being a very concerning

market in 2011-12, we grew our revenues from the region.

- As an ongoing effort the management spent significant time in meeting the clients to provide the insights and various advantages.

Attrition in this knowledge-driven business could affect competitiveness

Risk mitigation

- As a decentralized organisation, associates are adequately empowered in decision-making, enhancing a sense of involvement
- Ongoing training enhances knowledge, *resume* strength and career growth, which support of retention
- A number of forums help sort member

issues; a culture of reward and recognition enhances motivation

- As per the employee engagement survey conducted in association with Hewitt, Infotech improved its engagement from 49.2% in 2010-11 to 53%.
- Overall attrition stood at 17.5% for 2011-12 whereas at the senior level attrition was 0.99%.

Notice of Annual General Meeting

Notice is hereby given that the 21st Annual General Meeting of the members of the company will be held on Wednesday, 18 July 2012 at 2.30 p.m. at Bhaskara Auditorium, B.M. Birla Museum, Adarsh Nagar, Hyderabad - 500 063 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Report of the Board of Directors, Profit and Loss Account for the financial year ended on 31 March 2012 and the Balance Sheet as at that date and the report of Auditors' thereon.
2. To confirm the interim dividend paid during the year and declare final dividend on equity shares.
3. To appoint a Director in place of Mr. B.V.R. Mohan Reddy, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. G.V. Prasad, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. K. Ramachandran, who retires by rotation and being eligible, offers himself for re-appointment.

6. To consider and if thought fit to pass with or without modifications(s), the following resolution as an ordinary resolution

"RESOLVED THAT M/s. Deloitte Haskins & Sells, Chartered Accountants (ICAI Reg. No. 008072S), who retire at the conclusion of this Annual General Meeting, be and are hereby appointed as statutory auditors of the company till the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Board of Directors on the recommendation of the Audit Committee."

Special Business:

7. To consider and if thought fit to pass with or without modification(s), the following resolution as an ordinary resolution

"RESOLVED that pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956, consent of the company be and is hereby accorded to appoint Mr. Vikas Sehgal as director of the company liable to retire by rotation."

By Order of the Board

Place : Hyderabad
Date : April 18, 2012

Sudheendhra Putty
Company Secretary

Notes

1. A member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote on a poll on behalf of him and the proxy need not be a member. The proxy form (available elsewhere in the annual report) should be deposited at the Registered Office of the company not less than 48 hours before the commencement of the AGM.
2. The Register of Members and the Share Transfer Books of the company will be closed from 11 July 2012 to 18 July 2012 (both days inclusive) in connection with the AGM and for the purpose of final dividend.
3. The Board of Directors of the company had declared an interim dividend ₹ 1.25 per share *i.e.*, at the rate of 25% on face value of ₹ 5 each, on 27 October 2011. The same was paid on 18 November 2011. The said interim dividend is to be confirmed at the ensuing AGM.
4. Final dividend of ₹ 1.25 per share *i.e.*, at the rate of 25% on face value of ₹ 5 each, for the year ended 31 March 2012 as recommended by the Board, if declared at the AGM, will be payable to those members whose names appear on the company's Register of Members as at the close of business hours on 10 July 2012. Dividend will be paid on 1 August 2012.
5. An Explanatory Statement pursuant to provisions of Section 173(2) of the Companies Act, 1956, is annexed hereto. The relevant details as required by Clause 49 of the Listing Agreements entered with the Stock Exchanges, of persons seeking appointment/re-appointment as Directors under Item Nos. 3,4,5 and 7 above are also annexed.
6. Members/proxies are requested to bring their copies of the Annual Report to the AGM and the attendance slip duly filled in for attending the AGM. Copies of the Annual Report will not be provided at the AGM.



7. Members desirous of obtaining any information concerning the accounts and operations of the company are requested to send their queries to the registered office of the company at least seven days before the date of the AGM, so that the information requested may be made available.
8. Members holding shares in physical form may write to the company/company's share transfer agents for any change in their address and bank mandates; members holding shares in electronic form may inform the same to their depository participants immediately so as to enable the company to dispatch dividend warrants at their correct addresses.
9. Members are requested to opt for NECS (National Electronic Clearance Service) for receipt of dividend. Members may please update their bank account details with their Depository Participants for receiving the dividend in a hassle free manner. Opting for NECS is cost effective and also saves time. Mandate form is available elsewhere in the annual report.
10. Members who wish to claim dividends of the past years, which remain unclaimed, are requested to correspond with Mr. N. Ravi Kumar, Deputy Company Secretary at the Company's registered office. Members are requested to note that dividends not encashed or claimed within 7 years from the date of transfer to the company's Unpaid Dividend Account, will as per the provisions of Section 205A of the Companies Act, 1956, be transferred to the Investor Education Protection Fund.
11. The certificate from the auditors of the company under SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, as amended, will be available for inspection by the members at the AGM.
12. SEBI has made it mandatory for every participant in the securities/capital market to furnish details of Income Tax Permanent Account Number (PAN). Accordingly, all members holding shares in physical form are requested to submit their details of PAN, alongwith a photocopy of the PAN Card, to the R&T agents of the Company.
13. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively), has undertaken a "Green Initiative in Corporate Governance" and allowed companies to share documents with its members in the electronic mode. A recent amendment to the Listing Agreement with the Stock Exchanges permits companies to send soft copies of the Annual Report to all those shareholders who have registered their e-mail address for the said purpose. Members are requested to support this green initiative by registering/ updating their e-mail addresses for receiving electronic communications.

By Order of the Board

Place : Hyderabad
Date : April 18, 2012

Sudheendhra Putty
Company Secretary

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

Item No. 7: Appointment of Mr. Vikas Sehgal as a Director on the Board of the Company

Mr. Vikas Sehgal was appointed as Additional Director of the company with effect from 18 January 2012, pursuant to the provisions of Section 260 of the Act.

Under Section 257 of the Act, a notice in writing has been received from a member signifying his intention to propose the appointment of Mr. Vikas Sehgal, as a Director of the company along with a deposit of ₹ 500 as required under the aforesaid Section.

Except Mr. Vikas Sehgal, none of the other Directors of the company is in any way concerned or interested in the resolution.

Your Directors recommend the resolution for your approval.

By Order of the Board

Place : Hyderabad
Date : April 18, 2012

Sudheendhra Putty
Company Secretary

Annexure to the Notice to the Shareholders

BRIEF PROFILE OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT

Item No. 3: Re-appointment of Mr. B.V.R. Mohan Reddy as Director on the Board of the Company

Mr. B.V.R. Mohan Reddy is acknowledged to have pioneered the CAD/CAM culture in India by introducing computer systems for design and manufacturing applications as far back as 1982. In the past 10 years, through Infotech Enterprises, he established the 'Engineered in India' brand by providing design engineering services to reputed global companies that include names like Boeing, Airbus, Pratt & Whitney, Bombardier, Philips, Siemens and Westinghouse.

Mr. Reddy was associated with prestigious companies in India for over two decades before establishing Infotech Enterprises in 1991.

Mr. Reddy has been a member of the NASSCOM Executive Council since 2003, and has also served as the Chairman of Confederation of Indian Industry (CII) Southern Region, during 2008-09. He is associated with councils of various academic and industry forums and has led several initiatives for the benefit of industry.

In March 2007, Mr. Reddy was conferred an honorary doctorate by the Jawaharlal Nehru Technological University. He has been conferred several awards including the recent "Distinguished Alumnus Award" by IIT, Kanpur. Mr. Reddy was recently honoured with the prestigious ASME (American Society of Mechanical Engineers) Leadership Award for outstanding leadership in advancing the use of computers in information engineering.

A strong proponent of inclusive development, Mr. Reddy undertook several initiatives that support empowerment and employment opportunities for women in smaller cities.

Mr. Reddy holds a graduate degree in Mechanical Engineering from College of Engineering, Kakinada and postgraduate degrees from IIT, Kanpur, India and University of Michigan, Ann Arbor, USA.

The names of Companies and the Committees in which Mr. B.V.R. Mohan Reddy is a director/member are available at the registered office of the Company.

Item No. 4: Re-appointment of Mr. G.V. Prasad as Director on the Board of the Company

Mr. G.V. Prasad is the Vice Chairman and Chief Executive Officer of Dr. Reddy's Laboratories Ltd.

Mr. Prasad leads the core team that drives the growth and performance of Dr. Reddy's, and is widely credited as the architect of the company's successful global generics and API strategy. He is also a champion of sustainability thinking and has spearheaded efforts to reduce Dr. Reddy's ecological footprint by embracing green technologies and processes.

Mr. Prasad's work has helped Dr. Reddy's attain a leadership position in the Indian pharmaceutical sector, while being recognized for scientific innovation, people practices, and corporate governance.

Mr. Prasad devotes his free time to the causes of higher education and sustainable development.

Mr. Prasad earned his degree in chemical engineering from the Illinois Institute of Technology in Chicago and his Masters in Industrial Administration from Purdue University.

The names of Companies and the Committees in which Mr. G.V. Prasad is a director/member are available at the registered office of the Company.

Item No. 5: Appointment of Mr. K. Ramachandran as Director on the Board of the Company

Mr. K. Ramachandran is an Engineer from BITS, Pilani with a Post-graduate degree in Business Management from the Indian Institute of Management, Calcutta. Mr. K. Ramachandran started his career with the Tata Administrative Service (TAS). The major part of his career has been with two companies: Philips Electronics and Voltas, a Tata Group Company, and his experience has been across a wide range of assignments cutting across various functions and industries. He is currently engaged with the Aditya Birla Group as an Advisor for the Group's Higher Education Project in which assignment he is working with the BITS Pilani leadership to plan and implement a 5-year strategy to raise the Institute's excellence to the next level.



In his role as HR Director at Philips, Mr. Ramachandran was instrumental in successfully addressing a number of legacy people practices, and installing a strong performance culture and performance-driven people policies and practices. As CEO and a member of the Global Philips apex Leadership Group, he played a major role in renewing the Group's focus on Emerging Markets and in laying the foundation for building sustainable new business models relevant for emerging markets.

A Past-President of the Bombay Chamber of Commerce and Industry (BCCI), he currently advises and works with the leadership teams of several companies in these areas in addition to his engagement with BITS, Pilani.

The names of Companies and the Committees in which Mr. K. Ramachandran is a director/member are available at the registered office of the Company.

Item No. 7: Appointment of Mr. Vikas Sehgal as Director on the Board of the Company

Mr. Vikas Sehgal is the Managing Director and Global Automotive Sector Head of Rothschild, UK. He is responsible

for Rothschild's offerings for Equity markets, Debt Advisory, and Mergers & Acquisition for the automotive sector.

Prior to Rothschild, Mr. Sehgal was a Partner at Booz & Company, where he managed multiple client relationships in United States, Europe, India, China and the Middle East. He was also instrumental in starting the engineering off shoring business in 2002 and established their India business in 2009. He began his professional career at Ford Motor Company, Michigan as an Engineer.

Mr. Sehgal has been a prolific writer and has published many papers and sample studies on engineering products and global engineering off shoring.

Mr. Sehgal holds a masters degree in management from the University of Chicago in addition to a masters degree in engineering from MIT. He also holds a bachelors degree in engineering from the University of Delhi.

Mr. Sehgal is currently based in London.

The names of Companies and the Committees in which Mr. Vikas Sehgal is a director/member are available at the registered office of the Company.

Directors' Report

Dear Members,

Your directors have pleasure in presenting the 21st Directors' Report on the business and operations of your company, on a standalone basis, for the financial year ended March 31, 2012.

FINANCIAL HIGHLIGHTS ON STANDALONE BASIS

(Amount in ₹ Million)

Particulars	2011-12	2010-11
Total Income	9,173.8	6,774.2
Operating Profit (PBITD)	2,645.6	1,667.7
Interest	5.6	0.8
Depreciation	411.6	375.5
Exceptional items	—	(22.9)
Profit before Tax	2,228.4	1,314.3
Current Tax	477.3	250.2
Earlier Years' Tax	2.6	0.3
MAT Credit	234.7	(124.8)
Deferred Tax	(72.1)	9.8
Profit after Tax	1,585.9	1,178.8
Basic Earnings per share (₹)	14.24	10.60
Diluted Earnings per share (₹)	14.24	10.58
Dividend recommended (₹/Share)	2.50	1.25
Dividend recommended (%)	50%	25%
Paid up Equity Share Capital	557.1	556.4
Reserves	9,792.3	8,523.1

Following are the results of operations for the financial year (FY) 2011-12:

BUSINESS PERFORMANCE

Revenues

The total income of the company for the FY 2011-12 comprises operating revenues of ₹ 8,637.9 million as against ₹ 6,476.7 million in FY 2010-11 and other income of ₹ 535.8 million for the current year as against ₹ 297.6 million in the previous year. Total sales increased by 33.4% over the last financial year.

Profits

Profit before Tax (PBT) stood at ₹ 2,228.4 million as against ₹ 1,314.3 million for the previous year. Profit after Tax (PAT) stood at ₹ 1,585.9 million as against ₹ 1,178.8 million for the previous year.

APPROPRIATIONS

Dividend

Your directors have recommended a final dividend of ₹ 1.25 per share (25%) on par value of ₹ 5 per share. The total dividend including dividend distribution tax is ₹ 161.9 million as against ₹ 162.2 million for the previous year. During the year, the board also declared an interim dividend of ₹ 1.25 per share (25%). The total interim dividend paid including the dividend distribution tax was ₹ 161.8 million. The interim dividend was paid on 18 November 2011. Total dividend (including dividend distribution tax) as a percentage of profit after tax is 20.4% as compared to 13.8% in the previous year. The company also decided to enhance the dividend payout ratio to up to 20% of the profit after tax on a consolidated basis.

Transfer to Reserves

Your directors have proposed to transfer ₹ 158.6 million to the General Reserve retaining ₹ 1,515.2 million in the Profit and Loss Account.

SHARE CAPITAL

Allotment of Shares

Your company has allotted 138,993 equity shares of ₹ 5 each to the associates of the company and its subsidiaries upon exercise of an equal number of stock options vested in them pursuant to the extant Stock Option Schemes of the company.

In view of the above allotments, the outstanding shares of the company during the year increased from 111,276,269 equity shares of ₹ 5 each to 111,415,262 equity shares of ₹ 5 each.

VERTICAL WISE PERFORMANCE

Network & Content Engineering

This vertical provides geospatial technology solutions and data management services. With wide-ranging customer engagements, this has enabled the company to emerge as one of the largest and most accomplished firms in the industry today.

Focused on electric, gas and water utilities, telecom network operators, transportation companies and government agencies, this vertical the company helps its customers leverage geospatial technology and data to improve the way they do business.



This vertical generated revenues of ₹ 3,038.5 million as against previous year's ₹ 2,302.5 million, at a growth rate of 31.9%. As a percentage of operating revenues, this vertical contributed 35%.

Engineering

This vertical has developed a unique track record in supporting leading Automotive, Aerospace, Energy, Marine, Plant Engineering, Rail and other engineering industries in their product development support and optimizing their development time & processes.

The Engineering vertical of your company offers a unique combination of engineering skills, domain experience, and application know-how. The company's expert teams in engineering span the complete product development cycle, from concept development through after market support in the areas of Mechanical Design, Electronics Design, Technical publication and Engineering Software Development.

The vertical generated revenues of ₹ 5,600.1 million as against last year's revenues of ₹ 4,162.5 million, resulting in a decrease of 34.5%. This vertical contributed 65.0% of the total operating revenues.

INFRASTRUCTURE

The company operates out of its development centres and offices spread over 12 lakh sq. ft across the country. With the withdrawal of tax benefits for STPI units, it has become imperative for the company to scale up the SEZ facilities. The company's SEZ facilities at Noida, Kakinada and Visakhapatnam give the marginal advantage of lower operating costs and lower attrition.

The company's own development centres in India - Hyderabad, Bangalore, Noida, Kakinada and Visakhapatnam are high-tech facilities of global standards with superior IT infrastructure, connectivity and the latest, state of the art amenities.

SUBSIDIARIES

Infotech Enterprises Europe Limited (IEEL)

Headquartered in London, IEEL was incorporated in 1992 as Dataview Solutions which subsequently become part of the Infotech Enterprises group in 1999. The company's fully owned subsidiary, Infotech Enterprises Benelux BV based in Breda, The Netherlands supports its business in the Benelux region, and the Middle East operations are managed out of its Dubai, UAE office.

Building on the organization's long and successful tradition in engineering, geospatial and IT sectors, IEEL has established a

significant presence in the network and content engineering markets in the EMEA region. It provides services to major tier 1 and tier 2 telcos, large utility companies, public sector agencies and commercial businesses and enjoys long-term relationships with several customers and partners.

While leveraging the global execution capability of the parent organization, IEEL ensures local responsibility in terms of client and contractual relationships and project management. The company is certified to ISO 9001 and ISO 27001 standards.

Infotech Enterprises America, Inc. (IEAI)

IEAI, a California corporation, was incorporated in 1999, with additional offices across the US and Canada. The company offers engineering services to clients and partners in North America. With more than 1,000 associates working throughout North America, IEAI generates in excess of \$100 mn annual revenue.

IEAI leverages the global delivery capability of IEL, while maintaining local responsibility for client management and project execution. Vertical markets addressed include Aerospace, Automotive, Consumer Electronics, Energy, Heavy Equipment, Marine, Medical Devices, Oil & Gas, Transportation, Semiconductor, Telecom and Utilities. Clients range from Fortune 500 companies to small business, as well as local, state and federal government agencies.


Infotech Enterprises GmbH (IEG)

IEG was incorporated as Advanced Graphics Software(AGS) in Leonberg, Germany in 1992. This is a successful mechanical engineering software and services company specializing in 3D CAD/CAM. AGS focused on engineering services and e-solution software and applications within the German market space.

Since becoming part of the Infotech Group in 2000, IEG has broadened its portfolio to include GIS and IT-enabled services. The large pool of engineering, GIS and software development service resources has enabled IEG to address its existing and new customer requirements more effectively by delivering world-class, high-quality services with offshore cost advantage and onsite project management.

Infotech Enterprises Japan KK (IEJ)

IEJ was incorporated in 2008 with its registered office in central Tokyo. Leveraging parent and group companies' experience and global presence, IEJ offers a wide range of onsite & offshore engineering and design services to Japanese automotive,



aerospace, consumer electronics, rail transportation and heavy engineering industries.

In just over three years, IEJ has gained a strong position in the Japanese engineering services market by acquiring a few most valued Japanese companies as customers. Building upon the initial success and helped by a changing mindset towards engineering offshoring, IEJ expects robust growth in the foreseeable future.

IEJ's highly motivated Japanese bilingual staff is capable of providing sales, account & relationship management and local delivery interface.

IEJ has stood by its customers and Japanese people during last year's great Tohoku earthquake and subsequent nuclear accident at Fukushima power plant by providing uninterrupted services. IEJ is working closely with Japanese customers in the region and providing innovative, high quality and cost effective solutions to sustain their global competitiveness.

Infotech Geospatial (India) Limited (IGIL)

IGIL, based in Hyderabad, addresses geospatial business opportunities in India and the Middle East. The geospatial market in India and the Middle East is estimated at ₹ 10 billion and is expected to see a 12% growth rate over the next five years. The Indian government's Open Map Policy and Survey of India's large-scale mapping initiatives are unlocking geospatial opportunities in several areas. These include: land records; urban planning; environment, forestry and natural resources; utility infrastructure planning and management; and defence. Similarly, the rapid pace of infrastructure development in the Middle East has led to a growing demand for geospatial services in that region.

Infotech Enterprises Information Technology Services Private Limited (IEITSPL)

IEITSPL, incorporated in 2008 and head quartered at Hyderabad, offers a range of quality business software solutions and services to several large and medium customers across the globe.

With partnerships with global software giants and skills and expertise on a wide variety of software platforms, including leading-edge internet and e-commerce technologies, IEITSPL brings to its customers high-quality software services and products.

IEITSPL offers cost-effective solutions through its onsite responsibility and offshore development to various customers in the Manufacturing, Finance, Transportation and Retail industries.

JOINT VENTURES

Infotech Aerospace Services Inc (IASI)

IASI is joint venture established in 2003 between the company and the Connecticut-based Pratt & Whitney, a pioneer in flight technology.

IASI is a 'near-shore' facility providing engineering outsourcing and other professional services to the Defence, Aerospace, and Power Generation Industries. IASI provides skilled US labour while maintaining the price and resource advantage of being offshore.

The joint venture also provides Engineering and Supply Chain services for UTC and Non-UTC companies in the areas of Aerospace Engineering, Mechanical Design, and Software Development for military, commercial and industrial applications.

Infotech HAL Limited (IHL)

IHL aims to provide comprehensive solutions involving conceptual design, re-design and derivatives of modules, systems and components, prototyping and supply of these through Manufacturing Programme Management. IHL offers design services in the field of aerospace, viz., aero thermo and mechanical design, structural, stress, thermal and rotor dynamic analysis, aeronautics, computational fluid dynamics, combustion studies, preparation of digital mock up, testing and analysis, control system design, development and software applications.

IHL delivers engineering as well as aftermarket engineering and support services, i.e., technical publications, repair design, service bulletins, testing, performance analysis and maintenance monitoring in the aerospace domain.

IHL is well positioned to undertake work under offset program from various original equipment manufacturers.

PARTICULARS PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Your company has prepared the consolidated financial statements in accordance with the relevant accounting standards and the provisions of the Companies Act, 1956 (Act). Pursuant to the provisions of Section 212 of the Act, documents in respect of the various subsidiaries viz., Directors' Report, Auditor's Report, Balance Sheet and Profit and Loss Account, are required to be attached to the Balance sheet of the Holding Company. However, in terms of the provisions of Section 212(8) of the Act, the Government of India, Ministry of Corporate Affairs (MCA),



has vide Circular No. 2/2011, dated 8 February 2011 granted exemption from the provisions of Section 212(1) of the Act. Accordingly, the annual report does not contain the financial statements of the subsidiaries of the company. However, the company will make available, the audited annual accounts and related detailed information of the subsidiaries, to the shareholders upon request in accordance with the applicable law. These documents are also available for inspection at the Registered Office of the company and also at the respective subsidiary companies during business hours.

LIQUIDITY

Your Company maintains sufficient cash reserves to meet its operations and strategic objectives. As at March 31, 2012, your company had liquid assets of ₹ 4,130.8 million as against ₹ 3,272.7 million at the previous year end. These funds have been invested in Short term deposits and Mutual funds with scheduled banks and the debt based mutual funds.

FIXED DEPOSITS

Your Company has not accepted any deposits and as such, no amount of principal or interest was outstanding as on 31 March 2012.

DIRECTORS

None of the directors of the company is disqualified under the provisions of the Act or under the Listing Agreement with the Stock Exchanges.

Appointments

Mr. Vikas Sehgal was appointed an additional director of the company on 18 January 2012. He joins the board as a non-executive independent director. Mr. Sehgal is proposed to be appointed as a director under the provisions of section 257 of the Act at the ensuing Annual General Meeting (AGM).

Pursuant to Article 56 of the Articles of Association of your company and the provisions of Section 256 of the Act, Mr. B.V.R. Mohan Reddy, Mr. G.V. Prasad and Mr. K. Ramachandran retire by rotation at the ensuing AGM and being eligible, offer themselves for re-appointment.

Pursuant to the provisions of Clause 49 of the Listing Agreement, brief particulars of the retiring directors who are proposed to be appointed/re-appointed are provided as an annexure to the notice convening the AGM.

Cessations

Mr. Jaithirth Rao resigned as director on 16 August 2011.

The board places on record its appreciation and gratitude to the said director for his valuable contributions during his tenure.

AUDITORS

M/s Deloitte Haskins & Sells (DHS), Chartered Accountants, who retire at the ensuing AGM of the company, are eligible for re-appointment for 2012-13.

The company has received the consent/confirmation of DHS for their re-appointment as statutory auditors and that the same, when made by the members of the company at the 21st AGM will be within the limits prescribed under Section 224(1B) of the Act.

SECRETARIAL AUDIT

As a measure of good corporate governance and as recommended by the MCA Corporate Governance Voluntary Guidelines, 2009, the company has voluntarily got a secretarial audit done for the financial year 2011-12. The secretarial audit covered the provisions of the Act, the Depositories Act, 1996, the Listing Agreement with the Stock Exchanges and the SEBI guidelines/regulations on Employee Stock Options, Insider Trading and Takeover Code.

Mr. S. Chidambaram, Company Secretary in Practice, performed the secretarial audit and the report thereon is enclosed as Annexure "A".

EMPLOYEE STOCK OPTION PLANS

During the year under report, the company had the Infotech Associate Stock Option Plans in operation for granting stock options to the associates of the company and its wholly owned subsidiaries, in accordance with the Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

Disclosures pursuant to Para 12 of the Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are enclosed as Annexure "B".

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as prescribed pursuant to provisions of Section 217(1)(e) of the Act read with Companies (Disclosure of

particulars in the report of Board of Directors) Rules, 1988, are enclosed as Annexure "C".

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Act, read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are set out in an Annexure to the Directors' Report. However, having regard to the provisions of Section 219 (1)(b)(iv) of the Act, the Annual Report excluding the aforesaid information is being sent to all the members of the company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

MANAGEMENT DISCUSSION & ANALYSIS

Pursuant to the provisions of Clause 49 of the Listing Agreement, a report on Management Discussion & Analysis is enclosed as Annexure "D".

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Act, the directors confirm that:

- i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) they have prepared the Annual Accounts on a going concern basis.

Your directors also state that there are proper systems in place to ensure compliance of all laws applicable to the company

CORPORATE GOVERNANCE

The Company will continue to uphold the true spirit of Corporate Governance and implement the best governance practices. A report on Corporate Governance pursuant to the provisions of Clause 49 of the Listing Agreement forms part of the Annual Report. As required under Clause 49 of the Listing Agreement, the Auditors' Certificate regarding compliance of conditions of corporate governance is enclosed as Annexure "E".

Further, the company has substantially complied with the MCA's Corporate Governance Voluntary Guidelines, 2009.

CEO's DECLARATION

Pursuant to the provisions of clause 49(I)(D)(ii) of the Listing Agreement, a declaration by the Chairman and Managing Director of the company declaring that all the members of the board and the senior management personnel of the company have affirmed compliance with the Code of Conduct of the company, is enclosed as Annexure "F".

The CEO/CFO certification to the board pursuant to clause 49(V) of the listing agreement is enclosed as Annexure "G".

ACKNOWLEDGMENTS

The board of directors thank the company's customers, shareholders, vendors and bankers for their support to the company during the year. Your directors would like to make a special mention of the support extended by the various Departments of the Central and State Governments, particularly the Software Technology Parks of India, Department of Communication and Information Technology, the Direct and Indirect tax authorities, the Ministry of Commerce, the Reserve Bank of India, Ministry of Corporate Affairs/Registrar of Companies, Securities and Exchange Board of India, the Stock Exchanges and others and look forward to their support in all future endeavours.

Your directors wish to place on record their deep sense of appreciation for the committed services of the associates of the company at all levels.

For and on behalf of the Board

Place : Hyderabad
Date : April 18, 2012

B.V.R. Mohan Reddy
Chairman and Managing Director

Secretarial Auditors' Report

Annexure-A

The Board of Directors
Infotech Enterprises Limited
Hyderabad - 500 081

I have examined the registers, records, books and papers of Infotech Enterprises Limited as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of the Company for the financial year ended on 31st March, 2012. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, according to the provisions of:

The Companies Act, 1956;

The Depositories Act, 1996 and the Regulations and Bye-laws framed under that Act;

The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997;

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and

The Equity Listing Agreements with Bombay Stock Exchange Limited and National Stock Exchange of India Limited

I report the following

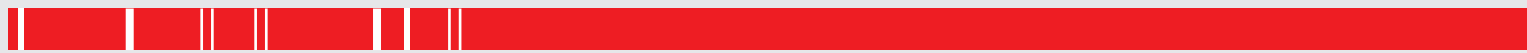
1. The Company :

- (a) has maintained various statutory registers and documents;
- (b) has closed its Register of Members during the Financial Year for the purpose of Annual General Meeting and Dividend;
- (c) has filed Forms, returns, documents and resolutions required to be filed with the Registrar of Companies and Central Government;
- (d) has duly conducted Board meetings/Committee Meetings;
- (e) has sent the notices as required to its Members;

- (f) has duly conducted the Annual General Meeting on 20.07.2011;
- (g) the Company has not passed any resolution through postal ballot;
- (h) has maintained minutes of proceedings of Board Meetings/Committee Meetings and General Meetings;
- (i) has complied with all the applicable provisions with regard to constitution of the Board of Directors/Committee(s) of directors and appointment, retirement and their re-appointment including that of Managing Director/Whole-time Directors;
- (j) has complied with all the applicable provisions with regard to payment of remuneration to the Directors including the Managing Director and Whole-time Directors;
- (k) has complied with all the applicable provisions with regard to appointment and remuneration of Auditors;
- (l) has delegated power to the Registrar and Transfer Agent to process and approve the transfers and transmissions of the Company's shares;
- (m) has complied with the all the applicable provisions with regard to allotment of shares and delivery of original and duplicate certificates of shares;
- (n) has complied with the provisions of the Companies Act, with regard to declaration and payment of dividends;
- (o) has transferred ₹ 1,73,260/- unclaimed dividend pertaining to financial year 2003-04 to the Investor Education and Protection Fund during the financial year;
- (p) has complied with the provisions of Section 372A of the Companies Act, 1956;

2. I further report that:

- (a) the Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings/debenture holdings and directorships in other companies and interests in other entities;

- 
- (b) the Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the code of Business Conduct & Ethics for Directors and Management Personnel as per Clause 49 of the Listing Agreement;
- (c) there was no prosecution initiated against or show cause notice received by the Company and no fines or penalties were imposed on the Company during the year under review under the Companies Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against the Company, its Directors and Officers;
3. I further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Bye-laws framed thereunder by the Depositories with regard to dematerialisation/rematerialisation of securities and reconciliation of records of dematerialised securities with all securities issued by the Company.

4. I further report that:

- (a) the Company has filed the requisite returns, documents, information as per the requirements under the Equity Listing Agreements entered into with the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited;

- (b) the Company has duly complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 2011 including the provisions with regard to disclosures and maintenance of records required under the Regulations;
- (c) the Company has filed returns, documents, information as required under the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- (d) the Company has complied with the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 with regard to implementation of Employee Stock Option Scheme, grant of Options and other aspects.

Place: Hyderabad
Date : April 13, 2012

S. Chidambaram
Practising Company Secretary
C.P No: 2286

Details of Stock Options pursuant to SEBI guidelines

Annexure-B

Infotech Associate Stock Option Plans (Infotech ASOPs)

Sl. No.	Description	ASOP 2002	ASOP 2004	ASOP 2008
1.	Options granted during the year	Nil	Nil	39,000
2.	Pricing formula	Market price as defined in SEBI (ESOS&ESPS) Guidelines, 1999		
3.	Options vested	1,97,915	18,54,111	18,300
4.	Options exercised	Nil	138,993	Nil
5.	Total no. of shares arising as a result of exercise of options	Nil	138,993	Nil
6.	Options lapsed	27,075	1,10,000	1,66,850
7.	Variation of terms of options	Nil	Nil	Nil
8.	Money realized by exercise of Options (₹)	Nil	1,70,39,004	Nil
9.	Total no of options in force	1,70,840	16,18,618	12,08,835
10.	Employee wise details of options granted to			
	i) Senior Managerial Personnel:			
	Brain Wyatt	Nil	Nil	25,000
	Venkata Simhadri	Nil	Nil	10,000
	ii) Any other employee who received a grant in any one year of options amounting to 5% or more of options granted during the year.	–	Nil	Nil
	iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	Nil	Nil	
11.	Diluted EPS as per Accounting Standard 20 (INR)	14.24		

12. i) Method of calculation of employee compensation cost : The Company has calculated the employee compensation cost using the intrinsic value of the stock options
- ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if it had used the fair value of the options : ₹ 10.51 Million (increase)
- iii) The Impact of this difference on profits and on EPS of the Company : Profit After Tax (PAT) ₹ 1,585.9 million
Less: Additional employee compensation cost based on fair value ₹ 10.5 million
Adjusted PAT ₹ 1,575.4 million
Adjusted EPS ₹ 14.14
- iv) Weighted average exercise price and fair value of Stock Options granted:

Stock Options granted on	Weighted average exercise price (in ₹)	Weighted average Fair value (in ₹)	Closing market price at NSE on the date of grant (in ₹)
19/01/06	114.25	260.77	513.75
18/10/06	231.00	106.44	231.00
17/01/07	355.00	148.65	341.20
17/12/07	294.00	118.72	293.45
19/02/08	238.00	99.62	241.20
13/06/08	250.00	108.13	251.15
12/05/09	169.00	70.46	164.70
16/09/09	271.00	119.02	269.50
05/04/10	375.00	179.57	377.95
08/04/10	359.00	173.31	360.70
15/04/10	350.00	175.72	362.30
02/07/10	188.00	87.81	186.60
16/07/10	169.00	82.99	170.50
23/10/10	165.00	76.34	165.00
02/02/11	165.00	76.93	162.90
22/03/11	161.00	78.44	162.95
13/06/11	142.00	141.90	142.25
19/10/11	118.00	115.00	115.50

- v) Description of the method and significant assumptions used during the year to estimate the fair value of the options, including the following weighted average information : The Black Scholes option pricing model was developed for estimating fair value of traded options that have no vesting restrictions and are fully transferable. Since option pricing models require use of substantive assumptions, changes therein can materially affect fair value of options. The option pricing models do not necessarily provide a reliable measure of fair value of options.
- vi) The main assumptions used in the Black Scholes option-pricing model during the year were as follows:
- Risk free interest rate (%) : 8.24% - 8.42%
- Expected life of options from the date(s) of grant : 3-4 years
- Expected volatility (%) : 53.19% - 60.27%
- Dividend yield (%) : 1.61%

On behalf of the Board of Directors

Place : Hyderabad
Date : April 18, 2012

B.V.R. Mohan Reddy
Chairman and Managing Director

Annexure to the Directors' Report

Annexure-C

PARTICULARS PURSUANT TO COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

1. Conservation of Energy

The company has taken up green initiatives and is sincerely trying for Green Certification for its facilities. The company has adopted laudable practices like reducing the carbon foot prints, maximizing the utilization of natural light and reducing the electric light fittings, reduction of size of work station partitions to 1050 mm, use of re-cycled material for the work stations' wood boards, provision of task lights for every work station to minimize the power consumption, central control switch for entire work station, STP, rain water harvesting, automated water control taps in the rest rooms and promotion of car pooling. Company also provides the service at half yearly intervals to all its associates to have their vehicles tested to ensure that the same comply with the emission norms.

Sufficient greenery is maintained at all the facilities of the Company; tree plantation ceremonies are also held to coincide with Vanamahotsavs as well to commemorate the visits of important dignitaries.

Company uses LED bulbs in the common area to reduce power consumption and is also planning to use the solar powered street lights for the campus. Further, company has displayed signage at vantage points advising associates to minimize the usage of elevators and encourage them to use staircase so as to conserve energy.

Adequate measures have been taken to conserve and reduce the energy consumption by using energy efficient hardware and other equipment. Air conditioners are used only when required and air-conditioned areas have been treated with heat resistant material like sun control film to reduce heat absorption.

We believe that energy saved is energy produced.

At periodic intervals, the management sends emails to the associates of the Company creating awareness on the energy conservation, pollution control and efficient use and disposal of paper.

The board is regularly updated about the various environmental conservation and pollution control measures implemented by the company.

2. Research & Development and Benefits thereon

Your company has a modern R&D facility with a state of-the-art Technology Centre working on various R&D projects.

- a) Currently the R&D team is working in the following areas:

Action Manager

Action Manager is a virtual project manager. It helps the project manager to organize and execute the project in a robust way.

Action Manager introduces a concept called Demons and management. The demon is a computer that will be completely controlled and monitored by a virtual organizer known as Demon organizer without any manual interaction. Once the Project/Work is configured using action manager administrator, the Demon organizer will allot the automated tasks (The tasks which can be done with project tools or without manual interference) to available Demons and then they start work on it in a 24x7 manner by running the project tools using configured parameters (inputs, output). So this is the best forever for the projects which are having good automated Project tools.

Apart from this, Action Manager Provides good controlling and working style for the Users With Action Manager's User Working Interface.

Solution Lab:

The purpose of this lab is to demonstrate how a substation model in GIS can help implement various value added functionalities by leveraging real time data from SCADA system. Your company performed SCADA - GIS integration on a sample data and demonstrated the possible benefits such as better substation monitoring, improved substation equipment maintenance and improved system operations to the customers.

Mobile Application for Field Survey:

Your company's R&D team has developed a mobile application based on android operating system. The mobile application allows the field survey team to conduct annual maintenance and inspection survey along with the digital signature of consumers.

Smart Grid Solutions based on Echelon products: Your company's R&D team has been working with Echelon, partner in Smart Grid business, on various solutions. Details of expenditure incurred on R&D are as follows:

(₹ in million)		
Particulars	FY 2011-12	FY 2010-11
Revenue Expenditure	14.4	3.0
Capital Expenditure	Nil	Nil
Total R&D Expenditure	14.4	3.0
R&D Expenditure as percentage of Total Revenue	0.17%	0.04%

3. Technology Absorption, Adaptation and Innovation

Your Company continues to use state-of-the-art technology for improving the productivity and quality of its products and services. To create adequate infrastructure, your Company continues to invest in the latest hardware and software.

To support its growth plans, the company continues to invest in global solutions that are configured consistently for its core business processes. Over the past 12 months we have rolled out the global financial solution to 4 overseas subsidiaries and have also finalized the selection of global

HR & Project Management solutions. Implementation of these solutions is in progress and is on schedule for completion during the next fiscal year.

On the information security front, Infotech has a strong commitment towards Quality and Information Security. The Information Security Management System (ISMS) provides the comprehensive set of policies governing the information security management and associated risks. The company is certified for ISO 27001:2005 by Bureau Veritas Certification (India) Pvt Ltd. A comprehensive security audit was conducted in July-August 2011 for attesting the sustenance of our compliance to ISO 27001:2005.

4. Foreign Exchange Earnings and Outgo

Most of your Company's earnings are from the export of Engineering and Software Services. During the year, export earnings accounted for 92% of the total income. In order to promote product sales and services, your Company participated in various exhibitions and carried product promotion activities.

Details of Foreign Exchange Earnings and Outgo are as follows:

(₹ in million)		
Particulars	FY 2011-12	FY 2010-11
Foreign Exchange Earning	8,808.8	6,278.3
Foreign Exchange Outgo	2,013.1	1,229.1

On behalf of the Board of Directors

Place : Hyderabad
Date : April 18, 2012

B.V.R. Mohan Reddy
Chairman and Managing Director

Management Discussion & Analysis Report

Annexure-D

MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP FINANCIAL RESULTS (CONSOLIDATED AS PER INDIAN GAAP) FOR THE FINANCIAL YEAR ENDED MARCH 31, 2012

SYNOPSIS

The financial year (FY) 2011-12 was an excellent year of financial performance with positive growth in revenue and profitability. Revenues recorded a 30.7% increase over the previous year and the company achieved a total income of ₹ 1,571 crores including other income. Revenue for FY 11-12 crossed ₹ 1,500 crores for the first time (at ₹ 1,553 crores), profit after tax was ₹ 161.4 crores for FY 11-12 compared to ₹ 139.7 crores last year. The increase in profitability was mainly due to higher revenue and improvement in operational efficiencies & productivity. The exchange rate movement has also been favourable.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Overall, both Product and Process Engineering, Network and Content Engineering space have tremendous growth potential. Engineering outsourcing services have gained prominence amongst leading organizations worldwide, and the demand for these services is consistently on the rise. The NASSCOM - Booz Global Engineering R&D report confirms that there is a substantial opportunity to be addressed. Our focus on customer satisfaction and relentless improvement has translated to a repeat business rate of over 98%.

Product Engineering

Our engineering teams, aligned across major manufacturing and service industries, add value to client organizations by reducing time to market and ensuring cost-effective development through stringent processes and proven life-cycle management models. We enable our customers to translate leading edge concepts into innovative product designs that are reliable, cost effective and adapted to local needs across the globe.

We operate dedicated engineering centre for strategic engineering partners like UTC, Boeing, Airbus, Caterpillar and Philips to help them not only in product development but also in localization and aftermarket services. A number of our current projects are focused on designing and adapting products for emerging markets, including India.

Process Engineering

Our time-tested process engineering solutions help energy, oil and gas companies and power plants to improve their efficiencies with optimized production processes.

Network Engineering

With the convergence of energy, telecommunication and information technology markets, there is an increased demand for intelligent network engineering solutions. We have enabled

some of the leading utilities and telecom service providers to achieve the highest operational efficiency in deployment of next-generation networks.

Content Engineering

We help our customers transform and optimize content into value-added information that is critical to their business success. We ensure that critical content and data are delivered, managed and optimised to meet the specific needs of each client.

The industries catered to include:

Aerospace

Proven Leadership in End-to-End Global Aerospace Engineering Solutions

With over 2500 dedicated aerospace engineers delivering next-generation aircraft solutions, Infotech is a proven partner to the global aerospace OEMs and Tier supplier

The company is tightly integrated in the global aerospace supply chain through mature relationships with OEMs and Tier-I suppliers and continues to deliver best-in-class engineering services and solutions that range from product definition to aftermarket support for the global aerospace and defence industry. Our key differentiator is strong product development experience in airframes, engines and avionics programme for commercial and military aviation. Our strong product know-how, deep domain expertise and robust management of processes positions us as a shared-innovation partner of choice for marquee aerospace manufacturers.

Our engineers are positioned to effectively serve the aerospace industry in areas such as product design and development, avionics, embedded systems and engineering IT.

FY 12 saw the company cross US\$ 120 Million in annual revenues from the aerospace industry. With our ever increasing focus on quality and excellence, we enable global aerospace manufacturers develop comprehensive solutions that reduce the total cost of engineering, increase flexibility in capacity, reduce time to market, improve access to emerging markets, comply to ITAR/EAR standards and meet civil and defence offset obligations. The company has been categorized as a leader in Aerospace & Defense (A&D) for Global R&D services, according to a study undertaken by Zinnov Management Consulting, a leading Globalization and Advisory firm.

HTH crosses US\$ 100 Million revenues for the year FY 2011-12

The HTH business unit serves customers in Hitech, Consumer, Medical, Transportation, Heavy Engineering, Oil & Gas and Energy segments. This is one of the fastest growing business units for the company with several strategic customer acquisitions in the past year that will help the unit continue its growth trajectory.



We are the only Company to be named in the leadership zone for the Rail Transportation industry in the 2011 Zinnov report for Global R&D Service Provide With project footprints that stretch from Auckland to San Francisco and more than a dozen countries, the company partners with global rail majors to develop new mass transit and mainline train systems that are safer, faster, more efficient, reliable and environment friendly. The last 12 months saw a consolidation of our leadership in this space with acquisition of two strategic customers and significant expansion of our existing relationship with two of our long-term customers.

Heavy Engineering segment was successful in achieving several new customer wins in the past year. The company's deep domain expertise, strong technical skills and global reach have been recognized by industry leaders in this segment. Our proven capabilities in product localization, benchmarking, conceptualization, digital validation, detailed engineering and aftermarket services make us the partner of choice for companies in this segment.

The company is also leading solutions provider for the global energy industry. Our engineering solutions help companies achieve sustainable energy generation goals by using eco-friendly technologies in Fossil, Nuclear and Wind Energy segments. We provide engineering solutions to world's leading power generation equipment manufacturers, EPCs and Power Plant owners, across the product & process engineering value chain.

The HiTech segment focuses on providing engineering service solutions to the telecom, semiconductor and computing sectors. The HiTech business continued its stupendous growth last year too. More importantly, this group was able to maintain very high customer satisfaction ratings along with high growth that augurs well for the years ahead. The company has an outstanding track record of "first pass silicon success" across more than 300 ASIC tape outs. Our offerings in this space also include "concept to silicon and system prototype" solutions that support ASIC/FPGA engineering and embedded software development.

Our engineering DNA combined with passion for continuous value enrichment makes it the perfect open innovation partner for some of the world's leading consumer product companies. The company has helped its customers develop some of the smartest and most innovative product solutions with reduced time to market and improved cost leadership. We support the entire product life cycle, from pre-product development to ongoing manufacturing support and testing. The past few months have seen the company creating intellectual property for its customers and proactively helping them improve their product lines.

Utilities & Telecom

Smart Solutions for Converging Information and Grid Infrastructure

With over 20 years of experience, Infotech offers an array of services that leverage its core engineering, systems and domain skills.

Rising energy prices and deregulation are increasingly affecting today's utilities industry. At the same time, consumers expect increased reliability, better quality, faster service and greater access to information. In the past, the transmission and distribution market has been relatively static and slow. However, with the convergence of energy and telecommunication markets, need to adapt has become inevitable. This has led to the creation of an intelligent utility network - the smart grid.

Smartness of a power grid is dependent on real-time contributions from millions of individual components such as advanced metering infrastructure and other parameters captured through various IT systems. While these components are indispensable to the smart grid, there are limitations to the benefits that can be achieved, especially when the data volume increases significantly. Infotech's solutions help lay the foundation in realizing Utilities vision / roadmap.

Speed to Market and Operational Efficiency for Telecom Service Providers Worldwide

Infotech has an outstanding record of success in helping global telecom companies achieve their technical and market goals.

In the Telecom world, the subscriber (end customer) has become very demanding and meeting his expectations is becoming a major business objective for the Communication (Telecom) Service Providers (CSP). Focus is slowly shifting from acquiring a new customer to retaining the existing customer. Customers are buying an experience; NOT just a service.

Some of the trends in today's telecom world are: significant pressure on margins and growth, convergence of IT and carrier network as in ICT, network sharing as a means to scale, reduce cell sites / increase network efficiency etc. CSP aims to make networks more efficient in delivering better service and customer experience.

In line with these trends, Infotech has built new service offerings in the space of OSS and Network Operations for helping the CSP in terms of making networks more efficient. Infotech has established a Network Operations Centre (NOC) as capability demonstrator and also to manage its own internal Infrastructure like network, servers and database. This is in addition to continuing its strategy of leveraging its core strengths in FFTx, Inventory related services etc.

OPPORTUNITIES AND THREATS

Presented below is management's assessment of some key potential opportunities and threats associated with its business. The management intends to leverage such opportunities in an effective manner to optimize business advantages and is also focused to create effective mitigation strategies for all potential threats that could impact the business operations.

A more detailed Risk Management Report is available elsewhere in the annual report.



Opportunities

The company, on a continuous basis, scans the market for scalable opportunities and has over the past twelve months identified some key areas of growth opportunities. These opportunities are in the areas of product engineering, utilities, telecom & content. The company is making concerted efforts and investments to move up the value chain in its chosen markets and acquiring new competencies and services. It includes strengthening of domain knowledge, hiring highly talented sales and marketing managers, restructuring of businesses, project management and investments in new geographies.

The company is experiencing significant traction from its existing customers and is receiving several enquiries from potential customers in its chosen markets. The company continues to strengthen and build relationships with its current and prospective customers as well as its global delivery model to ensure a low total cost of ownership for the customer.

Threats

Following are some of the major risks, which the management believes form a part of the company's business and the company seriously engaged itself to mitigate them.

- ◆ Financial Risks - foreign currency rate fluctuations
- ◆ Business Portfolio Risks - includes vertical domain concentration, service concentration, client concentrations and geographical concentration.
- ◆ Legal and Statutory Risks -includes contractual liabilities & statutory compliances
- ◆ Competition Risks - New competitors may enter the markets in which the company operates

A more detailed analysis of the above appears in the Risk Management report in the Annual Report.

FORECAST

- ✓ The company is confident of sustainable growth
- ✓ The global technology related spending is expected to grow, led by adoption of outsourcing which will benefit the company
- ✓ Greater focus on cost and operational efficiencies in the global environment is expected to enhance global sourcing
- ✓ The company will continue to focus on tactical measures in order to improve margins. Such measures may include price increases, more value added services, cost savings through fresh hiring, higher efficiency and productivity

FINANCIAL OVERVIEW

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles in India. The Management of the Company accepts responsibility for the integrity and objectivity of the financial statements as well as for the various estimates used therein. The financial statements have been prepared on a prudent basis to reflect an accurate picture of the Company's state of affairs.

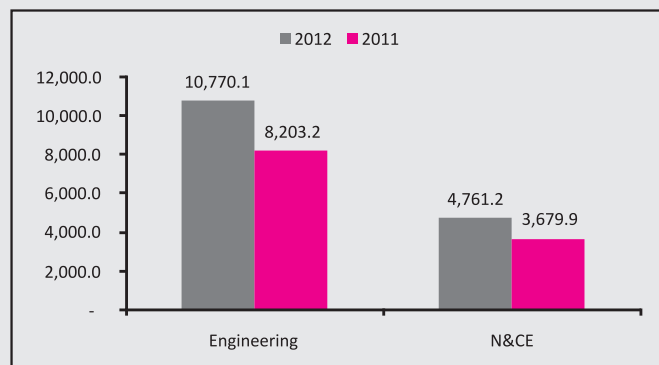
RESULTS OF OPERATIONS

Total Income

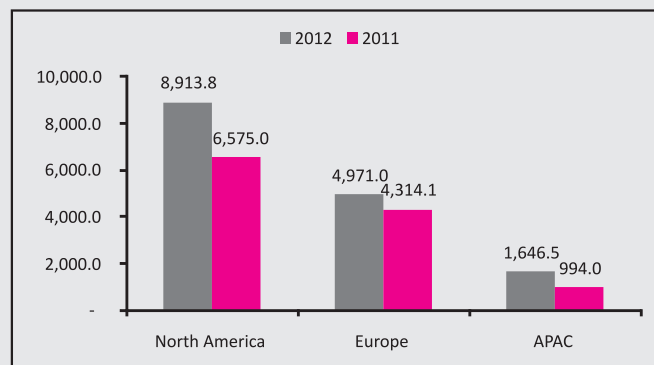
Particulars	Year ended March 31		(In ₹ million)		
			Growth		
	2012	%	2011	%	%
Income from Export sales	15,471.3	98.5%	11,810.5	97.2%	31.0%
Income from Domestic sales	60.0	0.4%	72.6	0.6%	-17.4%
Other Income	175.3	1.1%	271.7	2.2%	-35.5%
Total Income	15,706.6	100.0%	12,154.8	100.0%	29.2%

The Company's total income increased by 29.2% to ₹ 15,706.6 million from ₹ 12,154.8 million due to increase in revenue. However, there was a decrease in other income primarily due to adverse exchange rate movements.

Segment wise Performance



Geographical Mix



Inter-vertical revenues worth ₹ (5.6) million for FY 2011-12 and ₹ (7.9) million for FY 2010-11 has been adjusted.

Customer Concentration

Particulars	2012	2011
Top 5 Customers	37.1%	37.9%
Top 10 Customers	53.6%	56.7%

The support from top 10 customers has been extremely encouraging.

Offshore/Onsite Revenue Mix

Particulars	2012	2011
Offshore	47.4%	49.0%
Onsite	52.6%	51.0%
Total	100.0%	100.0%

Offshore and onsite revenue mix is in line with our expectations.

Expenditure

During the year, the personnel costs of the company increased by 28.5% due to increase in manpower in line with higher volumes and salary increase. There is an increase in travel and other operating & administrative expenditure in line with the increase in revenues and continued investments for future growth.




Profitability

(In ₹ million)

Particulars	Year ended March 31		2011	Percentage of Total Income	Growth Percentage
	2012	Percentage of Total Income			
Earnings before interest, depreciation and tax (EBIDTA)	2,866.3	18.2%	2,070.3	17.0%	38.5%
Financial Expenses	7.3	0.0%	9.6	0.1%	-24.0%
Depreciation	494.1	3.1%	485.9	4.0%	1.7%
Other Income	175.3	1.1%	271.7	2.2%	-35.5%
Profit before Exceptional items and tax	2,364.9	15.1%	1,574.8	13.0%	50.2%
Tax	835.3	5.3%	269.8	2.2%	209.6%
Profit for the year *	1,613.8	10.3%	1,396.9	11.5%	15.5%

* Including share of profit from associate and minority interest

The increase in profitability and margins is mainly on account of following factors:

- Revenue increased in both verticals, especially in Engineering
- Full year revenue credits from Wellsco Inc., USA, stepdown subsidiary of the company

Earnings before Interest, Tax & Depreciation and Amortization (EBITDA)

The company registered a 38.5% increase in EBITDA. While EBITDA increased to ₹ 2,866.3 million as against ₹ 2,070.3 million in the previous year, PAT increased to ₹ 1,613.8 million as against ₹ 1,396.9 million in the previous year due to increase in revenue.

- **Financial Expenses**

Financial Expenses decreased by 24%

- **Depreciation**

Depreciation increased by 1.7%

- **Provision for Taxation**

The provision for taxation for FY 2011-12 is increased to ₹ 835.3 million from ₹ 269.8 million in the previous year. The increase is mainly on account of expiry of tax benefits of Software Technology Parks of India scheme from April 1, 2011.

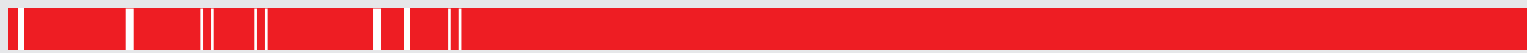
Liquidity

The growth of the company is largely financed by internal cash generations through operations. As of March 31, 2012, the company had cash and cash equivalents include investments in mutual funds of ₹ 4,782.3 million, an increase of 24.5% as compared to the previous year's ₹ 3,841.6 million. This was despite capex of ₹ 706.2 million and payment of interim dividend of ₹ 161.8 million

The company's policy is to maintain sufficient cash to fund the ongoing capex requirements, operational expenses and other strategic initiatives for the next year and to maintain business continuity in case of any exigencies.

Internal Control

The company's internal control system is adequate considering its size and the nature of operations. This has been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance of applicable corporate policies.



During the year, M/s. Bhaskar Rao & Company carried out an internal audit of the domestic operations and M/s. KPMG for overseas locations. The audit is based on an internal audit plan, which reviewed each year in consultation with the statutory auditors (M/s. Deloitte Haskins & Sells) and the audit committee. There is effective coordination and communication between auditors the auditors.

The audit committee reviews audit reports submitted by independent internal auditors. Suggestions for improvements are considered and the audit committee monitors the implementation of corrective actions.

The Committee also meets the company's statutory auditors to ascertain, *inter alia*, their views on the adequacy of internal control systems. The company's management and board monitor and make enhancement to the internal control framework on an ongoing basis.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES (HR)

The company continues to benchmark and build its HR practices to help attract, retain and develop requisite talent to support its growth. HR's ability to support business strategy with its human capital strategy is an important determinant to the company's future business performance. The company has put in place robust recruitment processes and helped scale critical engagements in a very short span of time.

The principle feature of the company's HR strength is its multipronged talent acquisition and retention strategy. These include talent acquisition and building the verticals with varied domain specialists, leadership development initiatives and successful implementation of Infotech - a comprehensive employee engagement plan which engages the body, mind and soul of the employees. HR at Infotech plays a key strategic role to support the organization and its various ecosystems in achieving various goals and targets set by deploying best practices and measures.

CAUTIONARY STATEMENT

Certain statements made in the Management Discussion and Analysis Report relating to the company's objectives, projections, outlook, expectations, estimates and others may constitute forward-looking statements within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections and so on whether express or implied. Several factors could make a significant difference to the company's operations. These include climatic conditions and economic conditions affecting demand and supply, government regulations and taxation, natural calamities and so on over which the company does not have any direct control.

Readers are cautioned not to place undue reliance on this forward-looking statement. The following discussion and analysis should be read in conjunction with our financial statements included herein and the notes thereto.

Annexure-E

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To
The Members of
Infotech Enterprises Limited
Hyderabad

We have examined the compliance of conditions of Corporate Governance by Infotech Enterprises Limited (the "Company"), for the year ended on March 31, 2012, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 008072S)

Ganesh Balakrishnan
Partner
(Membership No. : 201193)

Place : Secunderabad
Date : April 18, 2012

Annexure-F

CEO's Declaration

I, B.V.R. Mohan Reddy, Chairman and Managing Director do hereby declare that pursuant to the provisions of Clause 49(I) (D) (ii) of the Listing Agreement, all the members of the Board and the Senior Management Personnel of the Company have furnished their affirmation of compliance with the Code of Conduct of the Company.

Place : Hyderabad
Date : April 12, 2012

B.V.R. Mohan Reddy
Chairman and Managing Director

CEO/CFO Certification pursuant to Clause 49(V) of the Listing Agreement

The Board of Directors
Infotech Enterprises Limited
Hyderabad.

April 18, 2012

Sub: Certificate pursuant to Clause 49(V) of the Listing Agreement

This is to certify that

- a. We have reviewed financial statements and the cash flow statement for the year 2011-12 and that to the best of our knowledge and belief :
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee
 - i. There are no significant changes in internal control over financial reporting during the year;
 - ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. There are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

(B.V.R. Mohan Reddy)
Chairman & Managing Director

(Ajay Aggarwal)
Chief Financial Officer

Report on Corporate Governance

1. Company's Philosophy on Corporate Governance:

The Company believes that good corporate governance is an intrinsic part of its fiduciary responsibility and hence, emphasis is on the transparency of operations. The Company recognizes the fact that to attract and meet the expectations of global investors, statutory disclosures and reporting norms are not sufficient and voluntary adherence to best international disclosure practices is essential. These practices enable the company to establish enduring relationships with the stakeholders and optimize our growth paradigm.

The Company's values operate on the "FIRST" principle -

- ◆ Fairness
- ◆ Integrity
- ◆ Respect
- ◆ Sincerity and
- ◆ Transparency

Over the years, governance processes and systems have been strengthened and corporate governance has always been an integral part of the way business is done.

It is a firm belief of the company that corporate governance is the application of the best management practices, compliance of the applicable laws in true letter and spirit and adherence to ethical standards for the effective management and distribution of wealth. Further, the *raison de etre* of corporate governance is the discharge of social responsibility for the sustainable development of all stakeholders. Through its processes and independence of functioning, the board provides effective leadership to the company and its management for achieving sustained prosperity for all its stakeholders.

Best corporate governance practices

In its constant endeavour to further the standards of corporate governance, the company adopts and implements the best practices across the board. Some of the best practices include:

- ◆ The chairman of every board committee is an independent director
- ◆ The Company has independent board committees for matters dealing with corporate governance and stakeholders' interface as well as for nomination of board members
- ◆ The Company is subject to internal audit for both its domestic and international operations by an independent firm of auditors
- ◆ A secretarial audit is conducted by an independent company secretary in practice
- ◆ The company has adopted and implemented a Data Privacy policy
- ◆ Shareholder satisfaction survey was conducted to elicit feedback about the annual report, disclosures and quality of services rendered by intermediaries such as the R&T agent
- ◆ Voluntary compliance with secretarial standards issued by the Institute of Company Secretaries of India (ICSI)

2. Board of Directors:

While the Chairman & Managing Director (CMD) manages the affairs of the company, the company is headed by an effective board which both leads and controls the business. The board has an optimum combination of executive directors who have an intimate knowledge of the business, and of outside, non-executive directors who bring a broader and more holistic view to the company's activities. The board comprises non-executive directors drawn from industry, academia, investors and customers. The board meets regularly, retains full and effective control over the company and monitors the executive management.

The company believes that the calibre of the non-executive directors of the board is of special importance in setting and maintaining standards of corporate governance. Non-executive directors bring an independent judgment to bear on the issues of strategy, performance, resources, including pivotal appointments and standards of conduct.

None of the directors on the board is a member of more than 10 committees or Chairman of more than 5 committees (as specified in clause 49 of the Listing Agreement), across all companies in which he is a director. The necessary disclosures regarding committee positions have been made by the directors.

- a) The names and categories of the directors on the board, their attendance at board meetings during the year and at the last Annual General Meeting are given below:

Name of the Director	Director Identification Number	Category	Board Meetings held	Board Meetings attended	Last AGM
Mr. B.V.R. Mohan Reddy	00058215	Promoter, Executive	5	5	Yes
Mrs. B. Sucharitha	00709959	Promoter, Executive	5	5	Yes
Mr. M.M. Murugappan	00170478	Independent, Non-Executive	5	4	Yes
Mr. G.V. Prasad	00057433	Independent, Non-Executive	5	4	No
Prof. J. Ramachandran	00004593	Independent, Non-Executive	5	3	Yes
Mr. K. Ramachandran	00193357	Independent, Non-Executive	5	2	Yes
Mr. Alain De Taeye	03015749	Independent, Non-Executive	5	2	No
Mr. Allan Brockett	03173936	Non- Independent, Non-Executive	5	2	No
Mr. Abhay Havaladar	00118280	Non-Independent, Non-Executive	5	3	No
Mr. Vikas Sehgal*	05218876	Independent, Non-Executive	1	1	NA
Mr. Jaithirth Rao#	00025289	Independent, Non-Executive	2	0	No

* Appointed as additional director w.e.f. 18 January 2012

Ceased to be director w.e.f. 16 August 2011

- b) Details of number of directorships and committee memberships held by directors in other companies as defined in Clause 49 of the listing agreement.

Name of the Director	Board		Committee	
	Chairman	Member	Chairman	Member
Mr. B.V.R. Mohan Reddy	0	3	0	1
Mrs. B. Sucharitha	0	0	0	0
Mr. M.M. Murugappan	7	2	3	1
Mr. G.V. Prasad	0	10	1	2
Prof. J. Ramachandran	1	6	2	5
Mr. K. Ramachandran	0	1	0	0
Mr. Alain De Taeye	0	0	0	0
Mr. Allan Brockett	0	0	0	0
Mr. Abhay Havaladar	0	2	0	2
Mr. Vikas Sehgal	0	0	0	0



c) Meetings held during the year 2011-12:

Quarter	No. of Meetings	Dates on which held
April '11 to June '11	1	20 April 2011
July '11 to September '11	1	20 July 2011
October '11 to December '11	2	19 & 27 Oct 2011
January '12 to March '12	1	18 January 2012
Total	5	

3. Board Effectiveness:

The board of directors of the company develops and promotes its collective vision of the company's culture, values and behaviour. It provides entrepreneurial leadership within a framework of prudent and effective controls which enables risk to be assessed and managed. The company's board provides direction for the management and facilitates well-informed and high-quality decisions based on a clear insight into the company's business. In particular, the board plays, *inter alia* the following role:

- ◆ Giving strategic direction and advice
- ◆ Overseeing strategy implementation and performance
- ◆ Developing the organizational vision and mission
- ◆ Ensuring the organization has sufficient and appropriate human resources
- ◆ Supervising effective stakeholder relations
- ◆ Evaluating and mitigating risks in the company and
- ◆ Abiding by the principles of corporate governance

4. Board meetings, processes and procedures:

Decisions relating to the policy and operations of the company are arrived at meetings of the board held periodically. Meetings of the board enable discussions on matters placed before them and facilitate decision making based on collective judgment of the board. The company follows the best practices in convening and conducting meetings of the board and its committees.

Annual Calendar

The calendar of meetings of the board of directors is determined well in advance of the commencement of the financial year. This enables both the providers of the inputs and the receivers to plan their work systematically.

Meeting location

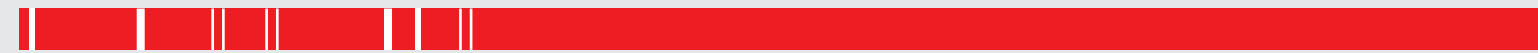
The meetings of the board of directors are usually held at the registered office in Hyderabad. At times, some meetings are also held at other development centres of the company.

Frequency of meetings

A minimum of four board meetings is held each year with the time gap between any two successive meetings not exceeding four months. Meetings of the committees are also planned and scheduled to be held along with the board meetings

Board agenda

The board agenda determines the issues to be discussed. The agenda and notes thereon are firmed up by the Chairman & Managing Director after obtaining the inputs from the various business unit heads and other support function heads. The same is circulated



sufficiently in advance by the company secretary. All material information is sent to the directors simultaneously and in a timely manner. Any further information and/or clarifications on the agenda items are sought and obtained by the directors from the company secretary.

Briefing papers

Board materials, including the notes on agenda are summarized and formatted in such a way that the directors can readily grasp and focus on the most significant issues in the preparation for the board meetings. Relevant and complete information is presented in an orderly manner. The board papers associated with a particular agenda item are set out as an executive summary with further details annexed thereto. The papers present the issue for discussion, offer solutions for how to effectively address the issue and provide management's view on what action to take.

Decision making process

The Chairman who conducts the meeting explains the proposal put up before the board, the brief background and the expectation of the proposal. Comprehensive presentations are made to the board to facilitate objective and informed decision making. The criticality and viability of the proposal is also included as part of the presentation.

Directors' participation

All the directors participate, discuss and deliberate thread bare the proposals and matters put up to it. On some occasions, where a director is not physically present, the company arranges for telecon or Webex to enable participation. On such matters where a director is concerned or interested, he/she does not participate.

Besides, heads of the business units, geo and subsidiary heads, and key executives also participate in the board meetings to provide the business perspective.

Availability of information to the Directors

The following information, *inter alia*, is provided to the directors of the company:

1. Annual operating plans and budgets and any updates.
2. Capital budgets and any updates.
3. Quarterly results for the company and its operating divisions or business segments.
4. Minutes of meetings of audit committee and other committees of the board.
5. Minutes of the meetings of the subsidiary companies.
6. General notices of interest received from directors.
7. The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary, if any.
8. Show cause, demand, prosecution notices and penalty notices which are materially important.
9. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
10. Any material default in financial obligations to and by the company, or substantial non-payment for services sold by the company.
11. Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.

12. Details of any joint venture or collaboration agreement.
13. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
14. Significant labour problems and their proposed solutions. Any significant development in Human Resources/Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme, etc., if any.
15. Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
16. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
17. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
18. Legal compliance reports and details of payment of statutory dues.

Action Taken Report

The company has put in place processes for the prompt dissemination of the decisions taken by the board to the various departments in the company. An action taken report on the decisions of the board at its previous meeting is systematically put up to the board at the following meeting for its information.

Secretarial Standards

The Institute of Company Secretaries of India (ICSI) has issued secretarial standards on various important facets of corporate functioning and management. Although these standards are recommendatory in nature, as a measure of good governance, the company has voluntarily adopted and substantially complies with the ICSI secretarial standards on meetings of board of directors, general meetings, dividend, registers and returns, minutes, transmission of shares, passing of resolutions by circulation, affixing of common seal and board's report.

5. Board Committees:

To enable better and more focused attention on the affairs of the company and as mandated by regulation, the board delegates particular matters to committees of the board set up for the purpose. Committees review information in greater detail before it is placed before the board for its consideration; committees prepare the groundwork for decision making by the board.

The company is of the view that committees allow the board to:

- ◆ Handle a greater number of issues with greater efficiency by having experts focus on specific areas
- ◆ Develop subject specific expertise on areas such as compliance management, risk management and financial reporting
- ◆ Enhance the objectivity and independence of the board's judgment

Presently, the company has the following committees:

- ◆ Audit committee
- ◆ Remuneration committee
- ◆ Shareholder Grievances committee

6. Audit Committee:

The Audit Committee was constituted in terms of section 292A of the Companies Act, 1956 and as per the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges.

a) Brief description of terms of reference

The terms of reference of the Audit Committee are in conformity with the provisions of Sub-clause II of Clause 49 of the Listing Agreements with the Stock Exchanges and section 292A of the Companies Act, 1956.

b) The composition and details of the meetings of the Audit Committee are as follows:

Name of the Member	Position	Meetings held during the year	Meetings attended
Mr. M.M. Murugappan	Chairman	4	4
Prof. J. Ramachandran	Member	4	3
Mr. K. Ramachandran	Member	4	2

The company secretary acts as secretary of the committee.

The Chairman of the Audit Committee had attended the 20th Annual General Meeting (AGM) and addressed the queries of shareholders.

7. Remuneration Committee:

The Company has constituted a Remuneration Committee with terms of reference to evaluate compensation/commission and benefits for Directors and to frame policies and procedures for Associate Stock Option Plans as approved by the shareholders. This Committee also acts as Nomination Committee and Compensation Committee.

a) The composition of the Remuneration Committee is as follows:

Name of the Member	Position
Mr. M.M. Murugappan	Chairman
Mr. K. Ramachandran	Member
Mr. Jaithirth Rao*	Member

* Ceased to be a member w.e.f. 16 August 2011

b) Remuneration Policy:

The company while deciding the remuneration package of the directors and senior management personnel takes into consideration the following:

- (i) employment scenario
- (ii) remuneration package in the industry and
- (iii) remuneration package of the managerial talent of other industries.

The Non-Executive Directors (NEDs) are eligible for commission not exceeding an aggregate of 1% of the net profits of the Company for all such Directors and not exceeding ₹ 900,000 per person, per annum, as per the resolution passed by the Members of the Company through postal ballot on 12 October 2009. The commission is paid on the basis of their attendance and contribution at the Board. The board approves the commission paid to directors individually.



The Company pays sitting fees of ₹ 10,000 per meeting to the NEDs for attending the meetings of the Board and other committees.

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) to Chairman & Managing Director as approved by the shareholders of the Company. The Company pays remuneration by way of salary, perquisites and allowances to the Whole Time Director as approved by the Shareholders of the Company.

c) Details of remuneration to the Directors:

(Amount in ₹)

Name of the Director	Salary	Commission	Sitting Fee	Provident Fund Contribution	Superannuation	Perquisites and other benefits	Total
Mr. B.V.R. Mohan Reddy	30,00,000	3,35,98,514	Nil	3,60,000	4,50,000	52,485	3,74,60,999
Mrs. B. Sucharitha	18,00,000	Nil	Nil	2,16,000	2,70,000	85,467	23,71,467
Mr. M.M. Murugappan	Nil	9,00,000	80,000	Nil	Nil	Nil	9,80,000
Mr. G.V. Prasad	Nil	9,00,000	50,000	Nil	Nil	Nil	9,50,000
Prof. J. Ramachandran	Nil	9,00,000	60,000	Nil	Nil	Nil	9,60,000
Mr. K. Ramachandran	Nil	9,00,000	40,000	Nil	Nil	Nil	9,40,000
Mr. Alain De Taeve	Nil	9,00,000	20,000	Nil	Nil	Nil	9,20,000
Mr. Allan Brockett	Nil	9,00,000	0*	Nil	Nil	Nil	9,00,000
Mr. Abhay Havaladar	Nil	9,00,000	30,000	Nil	Nil	Nil	9,30,000
Mr. Vikas Sehgal	Nil	2,25,000	10,000	Nil	Nil	Nil	2,35,000
Mr. Jaithirth Rao	Nil	4,50,000	0	Nil	Nil	Nil	4,50,000

*not claimed the sitting fee

The above amounts do not include provisions for encashable leave, gratuity and premium paid for Group Health Insurance as separate actuarial valuation/premium paid are not available for the Managing Director and Whole Time Director.

d) Shareholding of the Directors in the Company as on 31 March 2012

Mr. B.V.R. Mohan Reddy, Chairman and Managing Director, holds 1,45,88,220 equity shares and Mrs. B. Sucharitha, Whole Time Director, holds 65,41,200 equity shares in the Company. Mr. M.M. Murugappan, holds 30,000 equity shares in the company pursuant to exercise of stock options. These options have been issued and are subject to the terms and conditions of the ASOP Scheme in the Company. No other non-executive director holds any shares, convertible instruments or stock options in the company as on 31 March 2012.

8. Shareholders/Investors Grievance Committee:

a) Terms of reference:

The Committee was constituted to specifically look into the redressal of shareholder and investor complaints such as transfer of shares, non-receipt of balance sheet and non-receipt of declared dividend.

- b) The composition of the Shareholders Grievance Committee is as follows:

Name of the Member	Position
Mr. G.V. Prasad	Chairman
Mr. B.V.R. Mohan Reddy	Member
Mrs. B. Sucharitha	Member

- c) Name and Designation of Compliance Officer:

Mr. Sudheendhra Putty - Company Secretary

- d) No. of Shareholders Complaints received during the year 2011-12

During the year 2011-12, a total of 108 complaints/letters was received from the shareholders and all were disposed of during the year. Their break up is as follows:

Sl.No.	Nature of Complaint/Request	Received	Disposed
1	Change /Correction of Address	17	17
2	Non Receipt of Dividend Warrants	27	27
3	Request for ECS Facility	12	12
4	Change /Correction of Bank Mandate	08	08
5	Non Receipt of Annual Reports	03	03
6	Non Receipt of Securities	06	06
7	Others	35	35
	TOTAL	108	108

- e) No. of complaints not solved to the satisfaction of shareholders:

There were no complaints that were not resolved to the satisfaction of shareholders.

- f) No. of pending share transfers:

All shares which were received for transfer during the year, complete in all respects, were transferred and no transfer was pending.

The Company obtains a Certificate of Compliance from Mr. S. Chidambaram, Company Secretary in Practice, at half-yearly intervals, certifying that the share transfer requests complete in all respects have been processed and share certificates with transfer endorsement have been issued by the Company within the stipulated time periods. This certificate is also filed with both Stock Exchanges where the Company's shares are listed.

In order to facilitate speedier redressal of investors' grievances, the Company has an exclusive email ID Company.Secretary@infotech-enterprises.com Shareholders may lodge their queries addressed to this email ID which would be attended to on priority.

9. Shareholder Satisfaction Survey:

The company is of the firm belief that the shareholder is amongst the key stakeholders of the company. Therefore, it is imperative to measure the levels of satisfaction of the shareholders as also to elicit feedback on the services of the company and the various intermediaries such as the Registrar & Share Transfer agents. This would enable the company to serve the shareholders better. In this

regard, the company tied up with Knowience Insights Pvt. Ltd. and conducted a shareholder satisfaction survey during the year. The highlights of the survey are:

- ◆ Survey conducted voluntarily for the first time in the history of the company - both in paper mode and electronic mode
- ◆ Shareholders have given over 80% satisfaction rating to the company on the key parameters
- ◆ The quality of content of the annual report got a thumbs up from the shareholders

The company has noted the feedback received from the shareholders and will suitably act on the same to render even better services.

10. Data Privacy Policy:

The company recognizes that individuals have an expectation that personal data provided during their dealing with the company will be protected from inappropriate use or disclosure. In furtherance of this, the company introduced a Data Privacy Policy to reinforce its commitment to comply with applicable data privacy and security requirements in which the company and its subsidiaries operate. The policy provides common core values, policies and procedures intended to achieve nearly universal compliance.

11. General Body Meetings:

- a) Details of last three Annual General Meetings were held:

Annual General Meeting	Venue	Time & Date	Number of Special Resolutions passed
20 th AGM	Bhaskara Auditorium, BM Birla Museum, Adarsh Nagar, Hyderabad - 500 063	2:30 p.m. on July 20, 2011	–
19 th AGM	-do-	2:30 p.m. on July 14, 2010	–
18 th AGM	-do-	2:30 p.m. on July 1, 2009	2

- b) No Extra-Ordinary General Meeting of the shareholders was held during the year.
- c) No Special Resolutions were passed through postal ballot during the last year.
- d) Presently, no special resolution is proposed to be conducted through postal ballot.
- e) Procedure for postal ballot

Company will conduct the postal ballot, where required, in accordance with the provisions of the Companies Act, 1956 and the Rules made thereunder.

12. Disclosures:

- a) The Chairman & Managing Director and Chief Financial Officer have given a Certificate to the Board as contemplated in Clause 49 of the Listing Agreement. This is published elsewhere in annual report.
- b) There are no materially significant related party transactions, i.e. transactions material in nature, with the promoters, the Directors or the management, their subsidiaries or relatives, etc., that may have a potential conflict with the interest of the Company at large except those that are disclosed under the Notes to Accounts and which the management feels are in the normal course of the Company's business.
- c) There were no pecuniary transactions with any of the Non-Executive Directors, except payment of sitting fee and commission.
- d) A compliance report of all applicable laws and regulations as certified by the Chairman & Managing Director, Chief Financial Officer and the Company Secretary is placed at periodic intervals for review by the Board. The Board reviews the compliance of

all the applicable Laws and gives appropriate directions wherever necessary. The Board considers materially important Show Cause/Demand Notices received from Statutory Authorities and the steps/action taken by the Company in this regard.

A status report of material legal cases and disputed liabilities pending before the various courts is also put up to the Board on a quarterly basis.

- e) The board of directors has laid-down a 'Code of Conduct' (Code) for all the board members and senior management personnel of the Company and this Code is posted on the website of the Company. Annual declaration is obtained from every associate covered by the Code. The declaration of the Chairman & Managing Director, as required under Clause 49 of the Listing Agreement, is published elsewhere in the Annual Report.
- f) The board regularly discusses the significant business risks identified by the management and the mitigation process being taken up. A detailed note on the risk identification and mitigation is included in the Risk Management Report and Management Discussion and Analysis annexed to the Directors' Report.
- g) No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or other statutory authorities relating to the above.
- h) Mrs. B. Sucharitha, Whole Time Director, is the spouse of Mr. B.V.R. Mohan Reddy, Chairman and Managing Director of the Company.

13. Means of Communication:

- a) Statutory advertisements and financial results of the company (Quarterly, Half-yearly and Annual) are normally published in 'Business Standard' or 'Financial Express' in English and 'Andhra Bhoomi' or 'Andhra Prabha' regional language dailies (Telugu).
- b) Apart from the financial results, all official press releases of the Company and presentations made to the institutional investors and analysts, if any, are being placed on the Company's website - www.infotech-enterprises.com
- c) The company also releases all price sensitive information simultaneously to NSE(NEAPS)/BSE and the media.
- d) The website of the Company gives comprehensive information about the management, vision, mission, policies, corporate governance, corporate sustainability, investor relations, sales network, updates and news. The section on 'Investor Relations' serves to inform the shareholders, by giving complete financial results, press releases, shareholding pattern, information relating to R&T agents and frequently asked questions for the shareholders.
- e) At regular intervals, the senior management meets the Institutional Investors' Community through Road shows, conference calls to explain the business strategy of the company. Representatives of the institutional investors can meet the officials of the Company with the prior intimation through our investor's relation officer.
- f) Company conducted an "Investor Day" on February 23, 2012 at the Manikonda facility in Hyderabad. This was the first time that the company conducted an event of this kind. The Company invited fund managers, analysts and other market participants for the event. The event also included presentations from the top management and also a small demonstration of a few projects.

14. Management Discussion and Analysis Report:

The Management Discussion and Analysis Report forms part of the Directors' Report. All matters pertaining to industry structure and developments, opportunities and threats, segment/product wise performance, outlook, risks and concerns, internal control and systems, are discussed in the said report.

15. Compliance of Insider Trading Norms:

The Company has adopted the code of internal procedures and conduct for listed companies notified by the SEBI prohibiting insider trading.



16. General Shareholder Information:

- a) AGM - Date, Time and Venue : 18 July 2012 at 2.30 p.m.
Bhaskara Auditorium, B.M Birla Museum,
Adarsh Nagar, Hyderabad - 500 063
- b) Financial Year : April 1 to March 31
- c) Date of Book Closure : 11 July to 18 July 2012 (both days inclusive)
- d) Dividend Payment Date : 1 August 2012
- e) Listing on Stock Exchanges : BSE Ltd.
National Stock Exchange of India Ltd.
- f) Stock Code : BSE . : 532175 / INFOTECENT
NSE. : INFOTECENT / EQ
CIN : L72200AP1991PLC013134
ISIN : INE136B01020
- g) Market price data: High/Low during each month in the financial year 2011-12 and performance in comparison to broad based indices such as BSE Sensex and Nifty

The information on market price of the Company's stock and its comparison with NSE Nifty and BSE Sensex is given below:

Infotech Share price on NSE and BSE and in comparison with NSE Nifty & BSE Sensex

Month & Year	NSE (in ₹)		NIFTY		BSE (in ₹)		SENSEX	
	High	Low	High	Low	High	Low	High	Low
April 2011	170.50	142.75	5944.45	5693.25	170.75	148.15	19811.14	18976.19
May 2011	163.00	131.15	5775.25	5328.70	163.00	131.20	19253.87	17786.13
June 2011	149.00	131.25	5657.90	5195.90	149.50	131.05	18873.39	17314.38
July 2011	154.85	135.00	5740.40	5453.95	149.00	133.50	19131.70	18131.86
Aug 2011	138.80	105.55	5551.90	4720.00	138.00	104.05	18440.07	15765.53
Sep 2011	129.50	113.85	5169.25	4758.85	130.95	112.00	17211.80	15801.01
Oct 2011	123.45	108.00	5399.70	4728.30	123.95	108.30	17908.13	15745.43
Nov 2011	137.40	114.60	5326.45	4639.10	136.00	114.00	17702.26	15478.69
Dec 2011	132.00	101.25	5099.25	4531.15	132.95	100.15	17003.71	15135.86
Jan 2012	145.00	105.70	5217.00	4588.05	140.15	105.75	17258.97	15358.02
Feb 2012	150.00	131.35	5629.95	5159.00	149.85	130.00	18523.78	17061.55
Mar 2012	178.70	143.25	5499.40	5135.95	172.70	140.00	18040.69	16920.61

- h) Registrar and Transfer Agents : Karvy Computershare Private Limited
Unit: Infotech Enterprises Limited
Plot No. 17 to 24, Vithalrao Nagar,
Madhapur, Hyderabad - 500 081.
Tel : +91-40-44655000
Fax : +91-40-44655024
Email : mailmanager@karvy.com
Website: www.karvy.com

i) Share Transfer System

Shares lodged for physical transfer are registered within a period of 8 days as against service standard of 15 days, if the documents are clear and complete in all respects. The shares duly transferred would be dispatched to the shareholders concerned within a week from the date of approval of transfers by the Share Transfer Committee. For this purpose, the Share Transfer Committee meets as often as required. Adequate care is taken to ensure that no transfers are pending for more than a fortnight. As the Company's shares are currently traded in dematerialized form, the transfers are processed and approved in the electronic form by NSDL / CDSL through their depository participants. Karvy Computershare Private Limited is the Common Share Transfer Agent for both physical and dematerialised mode.

j) Distribution of Shareholding

The Distribution of shareholding of the Company as on 31 March 2012 is as follows:

Sl. No.	Category		Number of Shareholders	Percentage of Shareholders	Number of Equity Shares	Percentage of Shareholding
	From	To				
1	1	5000	10,147	86.56	16,93,368	1.52
2	5001	10000	754	6.43	10,37,787	0.93
3	10001	20000	432	3.69	12,47,435	1.12
4	20001	30000	118	1.01	6,00,397	0.54
5	30001	40000	58	0.49	4,08,945	0.37
6	40001	50000	41	0.35	3,66,789	0.33
7	50001	100000	67	0.57	10,08,335	0.91
8	100001	& Above	106	0.90	10,50,52,206	94.29
	TOTAL		11,723	100.00	11,14,15,262	100.00

Shareholding pattern

Category	Number of Shareholders	Number of Equity Shares	Percentage of Shareholding
Promoters:			
Individual	12	2,54,26,862	22.82
Non-promoter:			
Mutual Funds	25	1,01,91,192	9.15
Foreign Institutional Investors	25	2,59,71,931	23.31
Bodies Corporate	317	95,08,082	8.53
Individuals	10,900	72,49,320	6.51
HUF	158	81,812	0.07
Non Resident Indians	233	38,61,871	3.47
Trusts	4	1,62,120	0.15
Foreign Nationals	27	4,63,386	0.42
Foreign Collaborators	4	2,84,75,514	25.56
Clearing Members	18	23,172	0.02
TOTAL	11,723	11,14,15,262	100.00

Note: Mr. K. Basi Reddy (Promoter Group) has pledged 3,58,082 equity shares of ₹ 5/- each constituting 0.32% of the paid up equity share capital of the Company.



Shareholders holding more than 1% of shares:

Name of the shareholder	Number of Shares held	Percentage of Holding
Mutual Funds/Bodies Corporate:		
ICICI Prudential Life Insurance Company Limited	81,61,707	7.33
SBI Mutual Fund - Magnum Tax Gain 1993	25,40,003	2.28
ICICI Prudential Discovery Fund	22,48,426	2.02
Reliance Capital Trustee Co. Limited	19,32,200	1.75
Foreign Institutional Investors/Bodies Corporate:		
GA Global Investments Limited	1,37,95,554	12.39
Carrier International Mauritius Limited	1,52,92,960	13.72
Smallcap World Fund, Inc	44,00,000	3.95
American Funds Insurance Series Global Small Capitalization Fund	39,10,000	3.51
Ironwood Investment Holdings	49,94,127	4.48
Kotak India Focus Fund	29,35,098	2.63
Tele Atlas Data's Hertogenbosch B V	15,00,000	1.35
Amansa Investments Limited	40,89,314	3.67
Morgan Stanley Mauritius Company Limited	26,00,000	2.33
Individuals		
Bhashyakarlu Rambhala	14,14,000	1.27
Promoters		
B. V. R. Mohan Reddy	1,45,88,220	13.09
B. Sucharitha	65,41,200	5.87
Krishna Bodanapu	18,25,760	1.64
B. Sri Vaishnavi	17,90,400	1.61

Reconciliation of Share Capital

Mr. S. Chidambaram, Company Secretary in Practice carried out an audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL. This reconciliation is done on a quarterly basis and reported to the board of directors and also to the Stock Exchanges.

k) Dematerialization of shares and liquidity

As per SEBI guidelines on investor protection, the Company's shares are to be traded only in dematerialized mode. Accordingly, the company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services(India) Limited (CDSL) to establish electronic connectivity for scripless trading. As at the end of March 31, 2012, 96.69% of the outstanding equity shares of the company are in electronic form.

The Company's shares are being traded on the National Stock Exchange of India Limited (NSE) and BSE Limited under ISIN- INE136B01020.

- l) Outstanding GDRs/ADRs/Warrants or any other convertible instruments conversion date and likely impact on equity

The Company has not issued any GDRs/ADRs/Warrants/convertible debentures during the year 2011-12 and there are no outstanding convertible instruments which will impact the equity.

- m) Development Facilities

The Company has Software Development facilities, the particulars of which are as follows:

Development Facilities	Location
Hyderabad	1. Plot No.8, 9, 10 & 11, Software Units Layout, Infocity, Madhapur, Hyderabad - 500 081 2. Plot No.2, IT Park, Nanakramguda, Manikonda, Hyderabad-500 032.
Bangalore	Plot No.110 A & 110B, Phase - I, Electronics City, Adjacent to E.City, Fire Station, Hosur Main Road, Bangalore-560 100
Visakhapatnam	Survey No. 410, Plot No. 14, SEZ Units, Hill No. 3, Rushikonda, Madhuravada (V), Visakhapatnam-530 007
Kakinada	1. D. No. 13-1-61/64, 4th 5th & 6th Floors, Katyayani Hi-tech Complex, Main Road, Opp.: Apollo Hospitals, Kakinada - 533 001; 2. Plot Nos. 1,2,3,4 & 5A, APIIC SEZ, Sarpavaram, Kakinada - 533 001
Noida	Plot No. 11, Block "B", Sector 63, NOIDA - 201 301

*Complete list of development centres, subsidiaries and other offices is available elsewhere in the Annual Report.

- n) Address for correspondence and contact persons for investors' queries

Investors' correspondence may be addressed to Mr. Sudheendhra Putty, Company Secretary and Compliance Officer and any queries relating to the financial statements of the Company may be addressed to Chief Financial Officer at the Registered Office of the Company at 4th Floor, 'A' Wing, Plot No.11, Software Units Layout, Infocity, Madhapur, Hyderabad - 500 081 Tel:+91-40-2312-4004/2312-4006 Fax: +91-40-6662-4368, Email : Company.Secretary@infotech-enterprises.com/Ajay.Aggarwal@infotech-enterprises.com.

Besides, investors may also make correspondence with the Share Transfer Agents, whose particulars are:

Karvy Computershare Private Limited

Unit: Infotech Enterprises Limited

Plot No. 17 to 24, Vithalrao Nagar,

Madhapur, Hyderabad-500081

Contact Person: Mr. M.S.Madhusudhan

Tel: +91-40-44655000/44655152 Fax: +91-40-44655024

Email: mailmanager@karvy.com/mohsin@karvy.com, Web: www.karvy.com



17. Details of dividend declaration dates and due dates of transfer to IEPF:

Financial Year	Rate of Dividend	Date of Declaration of Dividend (Date of AGM)	Due date to claim the dividend
2004-2005	15%	July 21, 2005	August 27, 2012
2005-2006	22.5%	July 19, 2006	August 25, 2013
2006-2007	22.5%	July 18, 2007	August 24, 2014
2007-2008	24%	July 23, 2008	August 29, 2015
2008-2009	30%	July 01, 2009	August 07, 2016
2009-2010	40%	July 14, 2010	August 20, 2017
2010-2011	25%	July 20, 2011	August 26, 2018
2011-2012 (Interim)	25%	October 27, 2011	January 2, 2019

For the financial year 2003-04, company has transferred the unclaimed dividend to the IEPF and filed the relevant forms with the Registrar of Companies, Andhra Pradesh.

18. Compliance of Non-mandatory requirements of Clause 49 of listing agreement:

a. Whistle Blower Policy

The Company has implemented a Whistle Blower Policy that provides a formal mechanism for all associates of the Company including subsidiaries to approach the Ombudsperson of the Company and make protective disclosures about unethical behaviour and actual or suspected fraud. The objective of the Whistle Blower Policy is to provide associates, customers and vendors an avenue to raise concerns, in line with the Company's commitment to the highest possible standards of ethical, moral and legal business conduct and its commitment to open communication. Further, the policy also provides necessary safeguards for protection of associates from reprisals or victimisation for whistle blowing in good faith. The Ombudsperson investigates the issue and reports the same along with appropriate course of action to the Chairman and Managing Director (CMD) of the Company; CMD in turn will report to the Board on a quarterly basis. The outcome of the investigation will be intimated to the complainant. In exceptional cases, where the complainant is not satisfied with the outcome of the investigation carried out by the Ombudsperson, he/she can make a direct appeal to the Chairman of the Audit Committee of the Company. The implementation of the Whistle Blower Policy is also in line with Clause 7 of Annexure ID of Clause 49 of the Listing Agreement.

b. Secretarial Audit

In terms of the Corporate Governance Voluntary Guidelines, 2009, issued by the Ministry of Corporate Affairs, a Secretarial Audit was conducted for the financial year 2011-12. Mr. S. Chidambaram, Company Secretary in Practice conducted the Secretarial Audit and the Report was placed before the Board of Directors of the Company. The same has been published as annexure to Directors Report. The Audit covered the provisions of the Companies Act, 1956, the Depositories Act, 1996, the Listing Agreement with the Stock Exchanges and the SEBI guidelines/regulations on Employees Stock Options, Insider Trading and Takeover Code.

Report on Risk Management

The management cautions readers that the risks outlined below are not exhaustive and are for information purposes only. This report also contains statements which are forward looking in nature and investors are requested to exercise their own judgment in assessing various risks associated with the Company and to refer to the discussions of risks in the Company's earlier Annual Reports.

There have been uncertainties in global economic scenario in most of the geographies including United States & Europe. The Indian IT industry has progressed well and grew despite the global economic situation.

The Company's continued emphasis on focused collection mechanisms and active management of foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates reduces the risk to the Company. The Company does not use the foreign exchange forward contracts or options for trading or speculation purposes.

The company has a risk management team to support its business initiatives in these changing times. Business heads are responsible for the identification of risk and for isolating the risk reward option in the business concerned vertical.

The company has classified its business into 2 major verticals:

1. N&CE (Network and Content Engineering)
2. Engineering

Each of these vertical heads has set frameworks within which the risk and rewards are operated. Risks involved in each project is identified by the respective Project Managers and informed accordingly to the Senior Managers at the review meetings held every month. The same is evaluated and brought to the notice of the Chairman and to the Board of Directors. The Board of Directors are responsible for addressing the risk levels with Audit Committee providing the overall directions on the risk management policies to be followed by the Company. The Board of Directors is also responsible for putting in place required checks and balances whereas the Executive Management handles the implementation of risk mitigation measures. Proactive risk management is facilitated by formal reporting and control mechanisms, which ensure timely availability of information.

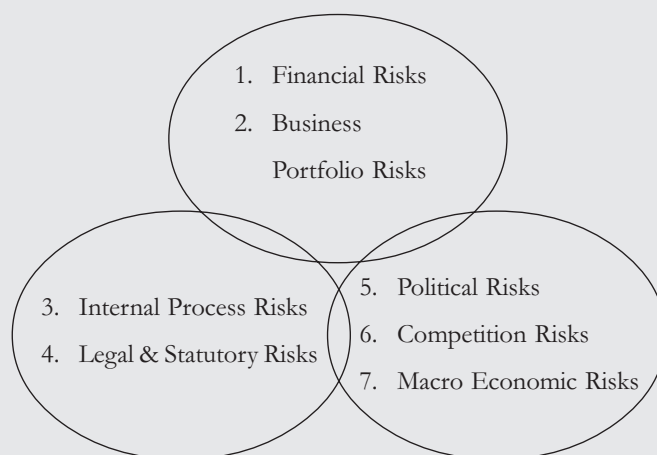
The company operates in a rapidly changing environment that involves a number of risks, some of which are beyond its control. This discussion highlights some of the risks which may affect future operating results. Our operating results and financial conditions have varied in the past and may vary significantly in the future depending on a number of factors. These are the risks and uncertainties we believe are most important to consider. The following factors, among others, could cause actual results

to differ materially from those contained in forward-looking statements made in this Annual Report and presented elsewhere by management from time to time.

The risks identified by the management and which form part of the Company's business are

1. Financial Risks
2. Business Portfolio Risks
3. Internal Process Risks
4. Legal and Statutory Risks
5. Political Risks
6. Competition Risks
7. Macro Economic Risks

RISK FRAME WORK OF THE COMPANY



1. Financial Risks

- Foreign currency rate fluctuations
- Liquidity

1.1 Foreign currency rate fluctuations

The international nature of our business exposes us to several risks, such as significant currency fluctuations and unexpected changes in the regulatory requirements of multiple jurisdictions. These risks include:

- Adverse income tax consequences resulting from foreign income tax examination, such as challenges to our transfer pricing arrangements, challenges to our ability to claim tax holiday benefits in the countries in which we operate.



- Potential fluctuation or decline in foreign economies.
- Unexpected changes in regulatory requirements, including immigration restrictions, potential tariffs and other trade barriers
- Government currency control and restrictions on repatriation of earnings.

The Company derives a significant portion of its revenues in Foreign Currencies. Principal currencies dealt with by the Company include US Dollar, Euro, Great Britain Pound and Australian Dollar. The Company is also exposed to deriving revenue from 30 different countries. A large proportion of its expenses are in Indian rupees and therefore the operating profits are subject to foreign currency rate fluctuations. While the depreciation of the Indian rupee would have a favorable bottom-line impact, an appreciation would affect the company's profitability adversely. Such volatility would also affect the assets located at various locations worldwide in terms of their carrying value.

1.2 Liquidity

It is essential for every Company that apart from having a good fixed assets base, it shall also have a high level of liquidity so as to enable itself to re-align to any dynamic business changes. Therefore, as a strategy, the Company always believes in having a liquid balance sheet. The cash flow of the Company is largely dependent on the credit terms extended to clients and the effective recovery of the same from them. Delays in recovery have a direct impact on the liquidity position of the Company. As on 31 March 2012, the following is the liquidity position of the Company:

Ratio	2012	2011
Days of sales receivable	99	96
Cash and cash equivalents as % of assets*	34.07%	32.41%
Cash and cash equivalents as % of revenue*	30.79%	32.33%

* Cash and cash equivalents for FY2012 include investment in mutual funds amounts to ₹478.23 crores.

The Company also has a policy to settle its payables well within stipulated time frames. Further, the nature of business is such that significant investments may have to be made in sales & marketing, training and research & development activities. All these factors call for considerable liquidity.

2. Business Portfolio Risks

A business is subject to the risks involved with respect to the service lines being offered by it, the geographies in which it operates clients on which it is highly dependent, etc. Our profitability is dependent on billing and utilization rates, which may be negatively affected by various factors.

Our profit margin is largely a function of the rates we are able to charge for our services and the utilization rate of our professionals. The rate we are able to charge our services is affected by a number of factors, including:

- Our clients' perception of our ability to add value through our services
- The introduction of new services by us or our competitors
- The size and/or duration of the engagement
- The pricing policies of our competitors
- Our ability to charge premium prices when justified by market demand or type of skill set or service
- General economic conditions

A number of factors affect our utilization rate, including:

- Our ability to transition team members quickly from completed or terminated projects to new engagements
- Our ability to maintain continuity of existing resources on existing projects
- Our ability to obtain visas or applicable work permits for offshore personnel to commence projects at a client site for new or existing engagements
- The amount of time spent by our team members on non-billable training projects
- Our ability to maintain resources who are appropriately skilled for specific projects
- Our ability to forecast demand for our services and thereby maintain appropriate number of team members
- Seasonal trends, primarily or hiring cycle, holidays and vacations

The Company is also subject to these kinds of risks and therefore has steps in place to prevent undue concentration in one service, vertical, client or geography. The following are the risks addressed:

- Vertical domain concentration
- Service concentration
- Client concentration
- Geographical concentration

2.1 Vertical domain concentration

Vertical domains relate to the industry in which the clients operate. The Company has a client base, which operates in product engineering, process engineering and Network (Utilities, Telecom) and Content Engineering (Consulting Services, Data Accumulation Services, Content Aggregation Services, Geospatial Data Services, and Enterprise Content Management).

During the previous year, most of the Company's revenues were derived from Engineering. During the year, the Company mitigated this risk to a certain extent by bagging new contracts in the areas of Aerospace, Railways and from Government agencies.

Excess dependence in any one or a few verticals may lead to risks aligned due to downturn in any of the Industries. Therefore, the Company has its risks divided between the various verticals so as to insure itself in the long run from downturn in any particular vertical.

During the year, the Company had its revenues distributed in the ratio of 31:69 among the N&CE and Engineering verticals respectively.

2.2 Service concentration

The Company has an array of service offerings across its Business Verticals, namely, Geospatial Data Services, Geospatial Technical Services, Engineering Design Services etc. The Company has carefully crafted its service offerings which are focused and specialized to provide expert solution in its chosen verticals. These service offerings are purely client based and there can be a possibility that the clients may not require the same in the future.

The Company mitigates such risk by identifying the services needed by the clients by closely working with the client group.

2.3 Client concentration

This risk emanates primarily from excessive exposure to a few large clients and any fluctuation in revenue streams emanating from these clients will potentially impact the profitability adversely and increases, credit risk.

During the year under review, the Company had added 45 new customers as against 58 customers last year and further reduced the concentration from its top 5 clients and top 10 clients. (Details provided in Management Discussion & Analysis Report). This is mostly on account of traction in smaller existing clients

and new clients. Contributions from top clients are generally higher among the companies in the growth phase and hence the management believes that the dependence on a few clients would further reduce in the coming years.

2.4 Geographical concentration

Concentration of revenue in a particular geography is subject to risks arising due to economic conditions, trade policies, work culture and political situation of that particular geography. However, no limitations can be set to particular geographies since each market has distinct characteristics of future growth prospects.

During the year, the Company witnessed a substantial change in geographic mix with increase in the contributions from the European geography. The ratio is 57:32:11 for North America, Europe and Other countries (Including Domestic sales) compared to 55:36:9 last year. The company continues to focus on the Asia Pacific region and believes the geographic concentration risk to come down further. The company continues to focus on the Asia Pacific region and we have grown in Australian market strongly and good prospects in Japan.

Additional details with regards geographical concentration have been provided in the Management Discussion and Analysis report.

3. Internal Process Risks

- Internal control systems
- Project execution
- Human resource management
- Technological obsolescence
- Disaster prevention and recovery
- Growth through acquisitions

3.1 Internal control systems

The Company has internally developed certain standard operating procedures which specify the procedures to be followed for performing each particular operation and hence ensures that appropriate information reaches the management so as to facilitate proper monitoring. Adherence to these is in turn ensured through internal audit procedures, quality and security checks conducted from time to time. Changes are made to these to facilitate easy understanding of the procedures and provide flexibility in operations. The following are some of the initiatives taken by the Company to ensure internal control:



- Internal audit process is set up which looks into the proper functioning of all the systems and whether procedures are in place;
- Security Audit is conducted each quarter to ensure confidentiality and integrity;
- A Committee headed by the Chairman of the Company approves any change in policy matters.

3.2 Project execution

Mitigation of risk involved in each project is important as this leads to the profitability of the Company. Reducing uncertainty in delivery, completing the project within the budgeted cost and time are the major elements of this risk. While the uncertainty in delivery is solved through proper guidance to the project leaders, the risk relating to completion in budgeted cost has been attended through implementation of Project Profitability system within the company.

3.3 Human Resource Management

Human Resources function has turned out to be key function in every company in the current scenario. People are considered to be the key resource for growth of a Company. The Company has always believed in providing a favorable work environment to its associates (employees are designated as associates) along with balanced compensation package. In this pursuit, the Company conducts an annual review amongst its employees on various subjects. This ensures innovation and creativity towards the work and helps the Company retain the talent over the years.

During the year, the attrition rate of the Company stood at 17.5% as compared to previous year's 16.6%.

3.4 Technological obsolescence

With the extremely fast changing field of information technology, it is important for every company to keep itself upgraded with the latest technology solutions. This results in old technologies becoming redundant and hence needs to be written off. The cost of acquiring technology also includes the cost of installation and re-training.

The following table gives depreciation expense and software expense as a proportion of revenues for the last two years.

Ratio	FY 2012	FY 2011
Depreciation/Average Gross Block	8.11%	9.47%
Depreciation/ Total Revenue	3.15%	3.99%

The company's amortization strategy reflects the requirements of the various categories of systems. Depreciation during the year was lower compared to previous year as some of the assets were fully written off.

3.5 Disaster prevention and recovery

The Company adheres to various standards to ensure that the information is secure and is not prone to controllable disaster. Adherence to standard has ensured that the company has a disaster prevention and recovery system in place. The disaster recovery plans are created and monitored for each of its work locations as well as for each technology centres. Possible risks for all centers have been identified and action plans are put in place to cope with any contingencies. These plans are reviewed and updated periodically to make sure that they are in sync with changes in technology and risks. The markets in which we operate are subject to the risk of earthquakes, floods and other natural disasters.

3.6 Growth through Acquisitions

The Company has grown both organically and in-organically in the past few years. Acquisitions are done for a variety of reasons, i.e., to enter new markets, expand services offerings, acquiring new technology & domain skills and cost synergies. It also entails risk for the company's future growth and profitability, if the synergy expected from the acquisition does not materialize for any external or internal reasons. To ensure preparedness for such growth, Executive Management internally outlines strategic objectives, evaluation guidelines and tentative implementation mechanisms for any such possibility.

Restrictions on immigration may affect our ability to compete for and provide services to clients in the United States, Europe, or other countries, which could result in lost revenue and delays in client engagements and otherwise adversely affect our ability to meet our growth and revenue projections.

Acquisitions that we have completed and any future acquisitions, strategic investments, partnerships or alliances could be difficult and/or identify, divert the attention of key management personnel, disrupt our business, dilute stockholder value and adversely affect our financial results, including impairment of goodwill and other intangible assets.

4. Legal and Statutory Risks

- Contractual Liabilities
- Statutory Compliance

4.1 Contractual liabilities

The management has clearly charted out a review and documentation process for contracts. This process focuses on evaluating the legal risks involved in a contract, on ascertaining the legal responsibilities of the Company under the applicable law of the contract, on restricting its liabilities under the contract and covering risks. The management reviews this on a continuous basis and takes corrective action, as appropriate. As a matter of policy the company does not enter into contracts, which have open-ended legal obligations. To date, the company has no material litigation in relation to contractual obligations pending against it in any court in India or abroad.

4.2 Statutory compliance

The Company has a compliance officer to advise the company on compliance issues with respect to the laws of various jurisdictions in which the company has its business activities and to ensure that the company is not in violation of the laws of any jurisdiction where the company has operations. The compliance officer, who is also the Company Secretary, reports from time to time on the compliance or otherwise of the laws of various jurisdictions to the managing director of the company. A statement of compliance report signed by managing director, chief financial officer and company secretary will also be placed to the board quarterly. Generally, the company takes appropriate business decisions after ascertaining from the compliance officer and, if necessary, from independent legal counsels, that the business operation of the company is not in contravention of any law in the jurisdiction in which it is undertaken. Legal compliance issues are an important factor in assessing all new business proposals. We operate in jurisdictions that impose transfer pricing and other tax-related regulations on us, and any failure to comply could materially and adversely affect our profitability. In the event that the Government of India

or the government of another country changes its tax policies in a manner that is adverse to us, our tax expense may materially increase, reducing our profitability.

5. Competition Risks

New competitors may enter the markets the Company operates in or current competitors could decide to focus more on these markets, and thereby intensify the highly competitive conditions that already exist. Such developments would enable these new and existing competitors to offer similar services at reduced prices. This could harm the Company's business and results of operations. The management keeps track of the market movements and acts accordingly to mitigate this risk. The IT services market is highly competitive and our competitors may have advantages that may allow them to compete more effectively than we do to secure client contracts and attract skilled IT professionals.

6. Political Risks

Recognizing that India's education system, its world-class professionals, and its low cost structure give it an intrinsic comparative advantage in software exports, successive governments have accorded a special status to this industry. Task Forces comprising politicians, bureaucrats and industrialists have recommended policy measures to give a fillip to the Indian IT industry. On the whole, the Government's favorable disposition towards the IT industry - and specifically towards software exports - is highly encouraging. Given the consensus among all leading political parties on the importance of the software industry, it is likely to remain a focus area for governmental policy in the years to come. Changes in the policies of the Government of India or political instability could delay the further liberalization of the Indian economy and adversely affect economic conditions in India generally, which could impact our business and prospects. Terrorist attacks or a war could adversely affect our business, results of operations and financial condition. Legislation in certain countries in which we operate, including the United States and the United Kingdom, may restrict companies in those countries from outsourcing work to us.

7. Macro Economic Risks

Changes in the global economic environment are bound to have an impact on the progress of every company's growth. The Company has succeeded in fighting through the tough economic conditions last year. The management has invested significant time in meeting the clients to provide the insights and various advantages along with the assurance, which is important to build a global delivery model.



Standalone Financial Statements Indian GAAP

Auditors' Report

Auditors' Report to the Members of Infotech Enterprises Limited

1. We have audited the attached Balance Sheet of **INFOTECH ENTERPRISES LIMITED** ("the Company") as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on March 31, 2012 taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on March 31, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 008072S)

Ganesh Balakrishnan
Partner
(Membership No. 201193)

Place : Secunderabad
Date : April 18, 2012

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

- (i) Having regard to the nature of the Company's business, clauses (ii), (viii), (x), (xii), (xiii), (xiv), (xvi), (xix) and (xx) of CARO are not applicable.
- (ii) In respect of its fixed assets:
 - a) The Company has generally maintained proper records showing particulars, including quantitative details and situation of the fixed assets.
 - b) Some of the fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, the net discrepancies noted (which were not material) on such verification, have been properly dealt with in the books of account.
 - c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of unsecured loans granted by the Company to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 and according to the information and explanations given to us:
 - a) The Company has granted loans amounting to ₹ 1,500,000 to one party. At the year-end, the outstanding balances of such loans aggregated ₹ 735,789 and the maximum amount involved during the year was ₹ 829,749 (number of parties - one).
 - b) The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interests of the Company.
 - c) The receipts of principal amounts and interest have been as per stipulations.
 - d) There are no overdue amounts and hence the provisions of sub-clause (d) of clause 4(iii) of CARO are not applicable to the Company.
 - e) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of sub-clauses (e), (f) and (g) of clause 4(iii) of CARO 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 with regard to purchase of fixed assets and the sale of services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - b) There are no transactions made in pursuance of contracts or arrangements exceeding the value of ₹ 5 lakhs in respect of any party during the year.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year.
- (vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) According to the information and explanations given to us in respect of statutory dues:
 - a) Whilst the Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Sales Tax/VAT, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities, there were some delays in depositing undisputed dues in respect of Income Tax, Employees' State Insurance and Works Contract Tax.

- b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax/VAT, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2012 for a period of more than six months from the date they became payable.

Statute	Nature of Dues	Period to which the amount relates	Amount involved (in ₹)	Due Date	Date of Payment
APVAT Act, 2005	Works Contract Tax	March 2011 to August 2011	289,232	Sep 20,2011	Not paid

- c) Details of dues of Income-tax, Sales Tax/VAT, Service Tax, and Cess which have not been deposited as on March 31, 2012 on account of disputes are given below:

Statute	Nature of Dues (See Note below)	Forum where Dispute is pending	Period to which the amount relates	Amount involved (in ₹) (See Note below)
CST Act, 1956	Sales Tax (including penalty)	Sales Tax Appellate Tribunal	2004-05 to 2009-10 (Up to June)	9,475,656
Andhra Pradesh VAT Act, 2005	Sales Tax (including penalty)	Sales Tax Appellate Tribunal	2005-06 to 2009-10 (Up to June)	1,889,296
Finance Act, 1994	Service Tax	Central Excise and Service Tax Appellate Tribunal	2006-07 to 2009-10	137,287,219

Note: The above excludes the Income Tax Draft Notice of Demand amounting to ₹ 313,387,039 for financial year 2007-08, issued by the Assistant Commissioner of Income-tax under section 143(3) read with section 92CA of the Income-tax Act, 1961, against which the Company has filed its objections with the Disputes Resolution Panel.

- ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company does not have any dues to financial institutions and has not issued any debentures.
- x) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by its subsidiaries from banks are not prima facie prejudicial to the interests of the Company.
- xi) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.
- xii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year.
- xiii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 008072S)

Ganesh Balakrishnan
Partner
(Membership No. 201193)

Place : Secunderabad
Date : April 18, 2012



Balance Sheet as at March 31, 2012

(Amount in ₹)

	Note	As at March 31, 2012		As at March 31, 2011	
EQUITY & LIABILITIES					
Shareholders' funds					
Share capital	3	557,076,310		556,381,345	
Reserves and surplus	4	9,792,344,294	10,349,420,604	8,523,119,586	9,079,500,931
Non-current liabilities					
Long-term liabilities	5	-		4,241,680	
Long-term provisions	6	386,405,886	386,405,886	323,350,512	327,592,192
Current liabilities					
Short-term borrowings	7	-		-	
Trade payables	8	584,104,989		406,995,460	
Other current liabilities	9	256,537,826		210,841,071	
Short-term provisions	10	394,391,185	1,235,034,000	207,550,132	825,386,663
TOTAL			11,970,860,490		10,232,479,786
ASSETS					
Non-current assets					
Fixed assets					
Tangible assets	11A	2,648,157,214		2,526,526,676	
Intangible assets	11B	229,828,391		175,873,256	
Intangible assets under development	40	65,508,971		44,699,443	
Capital work-in-progress	11C	108,376,060	3,051,870,636	12,885,822	2,759,985,197
Non-current investments	12		1,447,042,988		1,459,207,988
Deferred tax assets (net)	36.2		86,383,667		14,229,308
Long-term loans and advances	13		712,371,160		671,150,096
Other non-current assets	14		-		6,947,572
Current assets					
Current investments	15	222,493,714		334,117,469	
Trade receivables	16	1,813,008,868		1,424,552,062	
Cash and cash equivalents	17	3,908,312,643		2,938,627,127	
Short-term loans and advances	18	251,875,578		330,373,503	
Other current assets	19	477,501,236	6,673,192,039	293,289,464	5,320,959,625
TOTAL			11,970,860,490		10,232,479,786
Corporate information and Significant accounting policies					
See accompanying notes forming part of the financial statements	1 and 2				

In terms of our report attached

For and on behalf of the Board of Directors

 For **Deloitte Haskins & Sells**
 Chartered Accountants

B.V.R. Mohan Reddy
 Chairman and Managing Director

B. Sucharitha
 Whole-time Director

Ganesh Balakrishnan
 Partner

Ajay Aggarwal
 Chief Financial Officer

Sudheendhra Putty
 Company Secretary

 Place : Secunderabad
 Date : April 18, 2012

 Place : Hyderabad
 Date : April 18, 2012

Statement of Profit and Loss for the year ended March 31, 2012

(Amount in ₹)

	Note	For the year ended March 31, 2012	For the year ended March 31, 2011
INCOME			
Revenue from operations			
Sale of services		8,637,610,762	6,476,669,016
Other operating revenue		384,736	-
Other income (net)	20	535,785,858	297,572,349
TOTAL REVENUE		9,173,781,356	6,774,241,365
EXPENSES			
Employee benefits expenses	21	4,247,763,777	3,320,944,355
Operating, administration and other expenses	22	2,280,380,745	1,785,564,951
Finance costs	23	5,648,805	802,623
Depreciation and amortisation expense	11D	411,592,046	375,480,215
TOTAL EXPENSES		6,945,385,373	5,482,792,144
Profit before exceptional items and tax		2,228,395,983	1,291,449,221
Exceptional items	43	-	(22,893,768)
Profit after exceptional items and before tax		2,228,395,983	1,314,342,989
Tax expense:			
(a) Current tax	36.1	477,297,704	250,204,923
(b) Earlier years tax		2,625,209	336,600
(c) MAT credit	36.4	234,666,597	(124,764,138)
(d) Deferred tax	36.2	(72,154,359)	9,762,050
Profit after tax		1,585,960,832	1,178,803,554
Earnings per share	35		
(Equity shares, par value of ₹ 5 each)			
- Basic		14.24	10.60
- Diluted		14.24	10.58
Weighted average number of equity shares			
- Basic		111,382,222	111,178,498
- Diluted		111,406,165	111,380,808
Corporate information and Significant accounting policies			
See accompanying notes forming part of the financial statements	1 and 2		

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Ganesh Balakrishnan
Partner

Place : Secunderabad
Date : April 18, 2012

For and on behalf of the Board of Directors

B.V.R. Mohan Reddy
Chairman and Managing Director

Ajay Aggarwal
Chief Financial Officer

Place : Hyderabad
Date : April 18, 2012

B. Sucharitha
Whole-time Director

Sudheendhra Putty
Company Secretary

Cash Flow Statement for the year ended March 31, 2012

(Amount in ₹)

	For the year ended March 31, 2012	For the year ended March 31, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	2,228,395,983	1,314,342,989
<i>Adjustments for:</i>		
Depreciation and amortisation expense	411,592,046	375,480,215
Loss/ (profit) on sale of fixed assets sold / written-off (net)	(5,024,405)	52,884
Finance costs	5,648,805	802,623
Interest income	(258,114,406)	(134,253,136)
Dividend income	(429,565,621)	(42,213,064)
Gain on sale of current investments	(113,924)	(480,754)
Loss on sale of non current investments	9,182,829	-
Rental income from operating leases	(1,646,250)	(2,866,875)
Liabilities/provisions no longer required written back	(1,043,558)	(4,815,581)
Bad debts/advances written off	984,307	-
Provision for doubtful trade receivables	9,028,864	7,431,968
Other miscellaneous income	(14,616,270)	(7,864,791)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(138,905,511)	(48,325,756)
Operating profit before working capital changes	1,815,802,889	1,457,290,722
<i>Changes in working capital:</i>		
<i>Adjustments for (increase)/ decrease in operating assets:</i>		
Trade receivables	(398,469,997)	(611,296,720)
Short-term loans and advances	78,497,925	(31,590,407)
Long-term loans and advances	(261,916,211)	(13,731,074)
Other current assets	(119,502,828)	1,636,952
Other non-current assets	6,947,572	(6,947,572)
<i>Adjustments for increase/ (decrease) in operating liabilities:</i>		
Trade payables	178,153,087	(62,432,524)
Other current liabilities	45,696,755	96,023,300
Long-term liabilities	(4,241,680)	4,241,680
Short-term provisions	187,176,382	(59,405,191)
Long-term provisions	63,055,374	82,473,107
Cash generated from operations	1,591,199,268	856,262,273
Net income tax paid	(475,661,385)	(288,720,708)
Net cash flow from operating activities (A)	1,115,537,883	567,541,565
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets, including capital advances (Refer Note (iii) below)	(721,710,463)	(539,942,124)
Proceeds from sale of fixed assets	5,024,405	573,001
Current investments		
- Purchased	(777,531,901)	(1,868,762,651)
- Proceeds from sale	889,269,600	3,038,253,512
Purchase of long-term investments		
- Subsidiary	(14,000,000)	(198,815,000)
Proceeds from sale of long-term investments		
- Others	16,882,171	-
Interest received	193,405,462	84,072,048
Dividend income received		
- Associate	408,711,450	11,034,800
- Others - dividend from mutual funds	20,854,171	31,178,264
Rental income from operating leases	1,646,250	2,866,875
Other non operating income	14,616,270	7,864,791
Bank balances not considered as cash and cash equivalents	(16,598,900)	(13,480,421)
TIIT Amalgamation adjustment (Refer Note 30)	(9,633,033)	-
Net cash flow from investing activities (B)	10,935,482	554,843,095

Cash Flow Statement (Contd.)

(Amount in ₹)

	For the year ended March 31, 2012	For the year ended March 31, 2011
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares	17,039,004	24,118,086
Proceeds from short-term borrowings from banks	500,325,000	-
Repayment of short term borrowings	(500,325,000)	-
Finance costs	(5,648,805)	(802,623)
Dividend paid out	(278,792,037)	(111,787,856)
Tax on dividend paid out	(45,336,782)	(17,752,133)
Net cash flow used in financing activities (C)	(312,738,620)	(106,224,526)
Net increase in cash and cash equivalents (A + B + C)	813,734,745	1,016,160,134
Cash and cash equivalents at the beginning of the year	2,923,389,070	1,858,903,180
Effect of exchange differences on translation of foreign currency Cash and cash equivalents	138,905,511	48,325,756
Cash and cash equivalents at the end of the year (Refer Note (i) below)	3,876,029,326	2,923,389,070
Notes:		
(i) Reconciliation of Cash and cash equivalents with the Balance sheet		
Cash and cash equivalents as per Balance Sheet (Refer Note 17)	3,908,312,643	2,938,627,127
Less: In earmarked accounts (refer note (ii) below)		
- Unpaid dividend accounts	2,203,994	1,757,634
- Balances held as margin money/security for bank guarantees	30,079,323	13,480,423
Cash and cash equivalents at the end of the year*	3,876,029,326	2,923,389,070
*Comprises:		
(a) Cash on hand	295,856	595,908
(b) Balances with banks		
(i) In current accounts	169,524,670	288,880,465
(ii) In EEFC accounts	140,921,587	441,910,200
(iii) In deposit accounts	3,480,011,126	2,192,002,497
(c) Remittances in transit	85,276,087	-
	3,876,029,326	2,923,389,070

(ii) The earmarked account balances with banks can be utilised only for the specific identified purposes.

(iii) Purchase of fixed assets includes payments for items in capital work-in-progress and capital advances for purchase of fixed assets. Adjustments for increase/decrease in current liabilities relating to the acquisition of fixed assets has been made to the extent identified.

See accompanying notes forming part of the financial statements

In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**
Chartered Accountants

B.V.R. Mohan Reddy
Chairman and Managing Director

B. Sucharitha
Whole-time Director

Ganesh Balakrishnan
Partner

Ajay Aggarwal
Chief Financial Officer

Sudheendhra Putty
Company Secretary

Place : Secunderabad
Date : April 18, 2012

Place : Hyderabad
Date : April 18, 2012



Notes forming part of the Standalone Financial Statements

1. Corporate information

The Company is engaged in providing global technology services and solutions specialising in geospatial, engineering design and IT solutions. Infotech Enterprises Limited (hereinafter referred to as 'Infotech') has its headquarters and development facilities in India and serves a global customer base through its subsidiaries in United States of America (USA), United Kingdom (UK), Germany, Japan and India. The Company's range of services include digitisation of drawings and maps, photogrammetry, computer aided design/engineering (CAD/CAE), design and modelling, repair development engineering, reverse engineering application software development, software products development, consulting and implementation. Infotech specialises in software services and solutions for the manufacturing, utilities, telecommunications, transportation & logistics, local government and financial services markets.

2. Significant Accounting Policies

2.1 Basis for preparation of financial statements

The financial statements of the Company are prepared under the historical cost convention on an accrual basis of accounting in accordance with the Generally Accepted Accounting Principles ("Indian GAAP"), to comply with Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 and in conformity with guide lines issued by SEBI from time to time.

2.2 Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the Management to make estimates that affect the reported amounts of assets and liabilities and disclosure relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expenditure during the reported year. Examples include provisions for doubtful debts, employee benefits, provision for income taxes, the useful lives of depreciable assets and provisions for impairment.

Accounting estimates could change from period to period. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. The effects of changes in accounting estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

2.3 Revenue recognition

Revenue recognition depends on the arrangements with the customer and are either on "Time and material" or on a "Time bound fixed-price" basis.

Revenue from software services performed on a "time and material" basis is recognised as and when services are performed.

The Company also performs work under "Time bound fixed-price" arrangements, under which customers are billed, based on completion of specified milestones and/or on the basis of man-days/man hours spent as per terms of the contracts. Revenue from such arrangements is recognised over the life of the contract using the percentage of completion method. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the year in which the change becomes known. Provision for estimated losses on such engagements is made in the year in which such loss becomes probable and can be reasonably estimated.

Amounts received or billed in advance of services performed are recorded as unearned revenue. Unbilled revenue, disclosed under loans and advances, represents amounts recognised based on services performed in advance of billings in accordance with contract terms.

Income from interest is stated at gross and recognised on a time proportion basis taking into account the amount outstanding and rate applicable in the transaction.

Dividend income is recognised when the Company's right to receive dividend is established.

Revenues from the sale of equipment are recognised upon delivery, which is when title passes to the customer.

Revenues from fixed-price maintenance contracts are recognised pro-rata over the period of the contract in which the services are rendered.

Reimbursement of expenditure is recognised under revenue along with recognition of sale of service to which it relates.

2.4 Fixed assets, intangible assets and capital work-in-progress

Fixed Assets are stated at actual cost, less accumulated depreciation and impairment, if any. The actual cost capitalised comprises material cost, inward freight, installation cost, duties and taxes and other incidental expenses incurred to acquire/construct/install the assets.

Notes forming part of the Standalone Financial Statements

The cost and the accumulated depreciation for fixed assets sold, retired or otherwise disposed off are removed from the stated values and the resulting gains and losses are included in the Statement of Profit and Loss.

Capital work-in-progress comprises the cost of fixed assets that are not yet ready for their intended use at the reporting date and are carried at cost, comprising direct cost and related incidental expenses.

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortisation and impairment, if any.

2.5 Depreciation and amortisation

Depreciation on fixed assets is provided on the straight-line method over their estimated useful lives at the rates which are higher than the rates prescribed under Schedule XIV of the Companies Act, 1956. Individual assets acquired for less than ₹ 5,000 are fully depreciated in the year of acquisition.

The estimated useful lives are as follows:

	Estimated Useful Lives
Leasehold Land	Over the lease period of 6 - 79 years
Building	28 years
Leasehold Improvements	Shorter of lease period or estimated useful lives
Computers	3 years
Plant and Equipment	10 years
Office Equipment	10 years
Furniture and Fixtures	10 years
Electrical Installation	10 years
Vehicles	5 years

Intangible assets are amortised over their useful life as follows:

- Costs of software purchased for use in the projects are depreciated over the estimated useful life or over the period of the project whichever is lower.
- Other software - 3 years.

Amortisation of customer relationship rights over 3 years is based on the term of the right and the economic benefits that are expected to accrue to the Company over such period.

2.6 Investments

Investments are either classified as current or long-term based on Management's intention at the time of purchase. Current investments are carried at the lower of cost and fair value. Cost for overseas investments comprises the Indian rupee value of the consideration paid for the investment translated at the exchange rate prevalent at the date of investment. Provision is made to recognise any reduction in the carrying value and any reversal of such reduction is credited to the Statement of Profit and Loss.

Long-term investments are carried at cost, and provision is made to recognise any decline, other than temporary, in the value of such investment.

2.7 Research and development

Revenue expenditure incurred on research and development is expensed as incurred. Assets used for research and development activities are included in fixed assets.

2.8 Foreign currency transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction and exchange differences arising from foreign currency transactions are recognised in the Statement of Profit and Loss account. Monetary assets and liabilities denominated in foreign currency are translated at the rates of exchange at the balance sheet date and resultant gain or loss is recognised in the Statement of Profit and Loss. Non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction.

The operations of foreign branches of the Company are of integral in nature and the financial statements of these branches are translated using the same principles and procedures of head office.

The Company uses foreign exchange forward contracts to hedge its exposure to movements in foreign exchange fluctuations. The use of these foreign exchange forward contracts reduces the risk or cost to the Company and the Company does not use those for trading or speculation purposes.

In case of forward exchange contract or any other financial instruments that is in substance a forward exchange contract to hedge the foreign currency risk, the premium or discount arising at the inception of the contract is amortised as expense or income over the life of the contract. Exchange differences on such

Notes forming part of the Standalone Financial Statements

forward exchange contract are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change.

Gain/Loss on settlement of transaction arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense for the period.

All other derivative exchange contract are valued on a mark to market basis and any loss on mark to market changes on settlement is recognised in the Statement of Profit and Loss.

2.9 Employee benefits

Provident fund

Contributions in respect of Employees Provident Fund and Pension Fund which are defined contribution schemes, are made to a fund administered and managed by the Government of India and are charged as incurred on accrual basis to the Statement of Profit and Loss

Superannuation

Contributions under the superannuation plan which is a defined contribution scheme, are made to a fund administered and managed by the Life Insurance Corporation of India and are charged as incurred on accrual basis to the Statement of Profit and Loss.

Compensated absences

The employees of the Company are entitled to compensated absence. The employees can carry-forward a portion of the unutilised accrued compensated absence and utilise it in future periods or receive cash compensation at retirement or termination of employment for the unutilised accrued compensated absence. The Company records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Company measures the expected cost of compensated absence based on actuarial valuation made by an independent actuary as at the balance sheet date on project unit credit method.

Gratuity

The Company also provides for other retirement benefits in the form of gratuity. The Company accounts for its liability towards Gratuity based on actuarial valuation made by an independent actuary as at the balance sheet date based on projected unit credit method.

Other short term employee benefits

Other short term employee benefits, including overseas social security contributions and performance incentives expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders service.

2.10 Income taxes

Income taxes are accrued in the same period that the related revenue and expense arise. The Company operates as Export Oriented Units ("EOU") and out of Special Economic Zones ("SEZ"). It enjoys certain tax exemptions in accordance with the Income Tax Act, 1961. A provision is made for income tax annually, based on tax liability computed, after considering tax allowances and exemptions. Tax expense for a year comprises of current tax and deferred tax.

Current income tax expense comprises taxes on income from operations in India and in foreign jurisdictions. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961. Tax expense relating to foreign operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences that result between the profit offered for income taxes and the profit as per the financial statements by each entity in the Company.

Deferred taxes are recognised in respect of timing differences which originate during the tax holiday period but reverse after the tax holiday period.

The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets, other than those relating to unabsorbed depreciation and carry forward business loss, are recognised only if there is reasonable certainty that they will be realised and are reviewed for the appropriateness of their respective carrying values at each reporting date.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset, in accordance with the provisions contained in the Guidance Note on Accounting for Credit Available under Minimum

Notes forming part of the Standalone Financial Statements

Alternate Tax, issued by the ICAI, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as 'MAT Credit Entitlement'. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

2.11 Operating Lease

Lease rentals in respect of assets taken under operating leases are charged to the Statement of Profit and Loss on a straight line basis over the lease term.

2.12 Warranty cost

The Company accrues the estimated cost of warranties at the time when the revenue is recognised. The accruals are based on the Company's historical experience of rework hours and service delivery costs.

2.13 Earnings per share (EPS)

The earnings considered in ascertaining the Company's EPS comprises the net profit after tax and includes the post tax effect of any extra ordinary items. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year. The number of shares used in computing Diluted EPS comprises of weighted average shares considered for deriving Basic EPS, and also the weighted average number of equity shares which could have been issued on the conversion of all Dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. The Diluted potential equity shares have been adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e., average market value of the outstanding shares). The number of shares and potentially Dilutive shares are adjusted for share splits/ reverse share splits and bonus shares, as appropriate.

2.13 Employee Stock Options

Stock options granted to the associates of the Company and its subsidiaries under various Stock Option Schemes established after June 19, 1999 are evaluated as per the accounting treatment prescribed under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 issued by Securities Exchange Board of India.

The exercise price is the market price as defined in the SEBI Guidelines from time to time. i.e. market price equals the latest available closing price, prior to the date of the meeting of the Board of Directors in

which options are granted/ shares are issued, on the stock exchange on which the shares of the Company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered. This methods results in following of Intrinsic Value method under which no deferred employee compensation is charged to the Statement of Profit and Loss.

2.14 Impairment of assets

At each balance sheet date, the management reviews the carrying amounts of its assets to determine whether there is any indication those assets were impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of time value of money and the risk specific to the asset.

Reversal of impairment loss is recognised immediately as income in the Statement of Profit and Loss.

2.15 Provisions and contingencies

The Company creates a provision if there is a present obligation as a result of past events, the settlement of which results in an outflow economic benefits and a reliable estimate can be made of the amount of obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligations cannot be made.

2.16 Cash and cash equivalents

Cash comprises cash-on-hand and demand deposits with banks. The Company considers all highly liquid investments, that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value, to be cash equivalents.

2.17 Service tax input credit

Service tax input credit is accounted for in the books is the period in which the underlying service rendered is accounted and when there is no uncertainty in availing/utilising the credits.



Notes forming part of the Standalone Financial Statements

Note	As at March 31, 2012		As at March 31, 2011	
	Number of shares	Amount in ₹	Number of shares	Amount in ₹
3. Share capital				
Authorised capital:				
Equity shares of ₹5 each with voting rights	270,000,000	1,350,000,000	270,000,000	1,350,000,000
		1,350,000,000		1,350,000,000
Issued and subscribed and fully paid-up capital:				
Equity shares of ₹5 each with voting rights	111,415,262	557,076,310	111,276,269	556,381,345
		557,076,310		556,381,345

Notes:

a. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year:

Particulars	As at March 31, 2012		As at March 31, 2011	
	Number of shares	Amount in ₹	Number of shares	Amount in ₹
Equity shares with voting rights				
Opening balance	111,276,269	556,381,345	55,499,524	277,497,620
Equity shares allotted pursuant to exercise of stock options (pre bonus)	-	-	52,824	264,120
Bonus shares issued	-	-	55,552,348	277,761,740
Equity shares allotted pursuant to exercise of stock options (post bonus)	138,993	694,965	171,573	857,865
Closing balance	111,415,262	557,076,310	111,276,269	556,381,345

Company issued and allotted 55,552,348 bonus shares on June 14, 2010 in the ratio of 1:1, i.e., one equity share for every one existing equity share of ₹ 5 each held by the members on the record date.

Company also allotted 138,993 (FY 2010-11 - 277,221) equity shares of ₹ 5 each to the associates of the Company and its subsidiaries under the Associate Stock Option plan.

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to their shareholding.

b. Details of shares held by each shareholder holding more than 5% of equity shares with voting rights:

Name of the share holder	As at March 31, 2012		As at March 31, 2011	
	Number of shares held	%	Number of shares held	%
B.V.R Mohan Reddy	14,588,220	13.1%	14,574,720	13.1%
Carrier International Mauritius Ltd	15,292,960	13.7%	15,292,960	13.7%
GA Global Investments Ltd	13,795,554	12.4%	16,395,554	14.7%
ICICI Prudential Life Insurance Company Ltd	8,161,707	7.3%	7,712,935	6.9%
B Sucharitha	6,541,200	5.9%	6,541,200	5.9%
Smallcap World Fund, Inc	4,400,000	3.9%	6,000,000	5.4%

c. Aggregate number and class of shares allotted as fully paid up by way of bonus shares during 5 years immediately preceding the Balance Sheet date:

As at March 31, 2012 - 70,844,755 (March 31, 2011 - 15,292,407) equity shares of ₹ 5 each fully paid-up by way of bonus shares by capitalising free reserves of the company during the 5 years immediately preceeding the said dates.

d. Details of shares allotted under Associate Stock Option Plans

3,560,352 (as at March 31, 2011 - 3,421,359) equity shares of ₹ 5 each fully paid up was allotted to the associates of the company pursuant to the Associate Stock Option Plans.

Notes forming part of the Standalone Financial Statements

(Amount in ₹)		
Note	As at March 31, 2012	As at March 31, 2011
4. Reserves and Surplus		
a) Securities premium account		
Balance at the beginning of the year	3,650,963,799	3,627,967,698
Add: Premium on shares issued during the year	16,344,039	22,996,101
Balance at the end of the year	3,667,307,838	3,650,963,799
b) General reserve		
Balance at the beginning of the year	4,300,000,001	3,747,094,001
Add: Transferred from surplus	158,596,100	830,667,740
Less: Adjustments (TTM Institute of Information Technology Private Limited Amalgamation) (Refer Note 30)	9,733,033	-
Less: Utilised during the year for issue of bonus shares	-	(277,761,740)
Balance at the end of the year	4,448,863,068	4,300,000,001
c) Contingency reserve (Refer Note (i) below)		
Balance at the beginning of the year	161,000,000	161,000,000
Additions/(deletions) during the year	-	-
Balance at the end of the year	161,000,000	161,000,000
d) Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	411,155,786	224,788,571
Add: Profit for the year	1,585,960,832	1,178,803,554
Less: Interim Dividend to be distributed to equity shareholders	139,250,341	-
Less: Tax on interim dividend	22,591,163	-
Less: Proposed Dividend proposed to be distributed to equity shareholders	139,269,078	139,095,336
Less: Tax on dividend	22,592,926	23,101,997
Less: Residual dividend and dividend tax paid	(356,378)	(428,734)
Less: Transfer to General reserve	158,596,100	830,667,740
Balance at the end of the year	1,515,173,388	411,155,786
TOTAL	9,792,344,294	8,523,119,586

Note:

- (i) Contingency Reserve, pertains to certain tax liabilities. The Company is contesting the Income Tax Appellate Tribunal's (ITAT) order for the denial of certain export benefits under the Income Tax Act, 1961 on the grounds of the date of establishment of the Export Oriented Unit. The petition contesting the ITAT's Order has been admitted by the Honourable High Court of Andhra Pradesh and the case has not yet come up for hearing during the year.

Further, the Company is contesting certain other disallowances made by the Deputy Commissioner of Income-tax for the assessment years 2002-03 to 2006-07. The matters have been taken up with the appropriate authorities and the Company is hopeful of the favourable resolution, based on professional advice. As a matter of abundant precaution, the Company has set aside an amount of ₹ 161,000,000 (March 31, 2011 - ₹ 161,000,000) as Contingency Reserve to meet any future eventuality.



Notes forming part of the Standalone Financial Statements

(Amount in ₹)

Note	As at March 31, 2012	As at March 31, 2011
5. Long-term liabilities		
Others		
Advance from Customers	-	4,241,680
TOTAL	-	4,241,680
6. Long-term Provisions		
Provision for employee benefits		
Provision for gratuity (net) (Refer Note 31.2)(i))	247,379,095	226,590,719
Provision for compensated absences (Refer Note 31.2)(ii))	118,065,640	96,759,793
Provision for estimated losses on derivative contracts (Refer Note 27.1)	20,961,151	-
TOTAL	386,405,886	323,350,512

7. Short-term borrowings

Loans repayable on demand :

During the year, the Company borrowed two short term loans aggregating ₹ 500,325,000 (March 31, 2011 - ₹ Nil) and repaid the same prior to the year end. These loans were not secured and Management has certified that there were no defaults in repayment of principal and interest.

(Amount in ₹)

	As at March 31, 2012	As at March 31, 2011
8. Trade payables		
Other than acceptances (Refer Note 25)	584,104,989	406,995,460
TOTAL	584,104,989	406,995,460
9. Other current liabilities		
Unearned revenue	36,853,144	16,306,660
Unpaid dividends	2,203,995	1,757,635
Forward contract payables(net)	17,300,672	-
Other payables		
- Statutory remittances and others (net)	134,227,594	97,904,317
- Advance from customers	-	5,102,262
- Payables on purchase of fixed assets	54,186,171	43,714,148
- Deferred premium/discount on forward contracts	11,766,250	46,056,049
TOTAL	256,537,826	210,841,071
10. Short-term provisions		
Provision for employee benefits		
Provision for gratuity (net) (Refer Note 31.2)(i))	17,298,116	28,375,865
Provision for compensated absences (Refer Note 31.2)(ii))	18,281,826	14,172,855
Provision - others:		
Provision for estimated losses on derivative contracts (Refer Note 27.1)	194,624,042	-
Provision for warranty (Refer Note 38)	2,325,197	2,804,079
Provision for proposed equity dividend	139,269,078	139,095,336
Provision for tax on proposed equity dividend	22,592,926	23,101,997
TOTAL	394,391,185	207,550,132

Notes forming part of the Standalone Financial Statements

11. FIXED ASSETS

(Amount in ₹)

DESCRIPTION	GROSS BLOCK				ACCUMULATED DEPRECIATION / AMORTISATION				NET BLOCK		
	As at April 1, 2011	Acquisition through Business Combinations	Additions during the year	Deductions during the year	As at March 31, 2012	As at April 1, 2011	Acquisition through Business Combinations	For the year	Deductions	As at March 31, 2012	As at March 31, 2011
A. Tangible Assets											
a. Land (Refer Note (i) below)											
- Freehold	15,571,954	-	-	-	15,571,954	-	-	-	-	15,571,954	15,571,954
- Leasehold (Refer Note (ii) below)	149,219,020	-	-	-	149,219,020	18,273,385	-	4,433,528	-	126,512,107	130,945,635
b. Building (Refer Note (iii) below)	1,632,857,971	-	79,327,731	245,270	1,711,940,432	159,364,433	-	60,007,926	245,270	1,492,813,343	1,473,493,538
c. Leasehold Improvements	8,080,643	-	-	-	8,080,643	5,121,112	-	2,443,397	-	7,564,509	2,959,531
d. Computers	1,150,905,400	1,229,953	167,050,028	78,450,860	1,240,734,521	965,465,838	825,809	119,705,150	78,450,860	1,007,545,937	185,439,562
e. Plant and Equipment	549,274,872	-	77,332,120	-	626,606,992	213,491,115	-	52,875,746	-	266,366,861	335,783,757
f. Office Equipment	98,144,242	507,712	28,870,451	-	127,522,405	40,752,987	91,387	10,784,399	-	51,628,773	57,391,255
g. Furniture and Fixtures (Including Interior Work)	255,943,624	649,372	24,551,179	-	281,144,175	123,641,159	80,440	26,878,438	-	150,600,037	132,302,465
h. Electrical Installations	275,520,642	338,345	50,691,890	-	326,550,877	88,620,079	65,996	28,714,582	-	117,400,657	186,900,563
i. Vehicles	11,316,649	-	-	-	11,316,649	5,578,233	-	2,011,445	-	7,589,678	5,738,416
TOTAL	4,146,835,017	2,725,382	427,823,399	78,696,130	4,498,687,668	1,620,308,341	1,063,632	307,854,611	78,696,130	1,850,530,454	2,526,526,676
Previous year	3,257,643,631	-	911,853,910	22,662,524	4,146,835,017	1,376,993,044	-	265,351,936	22,036,639	1,620,308,341	2,526,526,676
B. Intangible Assets											
a. Computer Software	1,100,969,202	-	157,692,570	-	1,258,661,772	966,397,316	-	88,737,435	-	1,055,134,751	134,571,886
b. Other Intangible Assets (Refer Note 4i)	45,000,000	-	-	-	45,000,000	3,698,630	-	15,000,000	-	18,698,630	41,301,370
TOTAL	1,145,969,202	-	157,692,570	-	1,303,661,772	970,095,946	-	103,737,435	-	1,073,833,381	175,873,256
Previous year	973,778,580	-	172,190,622	-	1,145,969,202	859,967,667	-	110,128,278	-	970,095,946	175,873,256

Notes: (i) Includes ₹ 3,947,700 (31.03.2011: ₹ 3,947,700) in respect of which land allocation letters have been received, pending execution of conveyance deed.

(ii) Includes ₹ 23,283,720 (31.03.2011: ₹ 26,266,500) in respect of which land allocation letter has been received, pending the lease deed execution.

(iii) Includes ₹ 600,273,588 (31.03.2011: ₹ 557,286,791) Building constructed on leasehold land.

	As at March 31, 2012	As at March 31, 2011
C. Capital work-in-progress :		
Construction related contracts	55,526,715	12,857,008
Other fixed assets	52,849,345	28,814
TOTAL	108,376,060	12,885,822
D. Depreciation and amortisation expense:		
Depreciation and amortisation on tangible assets	307,854,611	265,351,936
Amortisation on intangible assets	103,737,435	110,128,279
TOTAL	411,592,046	375,480,215



Notes forming part of the Standalone Financial Statements

(Amount in ₹)

Note	As at March 31, 2012	As at March 31, 2011
12. Non-Current Investments-Trade		
Unquoted Investments		
a) Investment in wholly owned subsidiaries		
Infotech Enterprises America Inc., USA		
500,500 shares without par value	992,873,272	992,873,272
Infotech Enterprises Europe Ltd, UK		
185,000,000 ordinary shares of 1 pence each fully paid up	303,747,950	303,747,950
Infotech Enterprises GmbH, Germany		
12,000 shares of Euro 50 each fully paid up	70,762,244	70,762,244
Infotech Geospatial (India) Limited		
4,000,000 shares of ₹10 each fully paid up (March 31, 2011 : 2,960,000 shares of ₹10 each fully paid)	43,600,000	29,600,000
Infotech Enterprises Japan KK		
900 shares of JPY 10,000 each fully paid up	4,787,622	4,787,622
TTM Institute of Information Technology Pvt. Ltd.		
Nil shares (March 31, 2011 : 10,000 shares of ₹10 each fully paid up)	-	100,000
Infotech Enterprises Information Technology Services Private Limited		
9,990 shares of ₹10 each fully paid up (March 31, 2011 : 9,990 shares of ₹10 each fully paid)	99,900	99,900
	1,415,870,988	1,401,970,988
b) Investment in joint venture		
Infotech HAL Limited	20,000,000	20,000,000
2,000,000 Shares of ₹10 each fully paid up		
c) Investment in associate company		
Infotech Aerospace Services Inc., USA	11,172,000	11,172,000
490 Shares of \$0.01 par value fully paid-up		
d) Other entity		
Teleatlas Kalyani Private Limited	-	26,065,000
Nil (March 31, 2011: 781,582 shares of ₹1 each fully paid up)		
TOTAL	1,447,042,988	1,459,207,988
Note:		
Aggregate cost of unquoted investments	1,447,042,988	1,459,207,988
13. Long-term loans and advances		
(Unsecured)		
a) Capital advances, considered good	21,387,602	3,154,624
b) Security deposits		
Considered good	54,327,620	40,699,448
Considered doubtful	16,200,000	16,200,000
	70,527,620	56,899,448
Less: Provision for doubtful deposits	(16,200,000)	(16,200,000)
c) Loans and advances to related parties, considered good (Refer Note 26.1)	72,672,911	50,809,784
d) Loans and advances to employees, considered good	-	2,280,907
e) Prepaid expenses, considered good	63,226,624	2,955,356
f) Advance income taxes (net of provisions)	231,517,402	235,778,930
g) MAT credit entitlement, considered good (Refer Note 36.4)	-	234,666,597
h) Forward contract receivables (net)	9,827,371	-
i) Balances with government authorities	259,411,630	100,804,450
TOTAL	712,371,160	671,150,096

Notes forming part of the Standalone Financial Statements

(Amount in ₹)

Note	As at March 31, 2012	As at March 31, 2011
14. Other non-current assets		
(Unsecured)		
Long- term trade receivables, considered good	-	6,947,572
TOTAL	-	6,947,572
15. Current Investments		
Quoted non trade Investments		
(at lower of cost and realisable value)		
Investment in Mutual Funds:		
5,652,900 units of Religare Short Term Plan A - Weekly Dividend Reinvestment	57,606,785	-
83,522 units of Baroda Pioneer Liquid Fund - Institutional Plan - Daily Dividend Reinvestment	83,574,409	-
4,080,494 units of Reliance Quarterly Interval Plan Series II Institutional Plan - Dividend payout	40,940,000	-
1,999,540 units of UTI- Fixed Income Interval Series II - Quarterly Interval Plan V Dividend payout	20,000,000	-
20,371 units of Taurus Liquid Fund Institutional Plan Daily Dividend Reinvestment	20,372,520	-
Nil (As at March 31 2011 - 3,498,950) units Birla Sun Life Cash Manager - Institutional Plan - Daily Dividend Reinvestment	-	35,000,000
Nil (As at March 31 2011 - 4,456,418) Birla Sun Life Ultra Short Term Fund- Institutional Daily Dividend	-	44,588,693
Nil (As at March 31 2011 - 53,445) IDFC Savings Advantage Fund - Plan A - Daily Dividend	-	53,453,416
Nil (As at March 31 2011 - 6,400,893) JM Money Manager Fund Super Plan- Daily Dividend	-	64,084,461
Nil (As at March 31 2011 - 1,196,651) Reliance Monthly Interval Fund-Series II - Institutional Dividend Plan	-	11,968,524
Nil (As at March 31 2011 - 14,974) Religare Ultra short Term Fund - Institutional Daily Dividend	-	15,000,000
Nil (As at March 31 2011 - 5,476,355) Templeton Floating Rate Income Fund	-	54,854,237
Long Term Plan Super Institutional - Daily Dividend Reinvestment	-	-
Nil (As at March 31 2011 - 55,126) UTI -Floating Rate Fund- Short Term Plan-Institutional Daily Dividend Plan - Re-investment	-	55,168,138
TOTAL	222,493,714	334,117,469
Note: Aggregate cost of quoted investments	222,493,714	334,117,469
Aggregate market value of quoted investments	223,111,317	334,135,697



Notes forming part of the Standalone Financial Statements

(Amount in ₹)

Note	As at March 31, 2012	As at March 31, 2011
16. Trade receivables		
(Unsecured)		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment:		
Considered good	10,810,923	15,765,740
Considered doubtful	54,812,831	44,799,660
	<u>65,623,754</u>	<u>60,565,400</u>
Less: Provision for doubtful trade receivables	54,812,831	44,799,660
Other receivables, considered good	1,802,197,945	1,408,786,322
TOTAL	<u>1,813,008,868</u>	<u>1,424,552,062</u>
17. Cash and cash equivalents		
Cash on hand	295,856	595,908
Balances with banks		
In current accounts	169,524,670	288,880,465
In EEFC Accounts	140,921,587	441,910,200
In deposit accounts (Refer Note i below)	3,480,011,126	2,192,002,497
In deposits held as margin money/security for bank guarantees	30,079,323	13,480,423
In earmarked accounts		
Unpaid dividend account	2,203,994	1,757,634
Remittance in transit	85,276,087	-
TOTAL	<u>3,908,312,643</u>	<u>2,938,031,219</u>

Notes :

- (i) Balances with banks include deposits amounting to ₹ 88,417,869 (31.03.2011 - ₹ 200,469,258) and margin monies amounting to ₹ 379,000 (31.03.2011- ₹ 379,000) which have an original maturity of more than 12 months.
- Balances with banks include deposits amounting to ₹ Nil (31.03.2011- ₹ 3,095,569) and margin monies amounting to ₹ 379,000 (31.03.2011- ₹ 379,000) which have a maturity of more than 12 months from the Balance Sheet Date.

(Amount in ₹)

Note	As at March 31, 2012	As at March 31, 2011
18. Short term loans and advances		
(Unsecured)		
Loans and advances to related parties, considered good (Refer Note 26.1)	53,865,332	51,967,777
Loans and advances to employees, considered good	9,456,706	3,787,158
Prepaid expenses, considered good	143,698,294	168,519,444
Forward contract receivables (net)	-	77,693,544
Other loans and advances		
Considered good	44,855,246	28,405,580
Considered doubtful	709,545	709,545
	<u>45,564,791</u>	<u>29,115,125</u>
Less : Provision for other doubtful loans and advances	709,545	709,545
TOTAL	<u>251,875,578</u>	<u>330,373,503</u>
19. Other current assets		
Unbilled revenue (net)	345,431,002	225,928,174
Interest accrued on deposits	132,070,234	67,361,290
TOTAL	<u>477,501,236</u>	<u>293,289,464</u>

Notes forming part of the Standalone Financial Statements

Note	(Amount in ₹)	
	For the year ended March 31, 2012	For the year ended March 31, 2011
20. Other Income (net)		
Interest on deposits	258,114,406	134,253,136
Dividend income		
- from current investments	20,854,171	31,178,264
- from associate	408,711,450	11,034,800
Net gain/(loss) on foreign currency transactions and translation (net)	(165,155,747)	105,078,148
Net gain/(loss) on sale of Investment :		
Current	113,924	480,754
Non-Current	(9,182,829)	-
Other non-operating income (Refer Note (i) below)	22,330,483	15,547,247
TOTAL	535,785,858	297,572,349
21. Employee benefits expenses		
Salaries and bonus	3,808,665,919	2,917,702,030
Contribution to provident and other funds	183,661,552	155,834,736
Social security and other benefits for overseas employees	38,582,881	20,560,694
Gratuity (Refer Note 31.2(i))	53,728,970	91,186,875
Staff welfare expenses	163,124,455	135,660,020
TOTAL	4,247,763,777	3,320,944,355
22. Operating, administration and other expenses		
Rent including lease rentals (Refer Note 34)	34,088,644	28,604,069
Rates and taxes	39,682,323	23,412,782
Insurance	6,163,929	5,803,064
Travelling and conveyance	695,350,440	563,810,494
Sub-contracting charges	366,716,943	232,155,011
Communication	66,411,223	64,202,344
Printing and stationery	23,977,418	18,278,908
Power and fuel	122,563,220	106,959,914
Marketing expenses	32,033,284	23,029,546
Advertisement	3,967,473	2,339,677
Repairs and maintenance		
- Buildings	5,920,464	8,754,060
- Machinery	386,580,599	312,069,452
- Others	43,863,956	43,293,713
Directors sitting fees	290,000	290,000
Legal & professional charges	241,120,715	185,707,576
Bad debts/advances written off	984,307	-
Provision for doubtful debts	9,028,864	7,431,968
Auditors' remuneration (Refer Note (ii) below)	5,565,000	3,850,000
Recruitment expenses	17,376,683	26,005,009
Training and development	13,603,600	18,178,956
Purchase of computer software	41,792,199	25,983,534
Loss on fixed assets sold/scrapped/written off	-	52,884
Miscellaneous expenses	123,299,461	85,351,990
TOTAL	2,280,380,745	1,785,564,951
23. Finance costs		
Interest expense on borrowings	5,348,620	-
Interest - others	300,185	802,623
TOTAL	5,648,805	802,623



Notes forming part of the Standalone Financial Statements

Notes:	(Amount in ₹)	
	For the year ended March 31, 2012	For the year ended March 31, 2011
i. Other non-operating income comprises of :		
Liabilities/provisions no longer required written back (net)	1,043,558	4,815,581
Miscellaneous income	16,262,520	10,731,666
Profit on sale of fixed assets	5,024,405	-
Total other non-operating income	22,330,483	15,547,247
ii. Auditors' remuneration comprises of:		
As auditors - statutory audit	4,500,000	3,600,000
For other services	790,000	250,000
Reimbursement of expenses	275,000	-
Total Auditors' remuneration	5,565,000	3,850,000

Notes forming part of the Standalone Financial Statements

24. Contingent Liabilities and Commitments

24.1 Contingent liabilities

(Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Claims against the Company not acknowledged as debt (Refer Note (i) below)	593,743,144	338,007,858
Guarantees (Refer Note (ii) below)	426,680,000	141,184,000
Other money for which the Group is contingently liable (Refer Note (iii) below)	20,000,000	10,000,000

Notes:

- (i) a. The Company has disputed various demands raised by Income Tax authorities for the assessment years 1997-98 to 2008-09. The orders are pending at various stages of appeals. The aggregate amount of disputed tax not provided for is ₹ 409,671,422 (March 31, 2011 - ₹ 178,022,384). The Company is confident that these appeals will be decided in its favour, based on professional advice.
- b. The Company has disputed various demands raised by the Sales Tax authorities for the financial years 2004-05 to 2009-10. The Company has filed appeals, which are pending with the appropriate authorities. The aggregate amount of disputed tax not provided for is ₹ 20,096,061 (March 31, 2011 - ₹ 20,221,861). The Company is confident that these appeals will be decided in its favour, based on professional advice.

The above does not include show cause notices received by the Company.

- c. The Company has disputed various demands raised by the Service Tax authorities for the financial years 2006-07 to 2009-10. The Company has filed appeals, which are pending with the appropriate authorities. The aggregate amount of disputed tax not provided for is ₹ 163,975,661 (March 31, 2011 - ₹ 139,763,613). The Company is confident that these appeals will be decided in its favour, based on professional advice.

The above does not include show cause notices received by the Company.

- (ii) Corporate guarantee given to subsidiary's bankers to obtain line of credit ₹ 426,680,000 (March 31, 2011 - ₹ 141,184,000)
- (iii) a. The Company has offered a Fixed Deposit amounting to ₹ 14,081,214 (March 31, 2011 - ₹ 13,130,423) with Oriental Bank of Commerce as lien for the overdraft facility of ₹ 10,000,000 (March 31, 2011 - ₹ 10,000,000) availed by its wholly owned subsidiary, Infotech Geospatial (India) Limited.
- b. The Company has offered a Fixed Deposit amounting to ₹ 15,648,109 (March 31, 2011 - ₹ Nil) with Corporation Bank as lien for the Cash Credit Facility of ₹ 10,000,000 (March 31, 2011 - ₹ Nil) availed by its wholly owned subsidiary, Infotech Geospatial (India) Limited.

24.2 Commitments

(Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Estimated amount of contracts remaining to be executed on capital account and not provided for		
Tangible assets	108,693,798	139,207,654
Intangible assets	12,357,384	1,438,000

24.3 The Company has/had certain outstanding export obligations/commitments as at March 31, 2012 and March 31, 2011. The Management is confident of meeting these obligations/commitments within the stipulated period of time/obtaining suitable extensions, wherever required.

25. The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the MSMED Act, 2006) claiming their status as micro or small enterprises. Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by Management and relied upon by the auditors.

Notes forming part of the Standalone Financial Statements

26. Dues from Subsidiaries

26.1 The details of loans and advances to subsidiaries are given below:-

Particulars	Balance as at March 31		Maximum amount outstanding at any time during the year ended March 31	
	2012	2011	2012	2011
Infotech Enterprises Japan KK	72,672,911	50,809,784	72,672,911	50,809,784
Infotech Enterprises Information Technology Services Private Limited	27,753,748	25,451,553	27,753,748	25,451,553
Infotech Geospatial (India) Limited	23,923,144	14,331,476	23,923,144	24,505,789

Note: The above loans and advances are in the nature of advances given in the ordinary course of business and are not in the nature of loans. Disclosures as per Clause 32 of the Listing Agreement with the Stock Exchanges are not applicable.

27. Derivative Instruments and Hedging

27.1 The Company used foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates. In case of forward exchange contracts that are used to hedge foreign currency risk, the premium or discount arising at the inception of the contract is amortised as expense or income over the life of the contract.

Other income for the year under includes ₹ 152,914,544 (2010-11 - ₹ 71,217,531) towards loss on settlement of derivative contracts and ₹ 330,179,622 (2010-11 - ₹ 51,705,488) towards restatement gain on derivative contracts taken during the year.

Other derivative contracts relating to highly probable forecasted transactions are marked to market (MTM) as at the year end in accordance with guidelines provided under AS-1 "Disclosure of Accounting Policies". The provision for estimated losses on such derivative contracts outstanding as at March 31, 2012 are:-

(Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Current	194,624,042	Nil
Non-current	20,961,151	Nil

Other income for the year includes ₹ Nil (2010-11 - ₹ 63,964,134) towards reversal of provision for MTM losses on derivative contracts.

27.2 The following derivative positions are open as at March 31, 2012. These transactions have been undertaken to act as economic hedges for the Company's exposures to various risks in foreign exchange markets and may / may not qualify or be designated as hedging instruments.

Forward exchange contracts [being derivative instruments], which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

Outstanding forward exchange contracts entered into by the Company as on March 31, 2012.

Currency	No of Contracts	Amount in foreign currency	Amount in ₹	Buy/Sell	Cross currency
USD	14	11,600,000	582,867,000	Sell	Rupees
	(12)	(16,800,000)	(778,848,000)	Sell	Rupees
GBP	3	1,160,000	88,134,800	Sell	Rupees
	(15)	(5,040,000)	(378,165,200)	Sell	Rupees
EURO	3	2,100,000	153,342,000	Sell	Rupees
	(12)	(12,600,000)	(830,146,000)	Sell	Rupees

Note: Figures in brackets relate to the previous year

Notes forming part of the Standalone Financial Statements

27.3 The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

March 31, 2012			March 31, 2011		
Receivable/(Payable) in ₹	Receivable/(Payable) in Foreign currency	Currency	Receivable/(Payable) in ₹	Receivable/(Payable) in Foreign currency	Currency
(119,093)	(8,605)	AED	279,220	23,000	AED
247,048,570	4,698,527	AUD	109,583,126	2,379,139	AUD
8,468,696	150,261	CHF	-	-	CHF
197,373,813	2,908,116	EUR	223,316,676	3,530,698	EUR
99,739,673	1,224,701	GBP	77,818,837	1,084,886	GBP
3,054,633	4,974,162	JPY	3,493,954	6,484,695	JPY
1,427,600	86,000	MYR	5,009,252	333,539	MYR
5,112,354	572,492	NOK	749,472	92,277	NOK
1,608,464	38,637	NZD	2,239,142	49,400	NZD
3,598,672	257,600	QAR	10,970,018	903,626	QAR
12,785,970	316,328	SGD	7,339,726	207,395	SGD
1,160,879,534	22,820,514	USD	939,944,101	21,679,151	USD
(6,142,022)	(88,189)	EUR	(6,522,439)	(102,769)	EUR
(49,890,338)	(937,483)	USD	(42,900,339)	(960,199)	USD
(34,437)	(807)	NZD	(202,642)	(5,739)	NZD
(10,587,451)	(196,641)	AUD	(2,261,452)	(50,504)	AUD
(6,709,590)	(81,216)	GBP	(4,318,218)	(60,035)	GBP
(3,124,380)	(59,673)	CAD	(4,475,750)	(96,438)	CAD
(46,832)	(7,660)	SEK	(147,502)	(24,126)	SEK
(692,528)	(77,115)	NOK	(1,113,497)	(139,182)	NOK
(68,658)	(1,648)	SGD	(451,548)	(11,364)	SGD
2,127,749	170,049	AED	2,189,540	173,984	AED
(228,842)	(13,625)	MYR	(140,278)	(9,437)	MYR
(2,364,561)	(186,820)	QAR	(2,364,561)	(186,820)	QAR
-	-	CHF	(398,161)	(8,082)	CHF
-	-	JPY	(178,370)	(330,192)	JPY

Notes forming part of the Standalone Financial Statements

28. Disclosure required in terms of clause 13.5A of Chapter XIII on Guidelines for preferential issue, SEBI (Disclosure and Investor Protection) Guidelines, 2000.

(Amount in ₹)		
Particulars	March 31, 2012	March 31, 2011
2,724,000 Compulsorily convertible preference shares (CCPS) of ₹ 360 each to GA Global Investments Limited, Cyprus (Refer Note (i) below)	980,640,000	980,640,000
4,417,277 equity shares of ₹ 5 each at premium of ₹ 355 per share to GA Global Investments Limited, Cyprus	1,590,219,720	1,590,219,720
1,166,420 equity shares of ₹ 5 each at a premium of ₹ 355 per share to Carrier International Mauritius Limited, Mauritius	419,911,200	419,911,200
Total amount received on preferential issue of shares	2,990,770,920	2,990,770,920
Amounts utilised out of the above:		
Purchase of fixed assets	662,833,608	662,833,608
Payment of fee for increasing authorised capital	5,750,000	5,750,000
Investment in wholly-owned subsidiary in Infotech Enterprises America, Inc	508,553,272	508,553,272
Investment in wholly-owned subsidiary TTM (India) Private Limited	40,742,353	40,742,353
Investment in wholly-owned subsidiary TTM Institute of Information Technology Private Limited	100,000	100,000
Investment in 10% stake in Kalyani Net Ventures Limited	26,065,000	26,065,000
Repayment of outstanding Term Loan with Tamilnadu Mercantile Bank Limited	242,522,539	242,522,539
Total amount utilised	1,486,566,772	1,486,566,772
Net Balance	1,504,204,148	1,504,204,148
Sale of Investment in 10% stake in Kalyani Net Ventures Limited	16,882,171	-
Dividend received on investments	212,558,432	193,814,553
Interest received on investments (Net)	470,860,046	316,508,015
Interest accrued but not received, included above	(94,865,373)	(59,592,917)
Total Balance	2,109,639,424	1,954,933,799
Net balance, represented by-		
Short-Term Deposits with various banks	1,887,145,708	1,624,557,062
Investments in Mutual Funds	222,493,716	319,117,470
Balance with bank*	-	11,259,267
Total Balance	2,109,639,424	1,954,933,799

* Represents proceeds from maturity of short term deposits on 31.03.2011.

Note:

- (i) The Company had issued 2,724,000 Compulsorily Convertible Preference Shares ("CCPS") with a face value of ₹ 360 on July 6, 2007 to M/s. GA Global Investments Limited ("GA" or "the Allottee"). The terms and conditions of the issue of these CCPS including the right to convert the CCPS into Equity Shares are subject to the provisions of the Agreement entered into between the Allottee and the Company, dated June 28, 2007, the guidelines issued by SEBI, RBI etc., and the Special Resolution passed in the Extraordinary General Meeting of members of the Company held on June 23, 2007. The CCPS were to be converted into equal number of equity shares within a period of 18 months from the date of allotment at the option of the allottee and if no option is exercised, the same shall be automatically converted into equity shares at the end of 18 months.

GA Global investments has exercised the option to convert the CCPS and in pursuance of this exercise the Company has allotted 2,724,000 equity shares of ₹ 5 each, at a premium of ₹ 355 each on December 9, 2008. As such, there are no preference shares in the Company post the above conversion.

The Company altered the capital clause of the Memorandum of Association by deleting the reference the clauses pertaining to Compulsorily Convertible Preference Shares (CCPS). The clauses were no longer relevant as the said CCPS were issued in 2007 and have since been converted into equity shares. Form 5 has been filed with the Registrar of Companies, Andhra Pradesh, notifying the said alteration (as approved by the members through postal ballot) on June 1, 2010.

- (ii) The Company does not maintain a separate bank account to manage these funds received on a preferential basis. The above allocation is based on Management information systems.

Notes forming part of the Standalone Financial Statements

29. a. CIF value of imports

(Amount in ₹)

Particulars	March 31, 2012	March 31, 2011
Capital goods	201,162,902	193,286,252
Others	270,169	-

b. Earnings in Foreign Currency

(Amount in ₹)

Particulars	March 31, 2012	March 31, 2011
Income from services	8,351,292,021	6,244,164,400
Domestic revenue in foreign currency	44,150,519	16,687,104
Dividend income from associate company	408,711,450	11,034,800
Interest income	4,640,614	5,766,343
Other income	-	674,318

c. Expenditure in Foreign Currency (on accrual basis)

(Amount in ₹)

Particulars	March 31, 2012	March 31, 2011
I. Expenditure:		
a. Travel	456,063,217	390,860,328
b. Professional services	399,227,739	271,781,316
c. Others	44,972,644	28,122,400
II. Expenditure incurred at overseas branches:		
a. Salaries & bonus	628,588,965	362,554,768
b. Contribution	30,535,397	17,925,126
c. Social Security and other benefits in overseas employees	38,582,881	20,560,694
d. Travel	28,554,171	22,515,960
e. Professional	61,297,960	48,078,273
f. Others	58,848,338	47,263,253
TOTAL	846,407,712	518,898,073

d. Remittance in foreign currency for dividend

(Amount in ₹)

Particulars	Interim Dividend		Final Dividend	
	March 31, 2012	2011	March 31, 2012	2011
Equity dividend	23,999,724	-	24,014,041	19,396,300
Number of shareholders	33	-	33	39
Number of equity shares	19,199,777	-	19,211,231	9,698,150
Year	FY 2011-12	-	FY 2010-11	FY 2009-10



Notes forming part of the Standalone Financial Statements

30. Amalgamation:

During the previous year, TTM Institute of Information Technology Private Limited, a wholly owned subsidiary of Infotech Enterprise Limited ("the Company") was amalgamated with the Company w.e.f. April 1, 2011 pursuant to Scheme of Amalgamation approved by the Honourable High Court of Judicature, Andhra Pradesh vide its order dated March 21, 2011 and filed with Registrar of Companies on May 12, 2011. Consequently all the Assets, Liabilities and Reserves stand taken over by the Company retrospectively from April 1, 2011 and accounted under "Pooling of Interest" method as per the Accounting Standard-14 "Accounting for Amalgamations". As TTM Institute of Information Technology Private Limited was a wholly owned subsidiary of the Company, no additional shares were issued to effect the Amalgamation.

Particulars	Amount in ₹
Investment already held	100,000
Less: 100% of net assets taken over as on April 1, 2011 based on audited accounts (Refer Note (i) below)	(9,633,033)
Goodwill *	9,733,033

* The above Goodwill has been adjusted off to General Reserve on Amalgamation.

(i) Net assets as on April 1, 2011 are as follows:

Particulars	(Amount in ₹)
Fixed assets	1,661,339
Current assets	929,626
Current liabilities	(12,223,998)
Net assets	(9,633,033)

31. Employee benefits:

The employee benefit schemes are as under:

31.1 Defined contribution plans

i. Provident fund:

The Company makes provident fund contribution to defined contribution retirement benefit plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the Fund administered and managed by the Government of India. The Company's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. Total expenditure recognised during the year aggregated ₹ 164,869,208 (2010-11 - ₹ 136,050,764).

ii. (a) Superannuation fund - India

The qualifying employees receive benefit under a Superannuation scheme which is a defined contribution scheme wherein the Company contributes 15% of the annual salary of the covered employee. These contributions are made to a fund administered by Life Insurance Corporation of India. The Company's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. Total expense recognised during the year aggregated ₹ 18,792,344 (2010-11 - ₹ 19,783,972).

(b) Superannuation Fund - Australia

The employees at the Australia branch of the Company are also covered under a superannuation scheme with various super funds. The Company contributes 9% of the annual salary of the employee. The Company's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. Total expense recognised during the year aggregated ₹ 38,582,881 (2010-11 - ₹ 20,560,694).

31.2 Defined Benefit Plans

i. Gratuity:

In accordance with the payment of Gratuity under 'Payment of Gratuity Act, 1972' of India, the Company provides for gratuity, a defined retirement benefit plan (the 'Gratuity Plan') covering eligible employees. Liabilities with regard to such

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gratuity plan are determined by an independent actuarial valuation and are charged to the Statement of Profit and Loss in the period determined. The gratuity plan is administered by the Company's own trust which has subscribed to the "Group Gratuity Scheme" of Life Insurance Corporation of India.

The following table sets out the Defined Benefit Plan - as per actuarial valuation as at March 31, 2012 and March 31, 2011:

(Amount in ₹)		
Particulars	As at March 31, 2012	As at March 31, 2011
Change in benefit obligation		
Projected benefit obligation at the beginning of the year	258,199,857	182,005,037
Current service cost	46,683,276	37,789,317
Interest cost	23,417,474	17,199,436
Actuarial (gain)/loss	(16,025,745)	7,133,935
Benefits paid	(24,329,416)	(9,602,815)
Past service cost	-	29,093,584
Settlements	-	(5,418,637)
Projected benefit obligation at the end of the year	287,945,446	258,199,857
Change in Plan assets		
Plan assets at the beginning of the year	3,233,273	5,530,741
Expected return on plan assets	1,209,691	456,522
Employer contribution	44,018,343	7,275,950
Benefits payment	(24,329,416)	(9,602,815)
Asset loss	(863,656)	(427,125)
Plan Assets at the end of the year	23,268,235	3,233,273
Amount recognised in the balance sheet		
Projected benefit obligation at the end of the year	(287,945,446)	(258,199,857)
Fair value of plan assets at the end of the year	23,268,234	3,233,273
Liability recognised in the Balance Sheet	(264,677,211)	(254,966,584)
Cost of employee benefits for the year		
Current service cost	46,683,276	37,789,317
Interest cost	23,417,474	17,199,436
Expected return on plan assets	(1,209,691)	(456,522)
Net actuarial (gain)/loss recognised during the year	(15,162,089)	7,561,060
Past service cost	-	29,093,584
Net cost recognised in the Statement of Profit and Loss	53,728,970	91,186,875
Actuarial Assumptions used in accounting for the Gratuity Plan		
Discount rate (%)	8.50%	8.00%
Expected return on plan assets	9.25%	9.25%
Long term rate of compensation increase (%)	7.50%-10.00%	7.50% - 10.00%
Attrition (%)	15%	15%
Mortality table	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
Expected company contributions for the next year	60,000,000	-



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The estimates of future salary increases considered in the actuarial valuation take account of price inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market. Discount rate is based on the gross redemption yield on medium to long term risk free investments.

Experience adjustments

(Amount in ₹)

	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Gratuity					
Fair value of plan assets, end of period	23,268,235	3,233,273	5,530,741	3,799,634	2,358,746
Projected benefit obligation, end of period	287,945,446	258,199,857	182,005,037	142,575,941	135,683,950
(Surplus)/deficit in the plan	264,677,211	254,966,584	176,474,296	138,776,307	133,325,204
Experience adjustments on plan assets	(863,656)	(427,125)	-	-	-
(Gains)/losses due to change in assumptions	(8,319,485)	12,905,568	(8,435,503)	(33,673,245)	17,599,280
Experience (gains)/losses on PBO	(7,706,260)	(5,771,633)	12,842,555	2,725,953	(13,726,752)
Total (gain)/loss	(16,025,745)	7,133,935	4,407,052	(30,947,292)	3,872,528

ii. a) Compensated absences - India:

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Actuarial assumptions for long-term compensated absences		
Discount rate	8.50%	8.00%
Expected return on plan assets	NA	NA
Salary escalation	7.50%-10.00%	7.50%-10.00%
Attrition	15.00%	15.00%

b) Compensated absences - Overseas branches:

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Actuarial assumptions for long-term compensated absences		
Discount rate	8.50%	8.00%
Expected return on plan assets	NA	NA
Salary escalation	4.00%	9.00% - 10.00%
Attrition	5.00%	15.00%

The accrual for unutilised leave is determined for the entire available leave balance standing to the credit of the employees at period-end as per Company's policy. The value of such leave balance eligible for carry forward, is determined by an independent actuarial valuation and charged to Statement of Profit and Loss in the period determined.

32. Segmental Information

Segment information has been presented in the Consolidated Financial Statements as permitted by Accounting Standard (AS 17) on Segment Reporting as notified under the Companies (Accounting Standards) Rules, 2006.

Notes forming part of the Standalone Financial Statements

33. Related Party Transactions

List of related parties on which the Company is able to exercise control.

a) Subsidiaries

Name of the Subsidiary Companies
Infotech Enterprises Europe Limited, UK. (IEEL)
Infotech Enterprises Benelux BV, Netherlands - A subsidiary of IEEL
Mapcentric Consulting Limited - A subsidiary of IEEL
Dataview Solutions Limited - A subsidiary of IEEL
Infotech Enterprises America Inc., USA (IEAI)
Infotech Software Solutions Canada Inc., Canada - A subsidiary of IEAI
Infotech Enterprises Electronic Design services Inc. - A subsidiary of IEAI
Wellsco Inc., USA - A subsidiary of IEAI
Infotech Enterprises GmbH, Germany (IEG)
Infotech Enterprises AB, Sweden - A subsidiary of IEG
Infotech Geospatial (India) Limited, India (Refer Note (i) below)
Infotech Enterprises Japan KK, Japan
Infotech Enterprises Information Technology Services Private Limited

Notes:

- (i) Became wholly owned subsidiary from November 2, 2011
- (ii) TTM Institute of Information Technology Private Limited, India, a wholly owned subsidiary as at March 31, 2011 was merged with IEL w.e.f. April 01, 2011

b) Associate

Name of the Associate Company
Infotech Aerospace Services Inc., Puerto Rico, USA

c) Joint Venture

Name of the Joint Venture Company
Infotech HAL Limited, India

d) Key Management Personnel

Name	Designation
B V R Mohan Reddy	Chairman and Managing Director
B Sucharitha	Whole Time Director
John Patrick Renard	President - N&CE
S.A.Lakshminarayanan	Chief Operating Officer - N&CE
Ajay Aggarwal	Chief Financial Officer
Bhanu Cherukuri	Chief Strategy Officer
A Ramaswami	Chief Information Officer



Notes forming part of the Standalone Financial Statements

e) Relative of Chairman & Managing Director and Whole Time Director

Name	Designation
Krishna Bodanapu	President - Engineering
B. Ashok Reddy	President - Global Human Resources & Corporate Affairs

The transactions with the related parties are summarized below:

(Amount in ₹)

Nature of Transactions	Transactions for the year ended		Closing Balance as on	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Transactions with subsidiary Companies:				
Revenue/receivables				
Infotech Enterprises Europe Limited, UK	349,238,588	375,931,459	68,993,577	29,958,751
Infotech Enterprises America Inc., USA	1,209,350,384	915,621,150	273,089,329	250,364,913
Infotech Enterprises GmbH, Germany	1,712,089,171	1,243,418,490	190,635,238	150,606,412
Infotech Software Solutions Canada Inc, Canada	9,962,144	21,011,588	877,976	7,460,272
Infotech Geospatial (India) Limited, India	26,224,514	29,807,400	5,132,185	8,569,017
Infotech Enterprises Japan KK, Japan	17,760,362	7,706,247	3,413,775	3,493,954
Infotech Enterprises Electronic Design services Inc, USA	271,537,832	199,912,994	49,421,942	86,958,170
Infotech Enterprises Information Technology Services Private Limited, India	-	10,673,610	-	-
Consultancy charges/payable				
Infotech Enterprises America Inc., USA	327,184,248	205,088,996	29,648,193	20,997,800
Infotech Enterprises GmbH, Germany	24,545,367	45,196,125	2,620,068	3,887,498
Infotech Enterprises Europe Limited, UK	6,324,105	6,569,058	2,533,848	-
Infotech Geospatial (India) Limited, India	17,529,738	18,583,942	512,834	3,230,480
Infotech Enterprises Japan KK, Japan	-	2,256,908	-	-
Infotech Software Services Canada Inc., Canada	28,064,748	14,755,825	1,515,219	4,743,119
Reimbursement of expenses (net)/payable/(Receivable)				
Infotech Enterprises America Inc., USA	36,337,710	39,660,649	(10,500,886)	8,537,793
Infotech Enterprises GmbH, Germany	29,795,339	25,577,379	2,429,850	2,318,770
Infotech Enterprises Europe Limited, UK	14,504,129	10,069,817	(168,288)	1,743,831
Infotech Geospatial (India) Limited, India	1,385,562	1,039,270	253,089	12,679
Fixed assets/payable				
Infotech Enterprises America Inc., USA	67,220	-	66,856	-
Infotech Enterprises Europe Limited, UK	87,442	-	-	-
Investments				
Infotech Enterprises Europe Limited, UK	-	-	303,747,950	303,747,950
Infotech Enterprises America Inc., USA	-	198,815,000	992,873,272	992,873,272
Infotech Enterprises GmbH, Germany	-	-	70,762,244	70,762,244
Infotech Geospatial (India) Limited, India	14,000,000	-	43,600,000	29,600,000
Infotech Enterprises Japan KK, Japan	-	-	4,787,622	4,787,622
Infotech Enterprises Information Technology Services Private Limited, India	-	-	99,900	99,900

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The transactions with the related parties are summarized below:

(Amount in ₹)

Nature of Transactions	Transactions for the year ended		Closing Balance as on	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Corporate guarantee given to subsidiary's bankers (Overseas)				
Infotech Enterprises America Inc	255,800,000	-	255,800,000	-
Infotech Enterprises Europe Limited, UK	-	-	130,880,000	101,184,000
Corporate guarantee given/(released) to subsidiary's bankers (Domestic)				
Infotech Geospatial (India) Limited, India	-	-	40,000,000	40,000,000
Advance/(recovered) given to subsidiary				
Infotech Geospatial (India) Limited, India	9,591,668	(10,174,314)	23,923,144	14,331,476
Maximum outstanding ₹ 23,923,144 (March 31, 2011: ₹ 24,505,789)				
Infotech Enterprises Japan KK, Japan	21,863,127	19,225,270	72,672,911	50,809,784
Maximum outstanding ₹ 72,672,911 (March 31, 2011: ₹ 50,809,784)				
Infotech Enterprises Information Technology Services Private Limited	2,302,195	25,451,553	27,753,748	25,451,553
Maximum outstanding ₹ 27,753,748 (March 31, 2011: ₹ 25,451,553)				
Transactions with Associate Company:				
Investments	-	-	11,172,000	11,172,000
Dividend from associate/receivable	408,711,450	11,034,800	-	-
Transactions with Joint Venture:				
Investments	-	-	20,000,000	20,000,000
Rent received/receivable	1,370,250	2,590,875	2,188,440	49,604
Transactions with key managerial personnel:				
Remuneration to managing director/payable #	37,460,999	23,361,674	33,595,147	19,551,674
Remuneration to whole time director/payable #	2,371,467	2,286,000	-	-
Remuneration to other KMP's	18,147,165	21,593,530	-	-
Rent paid/payable to Whole Time Director	-	42,518	-	-
Rent deposit given/(recovered) to/from whole time director	-	(2,476,800)	-	-
Loan given to KMP	1,000,000	-	-	-
Interest received from loan to KMP	84,264	-	-	-
Loan recovered/recoverable from KMP	322,749	107,564	1,507,000	829,749
Transaction with Relative of Chairman & Managing Director and Whole Time Director:				
Remuneration to B. Ashok Reddy	6,216,266	4,720,161	-	-
Remuneration to Krishna Bodanapu	7,121,746	5,110,571	-	-

Does not include provision for compensated absences.

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34. Lease payments made under operating leases aggregating ₹ 34,088,644 (2010-11 - ₹ 28,604,069) have been recognised as an expense in the Statement of Profit and Loss. The future minimum lease commitments under non-cancellable operating leases are as follows:

(Amount in ₹)

Maximum obligations on long-term non-cancellable operating Leases:	March 31, 2012	March 31, 2011
Not later than one year	52,854,728	20,358,605
Later than one year but not later than five years	128,235,229	28,841,357
Later than five years	7,410,169	-
TOTAL	188,500,126	49,199,962

35. Earnings per Share (EPS)

(Amount in ₹)

Particulars	March 31, 2012	March 31, 2011
Profit after tax (₹)	1,585,960,832	1,178,803,554
Basic:		
Number of shares outstanding	111,415,262	111,276,269
Weighted average number of equity shares	111,382,222	111,178,498
Earnings per share (₹)	14.24	10.60
Diluted:		
Effect of potential equity shares on employee stock options outstanding	23,943	202,310
Weighted Average number of equity shares outstanding (including dilution)	111,406,165	111,380,808
Earnings per share - (₹)	14.24	10.58

36. Provision for taxation:

36.1 Current tax

The Company has made provision towards current tax in respect of its domestic operations for the year ended March 31, 2012. Further, the Management has assessed the Company's tax position in respect of its overseas operations taking into account the relevant rules and regulations as applicable in the respective countries. Based on professional advice, it has determined that the provision made currently is adequate and no additional provision for current tax for the current year needs to be made in respect of the same.

36.2 Deferred Taxes

(Amount in ₹)

Particulars	As at March 31, 2012	Charged/ (credited) to Statement of Profit and Loss	As at March 31, 2011
Provision for compensated absences and gratuity	127,995,424	13,790,669	114,204,755
Depreciation (net)	(135,584,668)	(31,338,757)	(104,245,911)
Others	93,972,911	89,702,447	4,270,464
Deferred tax asset (net)	86,383,667	72,154,359	14,229,308

As permitted by the Accounting Standard (AS) 22 on Accounting for Taxes on Income, the Management has recognised deferred tax assets as at March 31, 2012 and March 31, 2011.

Notes forming part of the Standalone Financial Statements

36.3 Transfer pricing

The Company has entered into international transactions with related parties. In this regard, the Management is of the opinion that all necessary documents as prescribed by the Income Tax Act, to prove that these transactions are at arm's length are maintained by the Company and that the aforesaid legislation will not have any impact on the financial statements, particularly on the tax expense and the provision for taxation.

36.4 Minimum Alternate Tax (MAT) credit entitlement

(Amount in ₹)

Particulars	March 31, 2012	March 31, 2011
Opening MAT credit entitlement	234,666,597	109,902,459
Add: made during the year	-	124,764,138
Less: utilised during the year	234,666,597	-
Closing MAT credit entitlement	-	234,666,597

37. Research and development expenses

Revenue expenditure pertaining to research and development charged to the Statement of Profit and Loss amounts to ₹ 14,410,554 (2010-11 - ₹ 3,009,247).

38. Details of provisions

The Company has made provision for various contractual obligations and disputed liabilities based on its assessment of the amount it estimates to incur to meet such obligations, details of which are given below:

(Amount in ₹)

Particulars	As at April 1, 2011	Additions	Utilisation	Reversal (withdrawn as no longer required)	As at March 31, 2012
Provision for warranty	2,804,079	1,402,373	-	1,881,255	2,325,197
	(1,581,255)	(1,222,824)	-	-	(2,804,079)

Note: - Figures in brackets relate to the previous year.

(Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Provision for warranty	2,325,197	1,881,255

39. Associate Stock Option Plans

Scheme established prior to SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999, (SEBI guidelines on Stock Options)

Infotech Employee Stock Offer Scheme 1999 (ESOP Plan)

In 1998-99, the Company set up Infotech Employee Stock Offer Scheme (ESOP Plan) and allotted 80,900 equity shares of ₹ 10 each at a premium of ₹ 100 per share to the "Infotech ESOP Trust" ("Trust"). The Trust, on the recommendation of the Management and upon the receipt of full payment upfront transfers the equity shares in the name of selected employees. The Company modified the ESOP Plan and adjusted the number of options and exercise price on account of bonus issue and stock split cum bonus issue during 2002-03, 2006-07 and 2010-11 respectively. These equity shares are under lock-in period (i.e., the date of transfer of the shares from the Trust to the employee) and it differs from offer to offer. When the employee leaves the Company before the expiry of the lock-in-period the options allocated to such employee stands transferred to the Trust at a predetermined price. Hence, the lock-in-period has been considered as the vesting period. However, the Trust and the Company have a discretionary power to waive the restriction on selling such stock to the Trust.

Notes forming part of the Standalone Financial Statements

As this scheme is established prior to the SEBI Guidelines on the stock options, there is no cost relating to the grant of options under this scheme.

Scheme established after SEBI Guidelines on Stock Options

Securities Exchange Board of India (SEBI) issued the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines 1999, which is applicable for all Stock Option Schemes established after June 19, 1999.

Bonus Issue

The members of Infotech during the year approved the Bonus Issue at the rate of one equity share of ₹ 5 each for every one equity shares of ₹ 5 each held on the record date for the financial year 2010-11. The effect of bonus issue has been applied to all the outstanding options as at the date of member's approval.

Associate Stock Option Plan - 2002 (ASOP 2002)

The Company instituted ASOP 2002 in October 2002 and earmarked 575,000 equity shares of ₹ 10 each for issue to the employees under ASOP. The Company modified ASOP 2002 and adjusted the number of options and exercise price on account of stock split cum bonus issue during 2006-07. Under ASOP 2002, options will be issued to employees at an exercise price, which shall not be less than the market price on the date of grant. These options vest over a period ranging from one to three years from the date of grant, starting with 10% at the end of first year, 15% at the end of one and half years, 20% after two years, 25% at the end of two and half years and 30% at the end of third year.

As the options were granted to the employees at the market price on the date of grant there is no cost relating to grant of options during the year.

Changes in number of options outstanding were as follows:	March 31, 2012	March 31, 2011
Options outstanding at the beginning of the year	197,915	217,700
Granted	-	-
Forfeited	(27,075)	(5,200)
Exercised	-	(14,585)
Options outstanding at the end of year	170,840	197,915

There are no outstanding options pertaining to associates of subsidiary companies.

Associate Stock Option Plan - 2004 (ASOP 2004)

The Company instituted ASOP 2004 in October 2004 and earmarked 1,150,000 equity shares of ₹ 10 each for issue to the employees under ASOP. The Company modified ASOP 2004 and adjusted the number of options and exercise price on account of stock split cum bonus issue during 2006-07. Under ASOP 2004, options will be issued to employees at an exercise price, which shall not be less than the market price on the date of grant. These options vest over a period ranging from one to three years from the date of grant, starting with 10% at the end of first year, 15% at the end of one and half years, 20% after two years, 25% at the end of two and half years and 30% at the end of third year.

As the options were granted to the employees at the market price on the date of grant there is no cost relating to grant of options during the year.

Changes in number of options outstanding were as follows:	March 31, 2012	March 31, 2011
Options outstanding at the beginning of the year	1,867,611	2,373,820
Granted	-	-
Forfeited	(110,000)	(243,573)
Exercised	(138,993)	(262,636)
Options outstanding at the end of year	1,618,618	1,867,611

Out of the total outstanding options, 225,760 (March 31, 2011 - 225,760) options pertain to options granted to the associates of subsidiary companies.

Notes forming part of the Standalone Financial Statements

Associate Stock Option Plan - 2008 (ASOP 2008)

The Company instituted ASOP 2008 in July 2008 and earmarked 1,000,000 equity shares of ₹ 5 each for issue to the employees under ASOP. Under ASOP 2008, options will be issued to employees at an exercise price, which shall not be less than the market price on the date of grant. These options vest over a period ranging from one to three years from the date of grant, starting with 10% at the end of first year, 15% at the end of one and half years, 20% after two years, 25% at the end of two and half years and 30% at the end of third year.

As the options were granted to the employees at the market price on the date of grant there is no cost relating to grant of options during the year.

Changes in number of options outstanding were as follows:	March 31, 2012	March 31, 2011
Options outstanding at the beginning of the year	1,336,685	-
Granted	39,000	1,343,735
Forfeited	(166,850)	(7050)
Exercised	-	-
Options outstanding at the end of year	1,208,835	1,336,685

Out of the total outstanding options, 55,000 (March 31, 2011 - 50,000) options pertain to options granted to the associates of subsidiary companies.

Proforma EPS

In accordance with Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, had the compensation cost for Stock Option plans been recognised based on the fair value at the date of grant in accordance with Black Scholes model, the proforma amounts of the Company's net profit and earnings per share would have been as follows:

Particulars	March 31, 2012	March 31, 2011
A. Profit after tax		
1. As reported (₹)	1,585,960,832	1,178,803,554
2. Proforma (₹)	1,575,451,498	1,085,489,512
B. Earnings Per Share		
Basic		
3. Weighted average number of shares	111,382,222	111,178,498
4. EPS as reported (₹)	14.24	10.60
5. Proforma EPS (₹)	14.14	9.76
Diluted		
6. Weighted average number of shares	111,406,165	111,380,808
7. EPS as reported (₹)	14.24	10.58
8. Proforma EPS (₹)	14.14	9.75



Notes forming part of the Standalone Financial Statements

The following assumptions were used for calculation of fair value of grants:

Particulars	March 31, 2012	March 31, 2011
	Black-Scholes Model	Black-Scholes Model
Exercise price (₹) (ASOP 2004), (ASOP 2002)	111 - 131	111 - 131
Grant Date share price (₹) (ASOP 2008)	142	161
Dividend yield (%)	1.61	0.62
Expected volatility (%)	53.19 - 60.27	56.16 - 61.55
Risk-free interest (%)	8.24 - 8.67	6.73 - 7.85
Expected term (in years)	3 - 4	3 - 4

As no grants were made during the year ended March 31, 2012 and March 31, 2011 in respect of ASOP 2002 and ASOP 2004, the assumptions have not been changed.

40. During 2009-10, the Company entered into an agreement with the Government of Karnataka, represented by the Commissioner Survey Settlement and Land records to undertake the Urban Property Ownership Records project. The project would operate on a Public Private Partnership (PPP) model. The Company undertakes to build, develop, construct, commission, operate and maintain the IT solutions for the Urban Property Ownership Records project for a period of 6 years and 270 days. The investment made in the project till March 31, 2012 is ₹ 65,508,971 (March 31, 2011- ₹ 44,699,443) towards hardware / software and other operating costs and this amount is included under "Intangible Assets under Development". The project is in progress as at the year end and trial runs have commenced in March 2012.

41. During the year ended March 31, 2011, the Company acquired the rights to perform rail signalling and interlinking services to a Rail Signalling Company in the UK (customer). The Company paid ₹ 45,000,000 to acquire the rights from another Company in the UK which was already providing the services to the customer. The service agreement was effective from January 1, 2011, valid for a period of three years. The Company recognised this as an Intangible asset which is being amortised over the period of the contract.

42. Quantitative details

The Company is engaged in the development of Computer Software and Services. The production and sale of such software and services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and the information as required under Paragraphs 3 and 4C of Part II of Schedule VI to the Companies Act, 1956.

43. Exceptional items for the previous year relates to service tax credit aggregating ₹ 22,893,768 availed for earlier periods.

44. Regrouping/Reclassification

The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

On behalf of the Board of Directors

B.V.R. Mohan Reddy
Chairman and Managing Director

B. Sucharitha
Whole-time Director

Ajay Aggarwal
Chief Financial Officer

Sudheendhra Putty
Company Secretary

Place : Hyderabad
Date : April 18, 2012



Consolidated Financial Statements Indian GAAP



AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF INFOTECH ENTERPRISES LIMITED

1. We have audited the attached Consolidated Balance Sheet of **INFOTECH ENTERPRISES LIMITED** ("the Company"), its subsidiaries, associate and jointly controlled entity (the Company, its subsidiaries, associate and jointly controlled entity constitute "the Group") as at March 31, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) and the jointly controlled entities accounted in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006. These Consolidated Financial Statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of ₹ 1,752,386,756 as at March 31, 2012, total revenues of ₹ 4,278,750,025 and net cash outflows aggregating ₹ 56,982,559 for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of the other auditors.
4. The financial statements of the jointly controlled entity, whose financial statements reflect total assets of ₹ 8,026,197 as at March 31, 2012, total revenues of ₹ 11,120,096 and net cash inflows of ₹ 430,617 for the year ended on that date have not been audited. The financial statements of an associate which reflect the group's share of net profit of ₹ 100,092,712 for the year ended March 31, 2012 have not been audited.
5. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006.
6. Based on our audit and on consideration of the separate audit reports on the individual financial statements of the Company, and the aforesaid subsidiaries, joint venture and associate, and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012;
 - (ii) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 008072S)

GANESH BALAKRISHNAN
Partner
(Membership No. 201193)

Secunderabad, April 18, 2012

Consolidated Balance Sheet as at March 31, 2012

(Amount in ₹)

	Note	As at March 31, 2012		As at March 31, 2011	
EQUITY & LIABILITIES					
Shareholders' funds					
Share capital	3	557,076,310		556,381,345	
Reserves and surplus	4	11,017,736,835	11,574,813,145	9,736,737,859	10,293,119,204
Non-current liabilities					
Long-term liabilities	5		—		19,869,180
Long-term provisions	6		493,139,627		420,015,884
Deferred tax liability (net)	37.2		33,062,747		10,658,923
Current liabilities					
Short-term borrowings	7	34,298,431		13,375,153	
Trade payables	8	847,110,032		459,143,128	
Other current liabilities	9	364,893,468		363,783,584	
Short-term provisions	10	689,136,324	1,935,438,255	273,076,455	1,109,378,320
TOTAL			14,036,453,774		11,853,041,511
ASSETS					
Non-current assets					
Fixed Assets					
Tangible assets	11A	2,795,670,169		2,636,523,869	
Intangible assets	11B	262,892,487		211,957,878	
Intangible assets under development	42	89,508,676		61,033,277	
Capital work in progress	11C	108,376,061	3,256,447,393	12,885,820	2,922,400,844
Goodwill (on consolidation)			209,025,451		471,056,708
Non-current investments	12		243,938,614		578,622,352
Deferred tax assets (net)	37.2		63,220,322		25,305,762
Long term loans and advances	13		734,704,383		634,977,729
Other non-current assets	14		—		24,977,824
Current assets					
Current investments	15	222,493,714		334,117,469	
Trade receivables	16	3,674,965,623		2,567,028,404	
Cash and cash equivalents	17	4,559,850,365		3,507,487,544	
Short-term loans and advances	18	352,570,916		372,761,739	
Other current assets	19	719,236,993	9,529,117,611	414,305,136	7,195,700,292
TOTAL			14,036,453,774		11,853,041,511
Group information and Significant accounting policies	1 and 2				
See accompanying notes forming part of the Consolidated financial statements					

In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**
Chartered Accountants

B.V.R. Mohan Reddy
Chairman and Managing Director

B. Sucharitha
Whole-time Director

Ganesh Balakrishnan
Partner

Ajay Aggarwal
Chief Financial Officer

Sudheendhra Putty
Company Secretary

Place : Secunderabad
Date : April 18, 2012

Place : Hyderabad
Date : April 18, 2012



Consolidated Statement of Profit and Loss for the year ended March 31, 2012

(Amount in ₹)

	Note	For the year ended March 31, 2012	For the year ended March 31, 2011
INCOME			
Revenue from operation			
Sale of services		15,501,651,688	11,761,478,661
Product sales		28,097,702	118,662,913
Other operating revenue		1,584,006	2,974,816
Other income (net)	20	175,300,794	271,701,473
TOTAL REVENUE		15,706,634,190	12,154,817,863
EXPENSES			
Employee benefits expenses	21	9,525,695,292	7,413,105,012
Operating, administration and other expenses	22	3,314,564,416	2,671,453,280
Finance costs	23	7,340,837	9,570,832
Depreciation and amortisation expense	11D	494,134,632	485,911,577
TOTAL EXPENSES		13,341,735,177	10,580,040,701
Profit before exceptional items and tax		2,364,899,013	1,574,777,162
Exceptional items (net)		15,916,183	(22,893,768)
Profit after exceptional items and before tax, share of profit in associate company & minority interest		2,348,982,830	1,597,670,930
Tax expense:			
(a) Current tax	37.1	628,703,563	387,917,193
(b) Earlier years tax		2,625,209	336,600
(c) MAT credit	37.4	234,666,597	(124,764,138)
(d) Deferred tax	37.2	(30,674,528)	6,313,670
Profit after tax, before share of profit in associate company and minority interest		1,513,661,989	1,327,867,605
Share of profit in associate company		100,092,712	70,048,973
Share of minority interest		-	(1,026,156)
Profit for the period		1,613,754,701	1,396,890,422
Earnings per share	36		
(Equity shares, par value of ₹ 5 each)			
- Basic		14.49	12.56
- Diluted		14.49	12.54
Weighted average number of shares			
- Basic		111,382,222	111,178,498
- Diluted		111,406,165	111,380,808
Group information and Significant accounting policies	1 and 2		
See accompanying notes forming part of the Consolidated financial statements			

In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**
Chartered Accountants

B.V.R. Mohan Reddy
Chairman and Managing Director

B. Sucharitha
Whole-time Director

Ganesh Balakrishnan
Partner

Ajay Aggarwal
Chief Financial Officer

Sudheendhra Putty
Company Secretary

Place : Secunderabad
Date : April 18, 2012

Place : Hyderabad
Date : April 18, 2012

Consolidated Cash Flow Statement for the year ended March 31, 2012

(Amount in ₹)

	For the year ended March 31, 2012	For the year ended March 31, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	2,348,982,830	1,597,670,930
<i>Adjustments for:</i>		
Depreciation and amortisation expense	494,134,632	485,911,577
Loss/ (profit) on sale of fixed assets sold/ written-off (net)	(5,024,405)	56,828
Finance costs	7,340,837	9,570,832
Interest income	(266,386,978)	(135,476,312)
Dividend income from current investments	(20,854,171)	(31,178,264)
Gain on sale of current investments	(113,924)	(480,754)
Loss on sale of non current investments	9,182,829	-
Rental income from operating leases	(2,287,683)	(2,867,554)
Liabilities / provisions no longer required written back	(1,043,559)	(4,815,581)
Bad debts / advances written off	26,061,020	18,076,499
Unrealised gain on translation differences	228,766,684	239,635,141
Other miscellaneous income	(19,314,989)	(7,632,200)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(138,905,511)	(48,325,756)
Operating profit before working capital changes	2,660,537,612	2,120,145,386
<i>Changes in working capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Trade receivables	(1,137,473,383)	(477,550,213)
Short-term loans and advances	20,190,824	55,321,855
Long-term loans and advances	(260,291,216)	(76,180,888)
Other current assets	(240,288,729)	(97,894,098)
Other non-current assets	24,977,824	(24,977,824)
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	389,010,462	(332,720,862)
Other current liabilities	1,109,884	64,536,380
Long-term liabilities	(19,869,180)	19,869,180
Short-term provisions	416,395,198	(81,367,722)
Long-term provisions	73,123,743	262,203,325
Cash generated from operations	1,927,423,039	1,431,384,519
Net income tax paid	(688,519,687)	(413,484,747)
Net cash flow from operating activities (A)	1,238,903,352	1,017,899,772
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets, including capital advances (Refer Note (iii) below)	(804,079,022)	(647,868,352)
Proceeds from sale of fixed assets	13,795,014	1,241,717
Current investments		
- Purchased	(777,531,901)	(1,868,762,651)
- Proceeds from sale	889,269,600	3,038,253,512
Purchase of long-term investments		
- Subsidiary	(14,000,000)	(416,301,765)
Proceeds from sale of long-term investments		
- Others	16,882,171	-
Interest received	201,743,850	85,315,997
Dividend income received		
- Associate	408,711,450	11,034,800
- Others - dividend from mutual funds	20,854,171	31,178,264
Rental income from operating leases	2,287,683	2,867,554
Other non operating income	19,314,989	7,632,200
Bank balances not considered as cash and cash equivalents	(16,598,900)	(13,480,423)
TIIT Amalgamation adjustment (Refer Note 29.1)	(9,633,033)	-
Net cash flow (used in) / from investing activities (B)	(48,983,928)	231,110,853



Consolidated Cash Flow (Contd.)

(Amount in ₹)

	For the year ended March 31, 2012	For the year ended March 31, 2011
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares	17,039,004	24,118,086
Proceeds from short-term borrowings from banks	500,325,000	-
Outflow on settlement of short-term borrowings	(500,325,000)	-
Finance costs	(7,340,837)	(9,570,832)
Movement in short-term borrowings (net)	20,923,278	(30,618,100)
Dividend paid out	(278,792,037)	(111,787,856)
Tax on dividend paid out	(45,336,782)	(17,752,133)
Net cash flow used in financing activities (C)	(293,507,374)	(145,610,835)
Net increase in cash and cash equivalents (A + B + C)	896,412,050	1,103,399,790
Cash and cash equivalents at the beginning of the year	3,492,249,487	2,335,575,637
Effect of exchange differences on translation of foreign currency cash and cash equivalents	138,905,511	48,325,756
Cash acquired on acquisition of Wellsco	-	4,948,304
Cash and cash equivalents at the end of the year (Refer Note (i) below)	4,527,567,048	3,492,249,487
Notes:		
(i) Reconciliation of Cash and cash equivalents with the Balance sheet		
Cash and cash equivalents as per Balance Sheet (Refer Note 17)	4,559,850,365	3,507,487,544
Less: In earmarked accounts (Refer Note (ii) below)		
- Unpaid dividend accounts	2,203,994	1,757,634
- Balances held as margin money/security for bank guarantees	30,079,323	13,480,423
Cash and cash equivalents at the end of the year*	4,527,567,048	3,492,249,487
* Comprises:		
(a) Cash on hand	398,150	679,620
(b) Balances with banks		
(i) In current accounts	815,962,071	853,861,594
(ii) In EEFC accounts	140,921,587	441,910,200
(iii) In deposit accounts	3,485,009,153	2,195,798,073
(c) Remittances in transit	85,276,087	-
	4,527,567,048	3,492,249,487

(ii) The earmarked account balances with banks can be utilised only for the specific identified purposes.

(iii) Purchase of fixed assets includes payments for items in capital work-in-progress and capital advances for purchase of fixed assets. Adjustments for increase / decrease in current liabilities relating to the acquisition of fixed assets has been made to the extent identified.

See accompanying notes forming part of the Consolidated financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Ganesh Balakrishnan
Partner

Place : Secunderabad
Date : April 18, 2012

For and on behalf of the Board of Directors

B.V.R. Mohan Reddy
Chairman and Managing Director

Ajay Aggarwal
Chief Financial Officer

Place : Hyderabad
Date : April 18, 2012

B. Sucharitha
Whole-time Director

Sudheendhra Putty
Company Secretary

Notes forming part of the Consolidated financial statements

1. Group Information

1.1 Infotech Enterprises Limited ('Infotech' or 'the Company') and its consolidated subsidiaries, joint venture and associate (together referred to as 'the Group') is engaged in providing global technology services and solutions specialising in geospatial, engineering design and IT solutions. The Company has its headquarters and development facilities in India and serves a global customer base through its subsidiaries in United States of America (USA), United Kingdom (UK), Germany, Japan and India. Infotech Group's range of services include digitisation of drawings and maps, photogrammetry, computer aided design/engineering (CAD/CAE), design and modelling, repair development engineering, reverse engineering application software development, software products development, consulting and implementation. Infotech Group specialises in software services and solutions for the manufacturing, utilities, telecommunications, transportation & logistics, local government and financial services markets.

1.2 Basis of preparation of financial statements

The Consolidated Financial Statements include the accounts of Infotech Enterprises Limited ('Infotech') and its subsidiary companies, associate company and joint venture ('the Group'). Subsidiary companies are those in which Infotech, directly or indirectly, have an interest of more than one half of the voting power or otherwise have power to exercise control over the operations. Subsidiaries are consolidated from the date on which effective control is transferred to Infotech and are no longer consolidated from the date of disposal. Investment in associate company is accounted for using the equity method. Investment in joint venture is accounted for as per proportionate consolidation method.

These consolidated financial statements of Infotech Group are prepared under historical cost convention in accordance with generally accepted accounting principles ("GAAP") applicable in India and the Accounting Standard 21 on Consolidated Financial Statements, Accounting Standard 23 on Accounting for Associates and Accounting Standard 27 on Financial Reporting of Investment in Joint Ventures, notified under Section 211(3C) and other relevant

provisions of the Companies Act, 1956 to the extent possible in the same format as that adopted by Infotech for its separate financial statements.

All Inter Company transactions, balances and unrealised surpluses and deficits on transactions within Infotech Group are eliminated. Consistency in adoption of accounting policies among all group companies is ensured to the extent practicable.

Minority interest in Subsidiary represents the Minority Share Holder's proportionate share of net assets and the net income of Infotech's minority owned subsidiaries.

2. Significant accounting policies

2.1 Use of estimates

The preparation of financial statements in conformity with the GAAP requires Management to make estimates that affect the reported amounts of assets and liabilities and disclosure relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expenditure during the reported year. Examples include provisions for doubtful debts, employee benefits, provision for income taxes, the useful lives of depreciable assets and provisions for impairment.

Accounting estimates could change from period to period. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. The effects of changes in accounting estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

2.2 Revenue recognition

Revenue recognition from sale of services depends on the arrangements with the customer which are either on "Time and material" or on a "Time bound fixed-price" basis.

Revenue from software services performed on a "time and material" basis is recognised as and when services are performed.

The Group also performs work under "Time bound fixed-price" arrangements, under which customers are billed, based on completion of specified milestones

and/or on the basis of man-days/man hours spent as per terms of the contracts. Revenue from such arrangements is recognised over the life of the contract using the percentage of completion method. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the year in which the change becomes known. Provision for estimated losses on such engagements is made in the year in which such loss becomes probable and can be reasonably estimated.

Revenue from sale of products is recognised when the product has been delivered, in accordance with the sales contract.

Amounts received or billed in advance of services performed are recorded as unearned revenue. Unbilled revenue represents amounts recognised based on services performed in advance of billings in accordance with contract terms.

Income from interest is stated at gross and recognised on a time proportion basis taking into account the amount outstanding and rate applicable in the transaction.

Dividend income is recognised when the Company's right to receive dividend is established.

Revenues from the sale of equipment are recognised upon delivery, which is when title passes to the customer.

Revenues from fixed-price maintenance contracts are recognised pro-rata over the period of the contract in which the services are rendered.

Reimbursement of expenditure is recognised under revenue along with recognition of sale of service to which it relates.

2.3 Fixed assets, intangible assets and capital work-in-progress

Fixed Assets are stated at actual cost, less accumulated depreciation and impairment, if any. The actual cost capitalised comprises material cost, inward freight, installation cost, duties and taxes and other incidental expenses incurred to acquire/construct/install the assets.

The cost and the accumulated depreciation for fixed assets sold, retired or otherwise disposed off are removed

from the stated values and the resulting gains and losses are included in the Statement of profit and loss.

Capital work-in-progress comprises outstanding advances paid to acquire fixed assets, and the cost of fixed assets that are not yet ready for their intended use at the reporting date.

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortisation and impairment, if any.

2.4 Depreciation and amortisation

Depreciation on fixed assets is provided on the straight-line method over their estimated useful lives on the following basis:

The estimated useful lives are as follows:

	Estimated Useful Lives
Leasehold Land	Over the lease period of 6 - 79 years
Building	28 years
Leasehold Improvements	Shorter of lease period or estimated useful lives
Computers	3 years
Plant and Equipment	10 years
Office Equipment	10 years
Furniture and Fixtures	10 years
Electrical Installation	10 years
Vehicles	5 years

Intangible assets are amortised over their useful life as follows:

- Costs of software purchased for use in the projects are depreciated over the estimated useful life or over the period of the project whichever is lower.
- Other software - 3 years.

Amortisation of customer relationship rights over 3 years is based on the term of the right and the economic benefits that are expected to accrue to the Company over such period.

2.5 Goodwill and other intangible assets

Goodwill represents excess cost paid for investment in subsidiary over the parent's portion of equity in that subsidiary at the date on which investment in such subsidiary is made. Goodwill is amortised on a straight-

Notes forming part of the Consolidated financial statements

line basis principally over a period of 5-10 years. The goodwill is reviewed for impairment whenever events or changes in business circumstances indicate the carrying amount of assets may not be fully recoverable. If impairment is indicated, the asset is written down to its fair value.

2.6 Investments

Investments are either classified as current or long-term based on Management's intention at the time of purchase. Current investments are carried at the lower of cost and fair value. Cost for overseas investments comprises the Indian rupee value of the consideration paid for the investment translated at the exchange rate prevalent at the date of investment. Provision is made to recognise any reduction in the carrying value and any reversal of such reduction is credited to the Statement of Profit and Loss.

Long-term investments are carried at cost, and provision is made to recognise any decline, other than temporary, in the value of such investment.

2.7 Research and development

Revenue expenditure incurred on research and development is expensed as incurred. Assets used for research and development activities are included in fixed assets.

2.8 Foreign currency transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction and exchange differences arising from foreign currency transactions are recognised in the Statement of profit and loss. Monetary assets and liabilities denominated in foreign currency are translated at the rates of exchange at the balance sheet date and resultant gain or loss is recognised in the statement of Profit and Loss. Non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction.

The operations of foreign branches of the Company are integral in nature and the financial statements of these branches are translated using the same principles and procedures of head office.

The Company uses foreign exchange forward contracts to hedge its exposure to movements in foreign exchange fluctuations. The use of these foreign exchange forward contracts reduces the risk or cost to the Company and the Company does not use those for trading or speculation purposes.

In case of forward exchange contract or any other financial instruments that is in substance a forward exchange contract to hedge the foreign currency risk, the premium or discount arising at the inception of the contract is amortised as expense or income over the life of the contract. Exchange differences on such forward exchange contract are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change.

Gain/Loss on settlement of transaction arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense for the period.

All other derivative exchange contracts are valued on a mark to market basis and any loss on mark to market changes as at the end of the reporting period is recognized in the Statement of Profit and Loss.

For translating financial statement of subsidiaries, they are classified as non-integral foreign operations. In respect of non-integral operations, assets and liabilities are translated at the exchange rate prevailing at the date of the balance sheet. The items in the Statement of Profit and Loss are translated at the average exchange rate during the period. The differences arising out of the translation are carried in the Currency Translation Reserve Account.

2.9 Employee benefits

Provident fund

Contributions in respect of Employees Provident Fund and Pension Fund which are defined contribution schemes, are made to a fund administered and managed by the Government of India and are charged as incurred on accrual basis to the Statement of Profit and Loss.

The subsidiaries of Infotech operate through defined contribution pension scheme. The assets of the scheme are held separately from those of the subsidiaries in an independent administered fund. The subsidiaries have no further obligations under the scheme beyond its monthly contributions.

Superannuation

Contributions under the superannuation plan which is a defined contribution scheme, are made to a fund administered and managed by the Life Insurance Corporation of India and are charged as incurred on accrual basis to the Statement of Profit and Loss.

Notes forming part of the Consolidated financial statements

Compensated absences

The employees of the Group are entitled to compensated absence. The employees can carry-forward a portion of the unutilised accrued compensated absence and utilise it in future periods or receive cash compensation at retirement or termination of employment for the unutilised accrued compensated absence. The Group records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Group measures the expected cost of compensated absence based on actuarial valuation made by an independent actuary as at the balance sheet date on project unit credit method.

Gratuity

The Company also provides for other retirement benefits in the form of gratuity. The Company accounts for its liability towards Gratuity based on actuarial valuation made by an independent actuary as at the balance sheet date based on projected unit credit method.

Other short term employee benefits

Other short term employee benefits, including overseas social security contributions and performance incentives expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders service.

401(K) plan

Infotech Enterprises America Inc (IEAI) provides a defined contribution plan benefit through the Infotech Enterprises America, Inc. 401(K) Retirement Plan to all of its eligible employees. The plan is administered by IEAI while the trustee for the plan is an external agency. The contribution from the Company is at the discretion of the Board of Directors of IEAI.

2.10 Income taxes

Income taxes are accrued in the same period that the related revenue and expense arise. Infotech operates as Export Oriented Unit ("EOU") and out of "Special Economic Zones". It enjoys certain tax exemptions in accordance with the Income Tax Act, 1961. For subsidiaries the current charge for income tax is calculated in accordance with the relevant tax regulations. A provision is made for income tax annually, based on tax liability computed, after considering tax allowances and exemptions. Tax

expense for a year comprises of current tax and deferred tax.

Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961. Tax expense relating to foreign operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences that result between the profit offered for income taxes and the profit as per the financial statements by each entity in the Company.

Deferred taxes of Infotech are recognised in respect of timing differences which originate during the tax holiday period but reverse after the tax holiday period.

The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets, other than those relating to unabsorbed depreciation and carry forward business loss, are recognised only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each reporting date.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset, in accordance with the provisions contained in the Guidance Note on Accounting for Credit Available under Minimum Alternate Tax, issued by the ICAI, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement'. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

2.11 Operating Lease

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

Notes forming part of the Consolidated financial statements

2.12 Warranty cost

The Company accrues the estimated cost of warranties at the time when the revenue is recognised. The accruals are based on the Company's historical experience of rework hours and service delivery costs.

2.13 Earnings per share (EPS)

The earnings considered in ascertaining the Company's EPS comprises the net profit after tax and include the post-tax effect of any extra ordinary items. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year. The number of shares used in computing Diluted EPS comprises of weighted average shares considered for deriving Basic EPS, and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. The diluted potential equity shares have been adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e., average market value of the outstanding shares). The number of shares and potentially dilutive shares are adjusted for share splits/ reverse share splits and bonus shares, as appropriate.

2.14 Employee Stock Options

Stock options granted to the associates of the Company under various Stock Option Schemes established after June 19, 1999 are evaluated as per the accounting treatment prescribed under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 issued by Securities Exchange Board of India.

The exercise price is the market price as defined in the SEBI Guidelines from time to time. i.e. market price equals the latest available closing price, prior to the date of the meeting of the Board of Directors in which options are granted/ shares are issued, on the stock exchange on which the shares of the Company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

This method results in following of Intrinsic Value

method under which no deferred employee compensation is charged to the Statement of Profit and Loss.

2.15 Impairment of assets

At each balance sheet date, the management reviews the carrying amounts of its assets to determine whether there is any indication those assets were impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of time value of money and the risk specific to the asset.

Reversal of impairment loss is recognised immediately as income in the Statement of Profit and Loss.

2.16 Provisions and contingencies

The Company creates a provision if there is a present obligation as a result of past events, the settlement of which results in an outflow economic benefits and a reliable estimate can be made of the amount of obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligations cannot be made.

2.17 Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from the date of purchase, to be cash equivalents.

2.18 Service tax input credit

Service tax input credit is accounted for in the books is the period in which the underlying service rendered is accounted and when there is no uncertainty in availing/utilising the credits.



Notes forming part of the Consolidated financial statements

Note	As at March 31, 2012		As at March 31, 2011	
	Number of shares	Amount in ₹	Number of shares	Amount in ₹
3. Share capital				
Authorised capital:				
Equity shares of ₹5 each with voting rights	270,000,000	1,350,000,000	270,000,000	1,350,000,000
		1,350,000,000		1,350,000,000
Issued and subscribed and fully paid-up capital:				
Equity shares of ₹5 each with voting rights	111,415,262	557,076,310	111,276,269	556,381,345
		557,076,310		556,381,345

Notes:

a. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year:

Particulars	As at March 31, 2012		As at March 31, 2011	
	Number of shares	Amount in ₹	Number of shares	Amount in ₹
Equity shares with voting rights				
Opening balance	111,276,269	556,381,345	55,499,524	277,497,620
Equity shares allotted pursuant to exercise of stock options (pre bonus)	-	-	52,824	264,120
Bonus shares issued	-	-	55,552,348	277,761,740
Equity shares allotted pursuant to exercise of stock options (post bones)	138,993	694,965	171,573	857,865
Closing balance	111,415,262	557,076,310	111,276,269	556,381,345

Company issued and allotted 55,552,348 bonus shares on June 14, 2010 in the ratio of 1:1, i.e., one equity share for every one existing equity share of ₹ 5/- each held by the members on the record date.

Company also allotted 138,993 (2010-11 - 277,221) equity shares of ₹ 5/- each to the associates of the Company and its subsidiaries under the Associate Stock Option plan.

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to their shareholding.

b. Details of shares held by each shareholder holding more than 5% of equity shares :

Name of the share holder	As at March 31, 2012		As at March 31, 2011	
	Number of shares held	%	Number of shares held	%
B.V.R Mohan Reddy	14,588,220	13.1%	14,574,720	13.1%
Carrier International Mauritius Ltd	15,292,960	13.7%	15,292,960	13.7%
GA Global Investments Ltd	13,795,554	12.4%	16,395,554	14.7%
ICICI Prudential Life Insurance Company Ltd	8,161,707	7.3%	7,712,935	6.9%
B Sucharitha	6,541,200	5.9%	6,541,200	5.9%
Smallcap World Fund, Inc	4,400,000	3.9%	6,000,000	5.4%

c. Aggregate number and class of shares allotted as fully paid up by way of bonus shares during 5 years immediately preceding the Balance Sheet date:

As at March 31, 2012 - 70,844,755 (March 31, 2011 - 15,292,407) equity shares of ₹ 5 each fully paid-up by way of bonus shares by capitalising free reserves of the company during the 5 years immediately preceding the said dates.

d. Details of shares allotted under Associate Stock Option Plans

3,560,352 (as at March 31, 2011 - 3,421,359) equity shares of ₹ 5 each fully paid up was allotted to the associates of the company pursuant to the Associate Stock Option Plans.

Notes forming part of the Consolidated financial statements

(Amount in ₹)

Note	As at March 31, 2012	As at March 31, 2011
4. Reserves and Surplus		
a) Securities premium account		
Balance at the beginning of the year	3,650,963,799	3,627,967,698
Add: Premium on shares issued during the year	16,344,039	22,996,101
Balance at end of the year	3,667,307,838	3,650,963,799
b) General reserve		
Balance at the beginning of the year	4,165,983,530	3,689,630,749
Add/(Less): Adjustment of minority interest	445,468	(76,553,219)
Less: TIIT India (P) Ltd amalgamation adjustment (Refer note 29.1)	9,733,033	-
Less: Utilised for bonus shares	-	(277,761,740)
Add: Transferred from surplus	158,596,100	830,667,740
Balance at end of the year	4,315,292,065	4,165,983,530
c) Contingency reserve (Refer Note (i) below)		
Balance at the beginning of the year	161,000,000	161,000,000
Additions/(Deletions) during the year	-	-
Balance at end of the year	161,000,000	161,000,000
d) Surplus in the statement of Profit and Loss		
Balance at the beginning of the year	1,783,627,042	1,379,172,959
Add: TIIT India (P) Ltd amalgamation adjustment (Refer Note 29.1)	9,665,397	-
Add: Acquisition of interest in Infotech Geospatial (India) Limited	17,494,554	-
Less: Amalgamation of Daxcon Engineering Services Inc (Refer Note 29.2)	195,154,184	-
Add: Deferred tax credit on amalgamation	77,372,083	-
Add: Profit for the current period	1,613,754,701	1,396,890,422
	3,306,759,593	2,776,063,381
Less: IHAL Profit adjustment	3,100,522	-
Less: Interim dividend to be distributed to equity shareholders	139,250,341	-
Less: Tax on interim dividend	22,591,163	-
Less: Proposed dividend to be distributed to equity shareholders	139,269,078	139,095,336
Less: Tax on dividend	22,592,926	23,101,997
Less: Residual dividend and dividend tax paid	(356,378)	(428,734)
Less: Transfer to general reserve	158,596,100	830,667,740
Balance at end of the year	2,821,715,841	1,783,627,042
e) Currency translation reserve		
Balance at the beginning of the year	(27,450,779)	(74,432,373)
Additions / (deletions) during the year	77,257,603	46,981,594
Balance at end of the year	49,806,824	(27,450,779)
f) Capital reserve		
Balance at the beginning of the year	2,614,267	2,614,267
Additions/(deletions) during the year	-	-
Balance at end of the year	2,614,267	2,614,267
TOTAL	11,017,736,835	9,736,737,859

Note:

- (i) Contingency Reserve, pertains to certain tax liabilities. The Company is contesting the Income Tax Appellate Tribunal's (ITAT) order for the denial of certain export benefits under the Income Tax Act, 1961 on the grounds of the date of establishment of the Export Oriented Unit. The petition contesting the ITAT's Order has been admitted by the Honourable High Court of Andhra Pradesh and the case has not yet come up for hearing during the year.

Further, the Company is contesting certain other disallowances made by the Deputy Commissioner of Income-tax for the assessment years 2002-03 to 2006-07. The matters have been taken up with the appropriate authorities and the Company is hopeful of the favourable resolution, based on professional advice. As a matter of abundant precaution, the Company has set aside an amount of ₹ 161,000,000 (March 31, 2011 - ₹ 161,000,000) as Contingency Reserve to meet any future eventuality.



Notes forming part of the Consolidated financial statements

(Amount in ₹)

Note	As at March 31, 2012	As at March 31, 2011
5. Long-term liabilities		
Others		
Advance from Customers	-	4,241,680
Other Long-term liabilities	-	15,627,500
TOTAL	-	19,869,180
6. Long-term Provisions		
Provision for employee benefits		
Provision for gratuity (net) (Refer Note 31.2 (i))	253,921,938	232,568,224
Provision for compensated absences (Refer Note 31.2 (ii))	218,256,538	187,447,660
Provision for estimated losses on derivative contracts (Refer Note 27.1)	20,961,151	-
TOTAL	493,139,627	420,015,884
7. Short-term borrowings		
Secured		
Working capital loans	3,759,677	10,575,153
Unsecured		
Other loans	30,538,754	2,800,000
TOTAL	34,298,431	13,375,153

Note:

Loans repayable on demand :

During the year, the parent Company borrowed two short term loans aggregating ₹ 500,325,000 (March 31, 2011 - ₹ Nil) and repaid the same prior to the year end. These loans were not secured and Management has certified that there were no defaults in repayment of principal and interest.

(Amount in ₹)

	As at March 31, 2012	As at March 31, 2011
8. Trade payables		
Other than acceptances (Refer Note 26)	847,110,032	459,143,128
TOTAL	847,110,032	459,143,128

Notes forming part of the Consolidated financial statements

(Amount in ₹)

Note	As at March 31, 2012	As at March 31, 2011
9. Other current liabilities		
Unearned revenue	83,719,945	22,243,257
Unpaid dividends	2,203,995	1,757,635
Forward contracts payables (net)	17,300,672	-
Other payables		
- Statutory remittances and others (net)	175,743,582	145,284,483
- Advance from customers	2,173,334	18,601,702
- Payables on purchase of fixed assets	54,276,805	43,714,148
- Deferred premium/discount on forward contracts	11,766,250	46,056,049
- Other liabilities	17,708,885	86,126,310
TOTAL	364,893,468	363,783,584
10. Short-term provisions		
Provision for employee benefits		
Bonus	276,306	731,560
Provision for gratuity (net) (Refer Note 31.2(i))	18,240,080	29,147,226
Provision for compensated absences (Refer Note 31.2(ii))	39,199,471	56,794,303
	57,715,857	86,673,089
Provision - others:		
Provision for estimated losses on derivative contracts (Refer Note 27.1)	194,624,042	-
Provision for warranty (Refer Note 40)	2,325,197	2,804,079
Provision for proposed equity dividend	139,269,078	139,095,336
Provision for tax on proposed equity dividend	22,592,926	23,101,997
Provisions others	272,609,224	21,401,954
TOTAL	689,136,324	273,076,455

Notes forming part of the Consolidated financial statements

11. FIXED ASSETS

(Amount in ₹)

DESCRIPTION	GROSS BLOCK				ACCUMULATED DEPRECIATION / AMORTISATION					NET BLOCK	
	As at April 1, 2011	Additions during the year	Deductions	Translation exchange difference	As at March 31, 2012	As at April 1, 2011	For the year	Deductions	Translation exchange difference	As at March 31, 2012	As at March 31, 2011
A. Tangible Assets											
a. Land (Refer Note (i) below)											
– Freehold	15,571,954	–	–	–	15,571,954	–	–	–	–	15,571,954	15,571,954
– Leasehold (Refer Note (ii) below)	149,219,020	–	–	–	149,219,020	18,273,385	4,433,528	–	–	126,512,107	130,945,635
b. Buildings (Refer Note (iii) below)	1,632,857,961	79,327,731	245,270	–	1,711,940,422	159,539,574	60,007,926	245,270	–	1,492,638,192	1,473,318,387
c. Leasehold improvements	52,557,695	20,264,463	1,861,001	9,041,795	80,002,952	27,253,198	7,928,499	1,841,493	3,560,933	43,101,815	25,304,497
d. Computers	1,422,021,685	181,959,848	90,530,732	35,098,309	1,548,549,110	1,170,368,756	137,765,177	89,788,614	29,560,434	300,643,357	251,652,929
e. Plant and equipment	551,410,423	77,386,470	–	–	628,796,893	214,233,894	53,073,461	–	–	361,489,538	337,176,529
f. Office equipment	116,873,759	42,037,924	–	1,852,840	160,764,523	50,104,071	14,311,065	–	839,804	95,509,583	66,769,688
g. Furniture and fixtures (Including interior work)	298,146,136	33,904,324	5,645,325	6,873,538	333,278,673	155,588,502	31,718,219	5,636,362	4,553,440	147,054,874	142,557,634
h. Electrical installations	276,335,781	50,691,890	–	–	327,027,671	88,847,583	28,758,312	–	–	209,421,776	187,488,198
i. Vehicles	11,316,649	–	–	–	11,316,649	5,578,231	2,011,445	–	–	3,726,973	5,738,418
Total	4,526,311,063	485,572,650	98,282,328	52,866,482	4,966,467,867	1,889,787,194	340,007,632	97,511,739	38,514,611	2,795,670,169	2,636,523,869
B. Intangible Assets											
a. Computer software	1,209,588,447	175,967,864	8,659,305	14,530,437	1,391,427,443	1,038,931,939	105,656,382	659,283	10,907,288	236,591,117	170,656,508
b. Other intangible assets (Refer Note 43)	45,826,350	–	–	–	45,826,350	4,524,980	15,000,000	–	–	26,301,370	41,301,370
TOTAL	1,255,414,797	175,967,864	8,659,305	14,530,437	1,437,253,793	1,043,456,919	120,656,382	659,283	10,907,288	262,892,487	211,957,878
Grand Total	5,781,725,860	661,540,514	106,941,633	67,396,919	6,403,721,660	2,933,244,113	460,664,014	98,171,022	49,421,899	3,058,562,656	2,848,481,747
Previous year	4,635,145,322	1,147,634,465	24,689,241	23,635,314	5,781,725,860	2,521,527,114	424,634,618	23,390,696	10,473,077	2,848,481,747	

Notes: (i) Includes ₹ 3,947,700 (March 31, 2011: ₹ 3,947,700) in respect of which land allocation letters have been received, pending execution of conveyance deed.

(ii) Includes ₹ 23,283,720 (March 31, 2011: ₹ 26,266,500) in respect of which land allocation letter has been received, pending the lease deed execution.

(iii) Includes ₹ 600,273,588 (March 31, 2011: ₹ 557,286,791) Building constructed on leasehold land.

	As at March 31, 2012	As at March 31, 2011
C. Capital work-in-progress :		
Construction related contracts	55,526,716	12,857,006
Other fixed assets	52,849,345	28,814
TOTAL	108,376,061	12,885,820

	For the year ended March 31, 2012	For the year ended March 31, 2011
D Depreciation and amortisation expense:		
- Depreciation and amortisation on Tangible assets and Intangible assets	460,664,014	424,634,618
- Amortisation of goodwill on consolidation	33,470,618	61,276,959
Total	494,134,632	485,911,577

Notes forming part of the Consolidated financial statements

(Amount in ₹)

Note	As at March 31, 2012	As at March 31, 2011
12. Non-Current Investments-Trade		
Unquoted Investments		
(a) Investment in Associate Company		
Infotech Aerospace Services Inc., USA	552,352,136	493,337,963
490 shares of \$0.01 par value fully paid-up		
Add : Share of profit	100,092,712	70,048,973
Less: Dividend received	(408,711,450)	(11,034,800)
	<u>243,733,398</u>	<u>552,352,136</u>
(b) Other Entities		
(i) Teletatlas Kalyani Private Limited	—	26,065,000
NIL (March 31, 2011 : 781,582 shares of ₹1 each fully paid up)		
(ii) Canesta, Inc (a California Corporation)	98,206	98,206
10,000 shares of \$ 0.19275 par value each fully paid-up		
(iii) Trafficmaster Plc, United Kingdom		
35,088 ordinary shares of GBP 1 each fully paid-up	6,659,000	6,659,000
Less: Provision for diminution in value of investment	(6,551,990)	(6,551,990)
	<u>107,010</u>	<u>107,010</u>
TOTAL	<u>243,938,614</u>	<u>578,622,352</u>
Note:		
Aggregate cost of unquoted investments	243,938,614	578,622,352
13. Long-term loans and advances		
(Unsecured)		
a) Capital advances, considered good	21,387,600	4,476,481
b) Security deposits		
Considered good	83,745,135	52,358,185
Considered doubtful	16,200,000	16,200,000
	<u>99,945,135</u>	<u>68,558,185</u>
Less: Provision for doubtful deposits	16,200,000	16,200,000
	<u>83,745,135</u>	<u>52,358,185</u>
c) Loans and advances to employees, considered good	—	2,280,907
d) Prepaid expenses, considered good	63,991,760	4,275,523
e) Advance income taxes (net of provisions)	291,778,465	234,587,549
f) MAT credit entitlement, considered good	—	234,666,597
g) Forward contract receivables (net)	9,827,371	—
h) Balances with Government authorities	263,974,052	102,332,487
TOTAL	<u>734,704,383</u>	<u>634,977,729</u>



Notes forming part of the Consolidated financial statements

(Amount in ₹)

Note	As at March 31, 2012	As at March 31, 2011
14. Other non-current assets		
(Unsecured)		
Long-term trade receivables, considered good		
Considered good	—	24,977,824
Considered doubtful	—	1,911
	<u>—</u>	<u>24,979,735</u>
Less: Provision for doubtful advances	—	1,911
TOTAL	<u>—</u>	<u>24,977,824</u>
15. Current Investments		
Quoted non trade investments		
(at lower of cost and realisable value)		
Investment in mutual funds:		
5,652,900 units of Religare Short Term Plan A - Weekly Dividend Reinvestment	57,606,785	—
83,522 units of Baroda Pioneer Liquid Fund - Institutional Plan - Daily Dividend Reinvestment	83,574,409	—
4,080,494 units of Reliance Quarterly Interval Plan - Series II- Institutional Plan - Dividend Payout	40,940,000	—
1,999,540 units of UTI- Fixed Income Interval Series II - Quarterly Interval Plan V - Dividend Payout	20,000,000	—
20,371 units of Taurus Liquid Fund - Institutional Plan Daily Dividend Reinvestment	20,372,520	—
Nil (As at March 31, 2011 - 3,498,950) units Birla Sun Life Cash Manager - Institutional Plan - Daily Dividend Reinvestment	—	35,000,000
Nil (As at March 31, 2011 - 4,456,418) Birla Sun Life Ultra Short Term Fund- Institutional Daily Dividend	—	44,588,693
Nil (As at March 31, 2011 - 53,445) IDFC Savings Advantage Fund - Plan A - Daily Dividend	—	53,453,416
Nil (As at March 31, 2011 - 6,400,893) JM Money Manager Fund Super Plan-Daily Dividend	—	64,084,461
Nil (As at March 31, 2011 - 1,196,651) Reliance Monthly Interval Fund-Series II - Institutional Dividend Plan	—	11,968,524
Nil (As at March 31, 2011 - 14,974) Religare Ultra Short Term Fund - Institutional Daily Dividend	—	15,000,000
Nil (As at March 31, 2011 - 5,476,355) Templeton Floating Rate Income Fund Long Term Plan Super Institutional- Daily Dividend Reinvestment	—	54,854,237
Nil (As at March 31, 2011 - 55,126) UTI - Floating Rate Fund - Short Term Plan-Institutional Daily Dividend Plan- Re-investment	—	55,168,138
	222,493,714	334,117,469
TOTAL	<u>222,493,714</u>	<u>334,117,469</u>
Note: Aggregate cost of quoted investments	222,493,714	334,117,469
Aggregate market value of quoted investments	223,111,317	334,135,697

Notes forming part of the Consolidated financial statements

(Amount in ₹)

Note	As at March 31, 2012	As at March 31, 2011
16. Trade receivables		
(Unsecured)		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Considered good	100,244,741	42,086,133
Considered doubtful	91,852,636	62,316,473
	<u>192,097,377</u>	<u>104,402,606</u>
Less: Provision for doubtful trade receivable	91,852,636	62,316,473
Other trade receivables, considered good	<u>3,574,720,882</u>	<u>2,524,942,271</u>
TOTAL	<u>3,674,965,623</u>	<u>2,567,028,404</u>
17. Cash and cash equivalents		
Cash on hand	398,150	679,620
Balances with banks		
In current accounts	815,962,071	853,861,594
In EEFC accounts	140,921,587	441,910,200
In deposit accounts (Refer Note (i) & (ii) below)	3,485,009,153	2,195,798,073
In deposits held as margin money/security for bank guarantees	30,079,323	13,480,423
In earmarked accounts		
Unpaid dividend accounts (Refer Note (iii) below)	2,203,994	1,757,634
Remittance in transit	85,276,087	—
TOTAL	<u>4,559,850,365</u>	<u>3,507,487,544</u>

Notes :

- Balances with banks include deposits amounting to ₹ 88,417,869 (As at March 31, 2011 ₹ 200,469,258) and margin monies amounting to ₹ 379,000 (As at March 31, 2011 ₹ 379,000) which have an original maturity of more than 12 months.
- Balances with banks include deposits amounting to ₹ Nil (As at March 31, 2011 ₹ 3,095,569) and margin monies amounting to ₹ 379,000 (As at March 31, 2011 ₹ 379,000) which have a maturity of more than 12 months from the Balance Sheet Date
- Balances with Banks - in earmarked accounts includes ₹ 2,203,994 (As at 31 March, 2011 ₹ 1,757,634) which have restriction.

(Amount in ₹)

Note	As at March 31, 2012	As at March 31, 2011
18. Short term loans and advances		
(Unsecured)		
Security deposits, considered good	61,300	543,729
Loans and advances to employees, considered good	11,105,327	7,078,026
Prepaid expenses, considered good	211,345,744	203,837,325
Forward contract receivables (net)	—	77,693,544
Other loans and advances		
Considered good	130,058,545	83,609,115
Considered doubtful	709,545	709,545
	<u>130,768,090</u>	<u>84,318,660</u>
Less : Provision for doubtful loans and advances	709,545	709,545
TOTAL	<u>352,570,916</u>	<u>372,761,739</u>
19. Other current assets		
Unbilled revenue (net)	586,934,831	342,674,931
Interest accrued on deposits	132,302,162	67,659,034
Others	—	3,971,171
TOTAL	<u>719,236,993</u>	<u>414,305,136</u>



Notes forming part of the Consolidated financial statements

Note	(Amount in ₹)	
	For the year ended March 31, 2012	For the year ended March 31, 2011
20. Other Income (net)		
Interest on deposits	266,386,978	135,486,696
Dividend income from current investments	20,854,171	31,178,264
Net gain/(loss) on foreign currency transactions and translations	(130,542,085)	89,240,425
Net gain on sale of investments		
Current	113,924	480,754
Non-current	(9,182,829)	-
Other non-operating income (Refer Note (i) below)	27,670,635	15,315,334
TOTAL	175,300,794	271,701,473
21. Employee benefits expenses		
Salaries and bonus	8,459,862,340	6,577,429,888
Contribution to provident and other funds	470,354,607	412,879,809
Social security and other benefits for overseas employees	38,582,881	20,560,694
Gratuity [Refer Note 31.2 (i)]	53,728,970	91,186,875
Staff welfare expenses	503,166,494	311,047,746
TOTAL	9,525,695,292	7,413,105,012
22. Operating, administration and other expenses		
Sales commission	172,191,709	106,316,728
Rent including lease rentals (Refer Note 35)	112,986,363	97,927,383
Rates and taxes	51,334,765	29,189,680
Insurance	50,442,970	28,766,988
Travelling and conveyance	948,415,287	762,354,922
Sub contracting charges	348,981,072	313,491,124
Communication	128,067,359	112,218,693
Printing and stationery	32,868,071	23,904,219
Power and fuel	129,637,831	115,895,313
Marketing expenses	65,247,653	63,119,707
Advertisement	5,750,471	4,213,620
Repairs and maintenance		
- Buildings	6,358,109	10,033,729
- Machinery	434,509,971	320,141,024
- Others	52,283,113	45,491,965
Directors sitting fees	290,000	290,000
Legal & Professional Charges	383,537,480	270,779,822
Bad debts/advances written off	984,307	-
Provision for doubtful debts	25,076,713	18,076,499
Auditors' remuneration (Refer Note (ii) below)	18,703,430	14,573,427
Recruitment expenses	28,987,788	30,458,327
Training and development	21,288,153	28,734,077
Purchase of computer software	124,747,521	161,840,947
Loss on fixed assets sold/scrapped/written off	-	56,828
Miscellaneous expenses	171,874,280	113,578,258
TOTAL	3,314,564,416	2,671,453,280
23. Financial costs		
Interest expense on packing credit	5,348,620	-
Interest expense on borrowings	727,648	8,176,127
Interest expense others	1,264,569	1,394,705
TOTAL	7,340,837	9,570,832

Notes forming part of the Consolidated financial statements

		(Amount in ₹)
Notes:	For the year ended March 31, 2012	For the year ended March 31, 2011
i. Other non-operating income comprises of :		
Liabilities / provisions no longer required written back	1,043,559	4,815,581
Miscellaneous income	21,602,671	10,499,753
Profit on sale of fixed assets	5,024,405	—
Total other non-operating income	27,670,635	15,315,334
ii Auditors' remuneration comprises of :		
Company		
As auditors - statutory audit	4,500,000	3,600,000
For other services	4,120,608	2,836,509
Reimbursement of expenses	275,000	-
Subsidiaries		
As auditors - statutory audit	9,807,822	8,136,918
Total Auditors' remuneration	18,703,430	14,573,427



Notes forming part of the Consolidated financial statements

24. List of Subsidiaries, Associate and Joint Venture considered for Consolidation

Sl. No.	Name of the Company	Country of Incorporation	Extent of holding (%) as on March 31, 2012	Extent of holding (%) as on March 31, 2011
<u>Subsidiaries</u>				
1	Infotech Enterprises Europe Limited (IEEL)	U.K	100%	100%
2	Infotech Enterprises Benelux, B.V. @ ¹	Netherlands	100%	100%
3	Infotech Enterprises America, Inc. (IEAI)	U.S.A	100%	100%
4	Infotech Software Solutions Canada Inc. @ ²	Canada	100%	100%
5	Infotech Enterprises Electronic Design Services Inc. (IEEDS) @ ²	U.S.A	100%	100%
6	Wellsco Inc @ ²	U.S.A	100%	100%
7	Infotech Enterprises GmbH (IEG)	Germany	100%	100%
8	Infotech Enterprises AB @ ³	Sweden	100%	100%
9	Infotech Geospatial (India) Limited (IGIL) @ ⁴	India	100%	74%
10	TTM Institute of Information Technology Limited (TIIT) @ ⁵	India	-	100%
11	Infotech Enterprises Japan KK (IEJKK)	Japan	100%	100%
12	Infotech Enterprises Information Technology Services Pvt. Ltd (IEITS)	India	100%	100%
<u>Associate</u>				
1	Infotech Aerospace Services Inc. @ ⁶	U.S.A	49%	49%
<u>Joint Venture</u>				
1	Infotech HAL Limited @ ⁷	India	50%	50%

@¹ Wholly owned by Infotech through its wholly owned subsidiary Infotech Enterprises Europe Limited.

@² Wholly owned by Infotech through its wholly owned subsidiary Infotech Enterprises America Inc.

@³ Wholly owned by Infotech through its wholly owned subsidiary Infotech Enterprises GmbH.

@⁴ During the year, the Company acquired the balance 26% shareholding in Infotech Geospatial (India) Limited on November 1, 2011. Pursuant to this acquisition, IGIL became a wholly-owned subsidiary of the Company, effective that date.

@⁵ During the year, TTM Institute of Information Technology Limited, merged with Infotech Enterprises Limited, effective April 1, 2011.

@⁶ The Company's associate Infotech Aerospace Services Inc follows calendar year as its reporting period and these financial statements include audited figures of the associate for the year ended December 31, 2011 adjusted for the unaudited results from operations for the three months ended March 31, 2011 and the three months ended March 31, 2012.

@⁷ The 50% in the Joint Venture i.e., Infotech HAL Limited has been accounted for using proportionate consolidation in accordance with the Accounting Standard 27 "Financial Reporting of Interests in Joint Ventures". Infotech's share in the assets, liabilities, incomes and expenses of the joint venture as adjusted for elimination from transactions with various companies in the group is included in the respective schedules in these consolidated financial statements.

Notes forming part of the Consolidated financial statements

25. Contingent Liabilities and Commitments

25.1 Contingent liabilities

(Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Claims against the Company not acknowledged as debt (Refer Note (i) below)	593,743,144	338,007,858
Guarantees (Refer Note (ii) below)	426,680,000	141,184,000
Other money for which the Group is contingently liable (Refer Note (iii) below)	40,354,236	30,354,236

Notes:

- (i) a. The Company has disputed various demands raised by Income Tax authorities for the assessment years 1997-98 to 2008-09. The orders are pending at various stages of appeals. The aggregate amount of disputed tax not provided for is ₹ 409,671,422 (March 31, 2011 - ₹ 178,022,384). The Company is confident that these appeals will be decided in its favour, based on professional advice.
- The Company has disputed various demands raised by the Sales Tax authorities for the financial years 2004-05 to 2009-10. The Company has filed appeals, which are pending with the appropriate authorities. The aggregate amount of disputed tax not provided for is ₹ 20,096,061 (March 31, 2011 - ₹ 20,221,861). The Company is confident that these appeals will be decided in its favour, based on professional advice. The above does not include show cause notices received by the Company.
- The Company has disputed various demands raised by the Service Tax authorities for the financial years 2006-07 to 2009-10. The Company has filed appeals, which are pending with the appropriate authorities. The aggregate amount of disputed tax not provided for is ₹ 163,975,661 (March 31, 2011 - ₹ 139,763,613). The Company is confident that these appeals will be decided in its favour, based on professional advice. The above does not include show cause notices received by the Company.
- (ii) Corporate guarantee given to subsidiary's bankers to obtain line of credit ₹ 426,680,000 (March 31, 2011 - ₹ 141,184,000).
- (iii) a. The Company has offered a Fixed Deposit amounting to ₹ 14,081,214 (March 31, 2011 - ₹ 13,130,423) with Oriental Bank of Commerce as lien for the overdraft facility of ₹ 10,000,000 (March 31, 2011 - ₹ 10,000,000) availed by its wholly-owned subsidiary, Infotech Geospatial (India) Limited.
- b. The Company has offered a Fixed Deposit amounting to ₹ 15,648,109 (March 31, 2011 - ₹ Nil) with Corporation Bank as lien for the Cash Credit Facility of ₹ 10,000,000 (March 31, 2011 - ₹ Nil) availed by its wholly-owned subsidiary, Infotech Geospatial (India) Limited.
- c. The Group has certain obligations towards revenue authorities in a subsidiary company. Pending further evaluation, an amount of ₹ 15,916,183, net of ₹ 23,500,000 retained in an indemnity escrow account by the Escrow Agent under the share purchase agreement and available for adjustment of any liabilities pertaining to pre-acquisition period, has been provided.
- d. During the previous year, in connection with the acquisition of Wellsco Inc, an amount of ₹ 20,354,236 from the purchase consideration was placed in Indemnity Escrow account with a bank for a period of 18 months from the date of acquisition, as an indemnity towards any potential claims that belong prior to the date of acquisition.

25.2 Commitments

(Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Estimated amount of contracts remaining to be executed on capital account and not provided for		
Tangible assets	108,693,798	158,505,654
Intangible assets	12,357,384	1,438,000

Notes forming part of the Consolidated financial statements

25.3 The Company has/had certain outstanding export obligations/commitments as at March 31, 2012 and March 31, 2011. The Management is confident of meeting these obligations/commitments within the stipulated period of time/obtaining suitable extensions, wherever required.

26. The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the MSMED Act, 2006) claiming their status as micro or small enterprises. Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by Management. This has been relied upon by the auditor.

27. Derivative Instruments and Hedging - Company

27.1 The Company used foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates. In case of forward exchange contracts that are used to hedge foreign currency risk, the premium or discount arising at the inception of the contract is amortised as expense or income over the life of the contract.

Other income for the year under includes ₹ 152,914,544 (2010-11 - ₹ 71,217,531) towards loss on settlement of derivative contracts and ₹ 330,179,622 (2010-11 - ₹ 51,705,488) towards restatement gain on derivative contracts taken during the year.

Other derivative contracts relating to highly probable forecasted transactions are marked to market ('MTM') as at the year end in accordance with guidelines provided under Accounting Standard - 1 on "Disclosure of Accounting Policies". The provision for estimated losses on such derivative contracts outstanding as at March 31, 2012 are:-

(Amount in ₹)		
Particulars	As at March 31, 2012	As at March 31, 2011
Current	194,624,042	Nil
Non-current	20,961,151	Nil

Other income for the year includes ₹ Nil (2010-11 - ₹ 63,964,134) towards reversal of provision for MTM losses on derivative contracts.

27.2 The following derivative positions are open as at March 31, 2012. These transactions have been undertaken to act as economic hedges for the Company's exposures to various risks in foreign exchange markets and may / may not qualify or be designated as hedging instruments.

Forward exchange contracts [being derivative instruments], which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

Outstanding forward exchange contracts entered into by the Company as on March 31, 2012.

Currency	No of Contracts	Amount in foreign currency	Amount in ₹	Buy / Sell	Cross currency
USD	14	11,600,000	582,867,000	Sell	Rupees
	(12)	(16,800,000)	(778,848,000)	Sell	Rupees
GBP	3	1,160,000	88,134,800	Sell	Rupees
	(15)	(5,040,000)	(378,165,200)	Sell	Rupees
EURO	3	2,100,000	153,342,000	Sell	Rupees
	(12)	(12,600,000)	(830,146,000)	Sell	Rupees

Note: Figures in brackets relate to the previous year

Notes forming part of the Consolidated financial statements

27.3 The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

March 31, 2012			March 31, 2011		
Receivable/(Payable) in ₹	Receivable/(Payable) in Foreign currency	Currency	Receivable/(Payable) in ₹	Receivable/(Payable) in Foreign currency	Currency
(119,093)	(8,605)	AED	279,220	23,000	AED
247,048,570	4,698,527	AUD	109,583,126	2,379,139	AUD
8,468,696	150,261	CHF	-	-	CHF
197,373,813	2,908,116	EUR	223,316,676	3,530,698	EUR
99,739,673	1,224,701	GBP	77,818,837	1,084,886	GBP
3,054,633	4,974,162	JPY	3,493,954	6,484,695	JPY
1,427,600	86,000	MYR	5,009,252	333,539	MYR
5,112,354	572,492	NOK	749,472	92,277	NOK
1,608,464	38,637	NZD	2,239,142	49,400	NZD
3,598,672	257,600	QAR	10,970,018	903,626	QAR
12,785,970	316,328	SGD	7,339,726	207,395	SGD
1,160,879,534	22,820,514	USD	939,944,101	21,679,151	USD
(6,142,022)	(88,189)	EUR	(6,522,439)	(102,769)	EUR
(49,890,338)	(937,483)	USD	(42,900,339)	(960,199)	USD
(34,437)	(807)	NZD	(202,642)	(5,739)	NZD
(10,587,451)	(196,641)	AUD	(2,261,452)	(50,504)	AUD
(6,709,590)	(81,216)	GBP	(4,318,218)	(60,035)	GBP
(3,124,380)	(59,673)	CAD	(4,475,750)	(96,438)	CAD
(46,832)	(7,660)	SEK	(147,502)	(24,126)	SEK
(692,528)	(77,115)	NOK	(1,113,497)	(139,182)	NOK
(68,658)	(1,648)	SGD	(451,548)	(11,364)	SGD
2,127,749	170,049	AED	2,189,540	173,984	AED
(228,842)	(13,625)	MYR	(140,278)	(9,437)	MYR
(2,364,561)	(186,820)	QAR	(2,364,561)	(186,820)	QAR
-	-	CHF	(398,161)	(8,082)	CHF
-	-	JPY	(178,370)	(330,192)	JPY



Notes forming part of the Consolidated financial statements

28. Disclosure required in terms of clause 13.5A of Chapter XIII on Guidelines for preferential issue, SEBI (Disclosure and Investor Protection) Guidelines, 2000.

(Amount in ₹)		
Particulars	March 31, 2012	March 31, 2011
2,724,000 Compulsorily convertible preference shares (CCPS) of ₹ 360 each to GA Global Investments Limited, Cyprus (Refer Note (i) below)	980,640,000	980,640,000
4,417,277 equity shares of ₹ 5 each at premium of ₹ 355 per share to GA Global Investments Limited, Cyprus	1,590,219,720	1,590,219,720
1,166,420 equity shares of ₹ 5 each at a premium of ₹ 355 per share to Carrier International Mauritius Limited, Mauritius	419,911,200	419,911,200
Total amount received on preferential issue of shares	2,990,770,920	2,990,770,920
Amounts utilised out of the above:		
Purchase of fixed assets	662,833,608	662,833,608
Payment of fee for increasing authorised capital	5,750,000	5,750,000
Investment in wholly-owned subsidiary in Infotech Enterprises America, Inc	508,553,272	508,553,272
Investment in wholly-owned subsidiary TTM (India) Private Limited	40,742,353	40,742,353
Investment in wholly-owned subsidiary TTM Institute of Information Technology Private Limited	100,000	100,000
Investment in 10% stake in Kalyani Net Ventures Limited	26,065,000	26,065,000
Repayment of outstanding Term Loan with Tamilnadu Mercantile Bank Limited	242,522,539	242,522,539
Total amount utilised	1,486,566,772	1,486,566,772
Net Balance	1,504,204,148	1,504,204,148
Sale of Investment in 10% stake in Kalyani Net Ventures Limited	16,882,171	-
Dividend received on investments	212,558,432	193,814,553
Interest received on investments (Net)	470,860,046	316,508,015
Interest accrued but not received, included above	(94,865,373)	(59,592,917)
Total Balance	2,109,639,424	1,954,933,799
Net balance, represented by-		
Short-Term Deposits with various banks	1,887,145,708	1,624,557,062
Investments in Mutual Funds	222,493,716	319,117,470
Balance with bank*	-	11,259,267
Total Balance	2,109,639,424	1,954,933,799

* Represents proceeds from maturity of short term deposits on 31.03.2011.

Note:

- The Company had issued 2,724,000 Compulsorily Convertible Preference Shares ("CCPS") with a face value of ₹ 360 on July 6, 2007 to M/s. GA Global Investments Limited ("GA" or "the Allottee"). The terms and conditions of the issue of these CCPS including the right to convert the CCPS into Equity Shares are subject to the provisions of the Agreement entered into between the Allottee and the Company, dated June 28, 2007, the guidelines issued by SEBI, RBI etc., and the Special Resolution passed in the Extraordinary General Meeting of members of the Company held on June 23, 2007. The CCPS were to be converted into equal number of equity shares within a period of 18 months from the date of allotment at the option of the Allottee and if no option is exercised, the same shall be automatically converted into equity shares at the end of 18 months.
GA Global investments have exercised the option to convert the CCPS and in pursuance of this exercise the Company has allotted 2,724,000 equity shares of ₹ 5 each, at a premium of ₹ 355 each on December 9, 2008. As such, there are no preference shares in the Company post the above conversion.
The Company altered the capital clause of the Memorandum of Association by deleting the reference the clauses pertaining to Compulsorily Convertible Preference Shares (CCPS). The clauses were no longer relevant as the said CCPS were issued in 2007 and have since been converted into equity shares. Form 5 has been filed with the Registrar of Companies, Andhra Pradesh, notifying the said alteration (as approved by the members through postal ballot) on June 1, 2010.
- The Company does not maintain a separate bank account to manage these funds received on a preferential basis. The above allocation is based on Management information systems.

Notes forming part of the Consolidated financial statements

29. Amalgamation:

29.1 TTM Institute of Information Technology Private Limited

During the previous year, TTM Institute of Information Technology Private Limited, a wholly owned subsidiary of Infotech Enterprise Limited ("the Company") was amalgamated with the Company w.e.f. April 1, 2011 pursuant to Scheme of Amalgamation approved by the Honourable High Court of Judicature, Andhra Pradesh vide its order dated March 21, 2011 and filed with Registrar of Companies on May 12, 2011. Consequently all the Assets, Liabilities and Reserves stand taken over by the Company retrospectively from April 1, 2011 and accounted under "Pooling of Interest" method as per the Accounting Standard-14 "Accounting for Amalgamations". As TTM Institute of Information Technology Private Limited was a wholly owned subsidiary of the Company, no additional shares were issued to effect the Amalgamation.

Particulars	Amount in ₹
Investment already held	100,000
Less: 100% of net assets taken over as on April 1, 2011 based on audited accounts (Refer Note (i) below)	9,633,033
Goodwill *	9,733,033

* The above Goodwill has been adjusted to General Reserve on Amalgamation.

The adjustment made to the Surplus in the statement of profit and loss for ₹ 9,665,397 is net of accumulated goodwill amortised amounting to ₹ 67,636.

Particulars	(Amount in ₹)
Net assets as on April 1, 2011 are as follows:	
Fixed Assets	1,661,339
Current Assets	929,626
Current Liabilities	(12,223,998)
Net Assets	(9,633,033)

29.2 Daxcon Engineering Services Inc.

Daxcon Engineering Services Inc., a wholly owned subsidiary of Infotech Enterprises America Inc., ("IEAI") was merged with IEAI. The amalgamation was in the nature of a merger and the difference between assets and liabilities taken over net of Goodwill was adjusted to the reserves. The Goodwill (net of amortisation) adjusted to reserves on amalgamation is ₹ 195,154,184.

30. Goodwill arising on acquisitions

30.1 Infotech Geospatial (India) Limited ('IGIL')

During the year, Infotech acquired the remaining 26% in IGIL at a cost of ₹ 14,000,000. The goodwill on the acquisition has been determined as follows:

Particulars	Amount in ₹
Consideration paid (including existing investment)	43,600,000
Less: 100% of net assets as on November 3, 2011	12,886,493
Goodwill	30,713,507

30.2 Wellsco Inc.

As on August 8, 2010, the Group acquired 100% stake in Wellsco Inc. The total cost of acquisition was ₹ 217,486,765 (including cost of investment of ₹ 16,162,745). The goodwill on the acquisition has been determined as follows:

Particulars	Amount in ₹
Consideration Paid	217,486,765
Less: 100% of net assets as on August 8, 2010	92,398,675
Goodwill	125,088,090

Notes forming part of the Consolidated financial statements

31. Employee Benefits:

The employee benefit schemes are as under:

31.1 Defined contribution plans

i. Provident Fund:

The Company and one of its subsidiary makes provident fund contribution to defined contribution retirement benefit plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the Fund administered and managed by the Government of India. The monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. Total expenditure recognised during the year aggregated ₹ 165,419,498 (2010-11 - ₹ 136,613,047).

ii. (a) Superannuation fund - India

The qualifying employees receive benefit under a Superannuation scheme which is a defined contribution scheme wherein the Company contributes 15% of the annual salary of the covered employee. These contributions are made to a fund administered by Life Insurance Corporation of India. The Company's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. Total expense recognised during the year aggregated ₹ 18,792,344 (2010-11 - ₹ 19,783,972).

(b) Superannuation fund - Australia

The employees at the Australia branch of the Company are also covered under a superannuation scheme with various super funds. The Company contributes 9% of the annual salary of the employee. The Company's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. Total expense recognised during the year aggregated ₹ 38,582,881 (2010-11 - ₹ 20,560,694).

31.2 Defined Benefit Plans

i. Gratuity-Company:

Gratuity expense for the Group for the year ended March 31, 2012 is ₹ 53,728,970 (2010-11 - ₹ 91,186,875).

In accordance with the payment of Gratuity under 'Payment of Gratuity Act, 1972' of India, the Company provides for gratuity, a defined retirement benefit plan (the 'Gratuity Plan') covering eligible employees. Liabilities with regard to such gratuity plan are determined by an independent actuarial valuation and are charged to the Statement of Profit and Loss in the period determined. The gratuity plan is administered by the Company's own trust which has subscribed to the "Group Gratuity Scheme" of Life Insurance Corporation of India.

The following table sets out the Defined Benefit Plan - as per actuarial valuation as at March 31, 2012 and March 31, 2011 for the Company and its subsidiary in India:

Particulars	(Amount in ₹)	
	As at March 31, 2012	As at March 31, 2011
Change in benefit obligation		
Projected benefit obligation at the beginning of the year	258,199,857	182,005,037
Current service cost	46,683,276	37,789,317
Interest cost	23,417,474	17,199,436
Actuarial (gain)/loss	(16,025,745)	7,133,935
Benefits paid	(24,329,416)	(9,602,815)
Past service cost	-	29,093,584
Settlements	-	(5,418,637)
Projected benefit obligation at the end of the year	287,945,446	258,199,857

Notes forming part of the Consolidated financial statements

Particulars	(Amount in ₹)	
	As At March 31, 2012	As at March 31, 2011
Change in Plan assets		
Plan assets at the beginning of the year	3,233,273	5,530,741
Expected return on plan assets	1,209,691	456,522
Employer contribution	44,018,343	7,275,950
Benefits payment	(24,329,416)	(9,602,815)
Asset loss	(863,656)	(427,125)
Plan Assets at the end of the year	23,268,235	3,233,273
Amount recognised in the balance sheet		
Projected benefit obligation at the end of the year	(287,945,446)	(258,199,857)
Fair value of plan assets at the end of the year	23,268,234	3,233,273
Liability recognised in the Balance Sheet	(264,677,211)	(254,966,584)
Cost of employee benefits for the year		
Current service cost	46,683,276	37,789,317
Interest cost	23,417,474	17,199,436
Expected return on plan assets	(1,209,691)	(456,522)
Net actuarial (gain)/loss recognised during the year	(15,162,089)	7,561,060
Past service cost	-	29,093,584
Net cost recognised in the Statement of Profit and Loss	53,728,970	91,186,875
Actuarial Assumptions used in accounting for the Gratuity Plan		
Discount rate (%)	8.50%	8.00%
Expected return on plan assets	9.25%	9.25%
Long term rate of compensation increase (%)	7.50%-10.00%	7.50% - 10.00%
Attrition (%)	15%	15%
Mortality table	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
Expected company contributions for the next year	60,000,000	-

The estimates of future salary increases considered in the actuarial valuation take account of price inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market. Discount rate is based on the gross redemption yield on medium to long term risk free investments.

Note: The above table excludes provision for gratuity made at overseas subsidiaries.

Experience adjustments	(Amount in ₹)				
	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Gratuity					
Fair value of plan assets, end of period	23,268,234	3,233,273	5,530,741	3,799,634	2,358,746
Projected benefit obligation, end of period	287,945,446	258,199,857	182,005,037	142,575,941	135,683,950
(Surplus)/deficit in the plan	264,677,212	254,966,584	176,474,296	138,776,307	133,325,204
Experience adjustments on plan assets	(863,656)	(427,125)	-	-	-
(Gains)/losses due to change in assumptions	(8,319,485)	12,905,568	(8,435,503)	(33,673,245)	17,599,280
Experience (gains)/losses on PBO	(7,706,260)	(5,771,633)	12,842,555	2,725,953	(13,726,752)
Total (gain)/loss	(16,025,745)	7,133,935	4,407,052	(30,947,292)	3,872,528



Notes forming part of the Consolidated financial statements

ii. a) Compensated absences - India:

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Actuarial assumptions for long-term compensated absences		
Discount rate	8.50%	8.00%
Expected return on plan assets	NA	NA
Salary escalation	7.50%-10.00%	7.50%-10.00%
Attrition	15.00%	15.00%

b) Compensated absences - Overseas Branches and Subsidiaries:

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Actuarial assumptions for long-term compensated absences		
Discount rate	8.50%	8.00%
Expected return on plan assets	NA	NA
Salary escalation	3.00% - 4.00%	9.00% - 10.00%
Attrition	5.00% - 15.00%	5.00% - 15.00%

The accrual for unutilised leave is determined for the entire available leave balance standing to the credit of the employees at period-end as per Company's policy. The value of such leave balance eligible for carry forward, is determined by an independent actuarial valuation and charged to the Statement of Profit and Loss in the period determined.

(iii) IEAI 401(K) benefit plan :

The amount payable towards 401(K) benefit plan in IEAI was ₹ 623,385 (March 31, 2011 - ₹ 2,522,904).

32. Segmental Information

Management evaluates Infotech Group's performance and allocates resources based on an analysis of various performance indicators by business verticals and geographical segmentation of customers.

The Infotech Group classifies its operations into two vertically oriented business segments: Network & Content Engineering (N&CE) and Engineering, Manufacturing, Industrial Products (EMI). Both businesses cater to the specific requirements of customers in their respective user segments.

Geographic segments of the Infotech Group are India, North America, Europe and Rest of the world.

The Infotech Group has identified business segments as its primary segment and geographic segments as its secondary segment.

I. Network & Content Engineering (N&CE)

N&CE vertical services customers in industries such as power, gas, telecom, transportation and local government. The Infotech Group service offerings to the N&CE vertical include data conversion, data maintenance, photogrammetry and IT services.

II. Engineering, Manufacturing, Industrial Products (EMI)

EMI vertical services customers in industries such as aerospace, automotive, off-highway transportation and industrial and commercial products, engineering design, embedded software, IT Solutions, manufacturing support, technical publications and other strategic customers.

Revenue in relation to these verticals is categorized based on items that are individually identifiable to that vertical.

Fixed assets used in the Infotech Group are not identified to any of the reportable segments and management believes that it is currently not practicable to provide segment disclosures relating to total assets and liabilities since a meaningful segregation of the available data is onerous.

Notes forming part of the Consolidated financial statements

Business Segment				(Amount in ₹)
For the year ended March 31, 2012	N&CE	EMI	Total (Segment)	Total (Company)
External revenue	4,761,266,304	10,775,686,376	15,536,952,680	
Less: inter-segment revenues	45,874	5,573,410	5,619,284	
Total Revenue	4,761,220,430	10,770,112,966	15,531,333,396	15,531,333,396
Segment results	706,787,733	1,999,483,910	2,706,271,643	2,706,271,643
Un-allocable expenses (net of un-allocable income)				(341,372,630)
Exceptional items				(15,916,183)
Profit before tax				2,348,982,830
Income tax (including deferred tax)				835,320,841
Profit after tax before share of profit in associate company and minority interest				1,513,661,989
Share of profit in associate company				100,092,712
Minority interest				-
Profit after taxation and share of profit in associate company				1,613,754,701

				(Amount in ₹)
For the year ended March 31, 2011	N&CE	EMI	Total (Segment)	Total (Company)
External revenue	3,680,479,252	8,210,523,403	11,891,002,655	
Less inter-segment revenues	602,466	7,283,799	7,886,265	
Total Revenue	3,679,876,786	8,203,239,604	11,883,116,390	11,883,116,390
Segment results	479,534,398	1,319,409,091	1,798,943,489	1,798,943,489
Un-allocable expenses (net of un-allocable income)				(224,166,327)
Exceptional items				22,893,768
Profit before tax				1,597,670,930
Income tax (including deferred tax)				269,803,325
Profit after tax before share of profit in associate company and minority interest				1,327,867,605
Share of profit in associate company				70,048,973
Minority interest				(1,026,156)
Profit after taxation, share of profit in associate company and minority interest				1,396,890,422

The segment disclosures for the previous year have been reclassified to conform to the current year's presentation.

Notes forming part of the Consolidated financial statements

Geographic Segments

Segment Revenue		(Amount in ₹)
Geographic Location	March 31, 2012	March 31, 2011
India	4,132,884,551	3,171,082,207
North America	6,391,428,972	4,778,938,091
Europe	3,439,924,543	3,438,714,422
Rest of World	1,567,095,330	494,381,670
TOTAL	15,531,333,396	11,883,116,390

Segment Assets		(Amount in ₹)
Geographic Location	March 31, 2012	March 31, 2011
India	9,064,780,182	7,665,728,561
North America	2,136,335,545	1,400,802,054
Europe	1,662,344,755	1,168,189,525
Rest of World	434,315,191	209,219,080
TOTAL	13,297,775,673	10,443,939,220

Segment Capital Expenditure		(Amount in ₹)
Geographic Location	March 31, 2012	March 31, 2011
India	588,882,228	1,086,307,097
North America	58,415,672	205,517,593
Europe	16,855,043	11,461,535
Rest of World	112,953	335,042
TOTAL	664,265,896	1,303,621,267

33. Related Party Transactions

Infotech Group has transactions with the following related parties:

a) Associate

Name of the Associate

Infotech Aerospace Services Inc. Puerto Rico USA

b) Joint Venture

Name of the Joint Venture Company

Infotech HAL Limited, India

c) Other Entity

Name of the Other Entity

Key2Data GmbH, Germany

Note: Martin Trostel (Managing director of Infotech Enterprises GmbH) holds a 40% stake in Key2Data GmbH and therefore has significant influence on both companies.

Notes forming part of the Consolidated financial statements

d) Relative of Chairman & Managing Director and Whole Time Director

Name	Designation
Krishna Bodanapu	President - Engineering
B. Ashok Reddy	President - Global Human Resources & Corporate Affairs

e) Key Management Personnel

Name	Designation
B.V.R. Mohan Reddy	Chairman and Managing Director
B. Sucharitha	Whole Time Director
S.A. Lakshminarayanan	Chief Operating Officer - N&CE
Ajay Aggarwal	Chief Financial Officer
Bhanu Cherukuri	Chief Strategy Officer
A. Ramaswami	Chief Information Officer
Rajeev Lal	Chief Operating Officer - IEITS
William K Whitley	President - IEAI USA
Jothi Purushottam	President - IEAI USA (From January 18, 2012 - February 25, 2012)
James B Wells	President - Wellsco Inc
Venkat Simhadri	Director on the Board of IEEDS
John Patrick Renard	Managing Director - IEEL - UK
Martin Trostel	Managing Director - IEG
Chandrasekhar Nori	Managing Director - IGIL (Upto July 25, 2011)
Nobuyuki Kawai	Director on the Board of IEJKK (Upto September 30, 2011)
Ravi Murty	Director on the Board of IEJKK (w.e.f October 1, 2011)

Notes forming part of the Consolidated financial statements

34. The transactions with the related parties are summarized below:

(Amount in ₹)

Nature of Transactions	Transactions for the year ended		Closing Balance as on	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Transactions with Associate:				
Investment in Infotech Aerospace Services Inc., Puerto Rico.	-	-	243,733,399	552,352,136
Shares of profits from IASI	100,092,712	70,048,973	-	-
Dividend received from IASI	408,711,450	11,034,800	-	-
Transactions with Joint Venture:				
Investments in Infotech HAL Limited, India	-	-	20,000,000	20,000,000
Rent Received/Receivable	1,370,250	2,590,875	2,188,440	49,604
Transaction with Other Entities				
Key2Data GmbH				
Rent & Other Misc receipts	712,511	-	1,485,807	-
Transactions with Key Management Personnel				
Remuneration to Managing Director/Payable	37,460,999	23,361,674	33,595,147	19,551,674
Remuneration to Whole Time Director/Payable	2,371,467	2,286,000	-	-
Remuneration to other KMP's	104,495,052	108,828,892	-	-
Rent/Payable to Whole Time Director	5,201,277	5,463,821	-	-
Loan given to KMP	1,000,000	-	-	-
Interest received from loan to KMP	84,264	-	-	-
Loan Recovered/Recoverable from KMP	322,749	107,564	1,507,000	829,749
Transactions with Relatives of Managing/Whole Time Director:				
B. Ashok Reddy	6,216,266	4,720,161	-	-
Krishna Bodanapu	7,121,746	5,110,571	-	-

35. Lease payments made under operating leases aggregating to ₹ 112,986,363 (2010-11 - ₹ 97,927,383) have been recognised as an expense in the Statement of Profit and Loss. The future minimum lease commitments of Infotech Group under non-cancellable operating leases are as follows:

(Amount in ₹)

Maximum obligations on long-term non-cancellable operating Leases:	March 31, 2012	March 31, 2011
Not later than one year	96,115,490	37,033,103
Later than one year but not later than five years	205,628,442	34,014,212
Later than five years	41,026,542	-
TOTAL	342,770,474	71,047,315

Notes forming part of the Consolidated financial statements

36. Earnings per Share (EPS)

(Amount in ₹)

Particulars	March 31, 2012	March 31, 2011
Profit after taxation	1,613,754,701	1,396,890,422
Basic:		
Number of shares outstanding	111,415,262	111,276,269
Weighted average number of equity shares	111,382,222	111,178,498
Earnings per share (₹)	14.49	12.56
Diluted:		
Effect of potential equity shares on employee stock options outstanding	23,943	202,310
Weighted average number of equity shares outstanding (including dilution)	111,406,165	111,380,808
Earnings per share (₹)	14.49	12.54

37. Deferred Taxes

37.1 Current tax

Company:

The Company has made provision towards current tax in respect of its domestic operations for the year ended March 31, 2012. Further, the Management has assessed the Company's tax position in respect of its overseas operations taking into account the relevant rules and regulations as applicable in the respective countries. Based on professional advice, it has determined that the provision made currently is adequate and no additional provision for current tax for the current year needs to be made in respect of the same.

Subsidiaries:

An amount of ₹ 151,405,859 (2010-11 - ₹ 137,349,800) has been included under Current tax expense in respect of the subsidiaries of the Company.

37.2 Deferred Taxes

Company:

(Amount in ₹)

Particulars	As at March 31, 2012	Charged/ (credited) to Statement of Profit and Loss	As at March 31, 2011
Provision for compensated absences and gratuity	127,995,424	13,790,669	114,204,755
Depreciation (net)	(135,584,668)	(31,338,757)	(104,245,911)
Others	93,972,911	89,702,447	4,270,464
Deferred tax asset (net)	86,383,667	72,154,359	14,229,308

Notes forming part of the Consolidated financial statements

Subsidiaries:

The breakup of deferred tax assets/liabilities is as follows:

Particulars	(Amount in ₹)	
	As at March 31, 2012	As at March 31, 2011
Deferred tax (liability)		
Depreciation	48,817	2,25,326
Others	33,013,930	10,433,597
TOTAL	33,062,747	10,658,923
Deferred tax asset		
Others	(24,460,748)	11,076,454
Unabsorbed losses and depreciation	99,840	-
Employee benefits	1,197,563	-
TOTAL	(23,163,345)	11,076,454

As permitted by the Accounting Standard (AS) 22 on Accounting for Taxes on Income, the Management has recognised deferred tax assets as at March 31, 2012 and March 31, 2011.

37.3 Transfer pricing

The Company has entered into international transactions with related parties. In this regard, the Management is of the opinion that all necessary documents as prescribed by the Income Tax Act, to prove that these transactions are at arm's length are maintained by the Company and that the aforesaid legislation will not have any impact on the financial statements, particularly on the tax expense and the provision for taxation.

37.4 Minimum Alternate Tax (MAT) credit entitlement

Particulars	(Amount in ₹)	
	March 31, 2012	March 31, 2011
Opening MAT credit entitlement	234,666,597	109,902,459
Add: made during the year	-	124,764,138
Less: utilised during the year	234,666,597	-
Closing MAT credit entitlement	-	234,666,597

38. Research and Development Expenses - Company

Revenue expenditure pertaining to Research and Development charged to the Statement of Profit and Loss ₹ 14,410,554 (2010-11 - ₹ 3,009,247).

Notes forming part of the Consolidated financial statements

39. Investment in Joint Venture : Infotech HAL Limited

The notes forming part of the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss include the following amounts towards Infotech's share in the Joint Venture:

Consolidated Balance Sheet:

Particulars	(Amount in ₹)	
	March 31, 2012	March 31, 2011
Reserves and surplus	17,098,607	8,470,103
Short-term provisions	167,289	49,992
Trade payables	4,596,514	(14,710)
Other current liabilities	361,001	895,259
Fixed assets	197,787	1,496,296
Long-term loans and advances	356,631	386,312
Trade receivables	1,690,137	1,851,455
Cash and cash equivalents	2,555,892	2,125,275
Short-term loans and advances	1,974,592	3,064,179
Other current assets	1,251,158	3,536,921

Consolidated Statement of Profit and loss:

Particulars	(Amount in ₹)	
	March 31, 2012	March 31, 2011
Sale of services	11,120,096	8,705,915
Other Income	188,660	11,896
Employee benefits expenses	2,665,908	4,667,452
Other expenses	12,862,563	2,404,171
Finance costs	11,266	3,108
Depreciation and Amortisation expense	1,297,002	1,530,137

40. Details of provisions

The Company has made provision for various contractual obligations and disputed liabilities based on its assessment of the amount it estimates to incur to meet such obligations, details of which are given below:

Particulars	(Amount in ₹)				
	As at April 1, 2011	Additions	Utilisation	Reversal (withdrawn as no longer required)	As at March 31, 2012
Provision for warranty	2,804,079	1,402,374	-	1,881,255	2,325,197
	(1,581,255)	(1,222,824)	-	-	(2,804,079)

Note: - Figures in brackets relate to the previous year.

Of the above, the following amounts are expected to be incurred within a year:

Particulars	(Amount in ₹)	
	As at March 31, 2012	As at March 31, 2011
Provision for warranty	2,325,197	1,881,255

Notes forming part of the Consolidated financial statements

41. Associate Stock Option Plans

Scheme established prior to SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999, (SEBI guidelines on Stock Options)

Infotech Employee Stock Offer Scheme 1999 (ESOP Plan)

In 1998-99, the Company set up Infotech Employee Stock Offer Scheme (ESOP Plan) and allotted 80,900 equity shares of ₹ 10 each at a premium of ₹ 100 per share to the "Infotech ESOP Trust" ("Trust"). The Trust, on the recommendation of the Management and upon the receipt of full payment upfront transfers the equity shares in the name of selected employees. The Company modified the ESOP Plan and adjusted the number of options and exercise price on account of bonus issue and stock split cum bonus issue during 2002-03, 2006-07 and 2010-11 respectively. These equity shares are under lock-in period (i.e., the date of transfer of the shares from the Trust to the employee) and it differs from offer to offer. When the employee leaves the Company before the expiry of the lock-in-period the options allocated to such employee stands transferred to the Trust at a predetermined price. Hence, the lock-in-period has been considered as the vesting period. However, the Trust and the Company have a discretionary power to waive the restriction on selling such stock to the Trust.

As this scheme is established prior to the SEBI Guidelines on the stock options, there is no cost relating to the grant of options under this scheme.

Scheme established after SEBI Guidelines on Stock Options

Securities Exchange Board of India (SEBI) issued the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines 1999, which is applicable for all Stock Option Schemes established after June 19, 1999.

Bonus Issue

The members of Infotech during the year approved the Bonus Issue at the rate of one equity share of ₹ 5 each for every one equity shares of ₹ 5 each held on the record date for the financial year 2010-11. The effect of bonus issue has been applied to all the outstanding options as at the date of member's approval.

Associate Stock Option Plan - 2002 (ASOP 2002)

The Company instituted ASOP 2002 in October 2002 and earmarked 575,000 equity shares of ₹ 10 each for issue to the employees under ASOP. The Company modified ASOP 2002 and adjusted the number of options and exercise price on account of stock split cum bonus issue during 2006-07. Under ASOP 2002, options will be issued to employees at an exercise price, which shall not be less than the market price on the date of grant. These options vest over a period ranging from one to three years from the date of grant, starting with 10% at the end of first year, 15% at the end of one and half years, 20% after two years, 25% at the end of two and half years and 30% at the end of third year.

As the options were granted to the employees at the market price on the date of grant there is no cost relating to grant of options during the year.

Changes in number of options outstanding were as follows:	March 31, 2012	March 31, 2011
Options outstanding at the beginning of the year	197,915	217,700
Granted	-	-
Forfeited	(27,075)	(5,200)
Exercised	-	(14,585)
Options outstanding at the end of year	170,840	197,915

There are no outstanding options pertaining to associates of subsidiary companies.

Associate Stock Option Plan - 2004 (ASOP 2004)

The Company instituted ASOP 2004 in October 2004 and earmarked 1,150,000 equity shares of ₹ 10 each for issue to the employees under ASOP. The Company modified ASOP 2004 and adjusted the number of options and exercise price on account of stock split cum bonus issue during 2006-07. Under ASOP 2004, options will be issued to employees at an exercise price, which shall not be less than the market price on the date of grant. These options vest over a period ranging from one to three years from the date of grant, starting with 10% at the end of first year, 15% at the end of one and half years, 20% after two years, 25% at the end of two and half years and 30% at the end of third year.

Notes forming part of the Consolidated financial statements

As the options were granted to the employees at the market price on the date of grant there is no cost relating to grant of options during the year.

Changes in number of options outstanding were as follows:	March 31, 2012	March 31, 2011
Options outstanding at the beginning of the year	1,867,611	2,373,820
Granted	-	-
Forfeited	(110,000)	(243,573)
Exercised	(138,993)	(262,636)
Options outstanding at the end of year	1,618,618	1,867,611

Out of the total outstanding options, 225,760 (March 31, 2011 - 225,760) options pertain to options granted to the associates of subsidiary companies.

Associate Stock Option Plan - 2008 (ASOP 2008)

The Company instituted ASOP 2008 in July 2008 and earmarked 1,000,000 equity shares of ₹ 5 each for issue to the employees under ASOP. Under ASOP 2008, options will be issued to employees at an exercise price, which shall not be less than the market price on the date of grant. These options vest over a period ranging from one to three years from the date of grant, starting with 10% at the end of first year, 15% at the end of one and half years, 20% after two years, 25% at the end of two and half years and 30% at the end of third year.

As the options were granted to the employees at the market price on the date of grant there is no cost relating to grant of options during the year.

Changes in number of options outstanding were as follows:	March 31, 2012	March 31, 2011
Options outstanding at the beginning of the year	1,336,685	-
Granted	39,000	1,343,735
Forfeited	(166,850)	(7050)
Exercised	-	-
Options outstanding at the end of year	1,208,835	1,336,685

Out of the total outstanding options, 55,000 (March 31, 2011 - 50,000) options pertain to options granted to the associates of subsidiary companies.

Proforma EPS

In accordance with Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, had the compensation cost for Stock Option plans been recognised based on the fair value at the date of grant in accordance with Black Scholes model, the proforma amounts of the Company's net profit and earnings per share would have been as follows:

Particulars	March 31, 2012	March 31, 2011
A. Profit After Tax		
- As reported	1,613,754,701	1,396,890,422
- Proforma	1,603,245,366	1,303,576,379
B. Earnings Per Share		
Basic		
- Weighted average number of shares	111,382,222	111,178,498
- EPS as reported (₹)	14.49	12.56
- Proforma EPS (₹)	14.39	11.73
Diluted		
- Weighted average number of shares	111,406,165	111,380,808
- EPS as reported (₹)	14.49	12.54
- Proforma EPS (₹)	14.39	11.70



Notes forming part of the Consolidated financial statements

The following assumptions were used for calculation of fair value of grants:

Particulars	March 31, 2012	March 31, 2011
	Black-Scholes Model	Black-Scholes Model
Exercise price (₹) (ASOP 2004),(ASOP 2002)	111 - 131	111 - 131
Grant Date share price (₹) (ASOP 2008)	142	161
Dividend yield (%)	1.61	0.62
Expected volatility (%)	53.19 - 60.27	56.16 - 61.55
Risk-free interest (%)	8.24 - 8.42	6.73 - 7.85
Expected term (in years)	3- 4	3- 4

As no grants were made during the year ended March 31, 2012 and March 31, 2011 in respect of ASOP 2002 and ASOP 2004, the assumptions have not been changed.

42. During the year ended March 31, 2010, the Company entered into an agreement with the Government of Karnataka, represented by the Commissioner Survey Settlement and Land records to undertake the Urban Property Ownership Records project. The project would operate on a Public Private Partnership (PPP) model. The Company undertakes to build, develop, construct, commission, operate and maintain the IT solutions for the Urban Property Ownership Records project for a period of 6 years and 270 days. The investment made in the project till March 31, 2012 is ₹ 89,508,676 (March 31, 2011- ₹ 61,033,277) towards hardware / software and other operating costs and this amount is included under "Intangible assets under development". The project is in progress as at the year end and trial run has commenced in March 2012.
43. During the year ended March 31, 2011, the Company acquired the rights to perform rail signalling and interlinking services to a Rail Signalling Company in the UK (customer). The Company paid ₹ 45,000,000 (March 31, 2011 - ₹ 45,000,000) to acquire the rights from another company in the UK which was already providing the services to the customer. The service agreement was effective from January 1, 2011, valid for a period of three years. The Company recognised this as an intangible asset which is being amortised over the period of the contract.
44. Exceptional items for the current year relates to certain obligations towards revenue authorities in a subsidiary company. Pending further evaluation, an amount of ₹ 15,916,183, net of ₹ 23,500,000 retained in an indemnity escrow account by the Escrow Agent under the share purchase agreement and available for adjustment of any liabilities pertaining to pre-acquisition period, has been provided. Exceptional items for the previous year relates to service tax credit aggregating ₹ 22,893,768 availed for earlier periods.

Notes forming part of the Consolidated financial statements

45. (a) Statement pursuant to Section 212(1)(e) of the Companies Act, 1956, relating to the Subsidiary Companies

Name of the Subsidiary Company	Infotech Enterprises Europe Limited	Infotech Enterprises America Inc.	Infotech Enterprises GmbH	Infotech Enterprises Japan KK	Infotech Geospatial (India) Limited	Infotech Enterprises Information Technology Services Private Limited
1. Financial year of the subsidiary ended on	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012
2. Shares of Subsidiary Company held on the above date and extent of holding						
I) Number of Shares held	185,000,000	500,500	12,000	900	4,000,000	9,990
II) Extent of holding	100%	100%	100%	100%	100%	100%
3. Net aggregate amount of profit/(losses) of the subsidiary for the above financial year so far as they concern members of Infotech Enterprises Limited						
I) dealt with in the accounts of Infotech Enterprises Limited Equivalent ₹	NIL NIL	NIL NIL	NIL NIL	NIL NIL	NIL NIL	NIL NIL
II) not dealt with in the accounts of Infotech Enterprises Limited Equivalent ₹	(GBP 841,608) (₹ 64,313,579)	USD 3,712,944 ₹ 178,072,817	EUR 3,652,887 ₹ 241,869,382	(JPY 27,475,671) (₹ 16,482,391)	₹ 7,016,390 ₹ 7,016,390	(₹ 4,853,434) (₹ 4,853,434)
4. Net aggregate amount of profit/(losses) for previous financial years of the subsidiary so far as they concern members of Infotech Enterprises Limited						
I) dealt with in the accounts of Infotech Enterprises Limited Equivalent ₹	GBP 800,648 ₹ 64,840,475	USD 620,000 ₹ 26,712,700	EUR 1,005,556 ₹ 63,814,128	NIL NIL	NIL NIL	NIL NIL
II) not dealt with in the accounts of Infotech Enterprises Limited Equivalent ₹	GBP 2,206,297 ₹ 171,634,358	USD 11,678,445 ₹ 519,505,475	EUR 7,301,844 ₹ 419,729,868	(JPY 68,158,902) (₹ 35,290,124)	(₹ 24,965,615) (₹ 24,965,615)	(₹ 12,882,599) (₹ 12,882,599)

Notes forming part of the Consolidated financial statements

45. (b) Information on Subsidiaries for 2011-12

Name of the Subsidiary Company	Infotech Enterprises Europe Limited	Infotech Enterprises America Inc.	Infotech Enterprises GmbH	Infotech Enterprises Japan KK	Infotech Geospatial (India) Limited	Infotech Enterprises Information Technology Services Private Limited
	₹ March 31, 2012	₹ March 31, 2012	₹ March 31, 2012	₹ March 31, 2012	₹ March 31, 2012	₹ March 31, 2012
(A) Capital	145,442,075	992,873,272	25,427,950	4,787,622	40,000,000	100,000
(B) Reserves	157,839,188	379,364,053	763,265,035	(60,924,366)	(21,323,636)	(17,736,033)
(C) Total Assets	474,602,209	2,261,093,274	1,217,089,407	11,919,739	63,954,448	39,415,906
(D) Total Liabilities	171,320,946	888,855,949	428,396,422	68,056,483	45,278,084	57,051,939
(E) Details of Investment	144,329	98,206	-	-	-	-
(F) Turnover	846,369,892	6,547,364,051	3,308,537,369	35,654,546	65,539,424	122,771,692
(G) Profit Before Taxation	(63,759,782)	287,762,104	325,990,457	(16,439,643)	6,728,421	(6,039,378)
(H) Provision for Taxation	(553,798)	109,689,287	84,121,075	(42,747)	(287,969)	(1,185,944)
(I) Profit After Taxation	(63,205,984)	178,072,817	241,869,382	(16,396,896)	7,016,390	(4,853,434)
(J) Dividends paid	-	-	-	-	-	-



Notes forming part of the Consolidated financial statements

46. Regrouping/Reclassification

The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/disclosure.

For and on behalf of the Board of Directors

B.V.R. Mohan Reddy
Chairman and Managing Director

B. Sucharitha
Whole-time Director

Ajay Aggarwal
Chief Financial Officer

Sudheendhra Putty
Company Secretary

Place : Hyderabad
Date : April 18, 2012



Consolidated Financial Statements
U.S. GAAP
(Unaudited)

Consolidated Balance Sheets - Unaudited

(In ₹ except as stated otherwise)

		As of March 31	
	2011	2012	2012
		(Refer Note 2 C)	
ASSETS			
Current assets			
Cash & cash equivalents	₹ 1,290,096,740	₹ 1,325,898,842	\$ 26,059,333
Investments and deposits	2,549,480,146	3,456,031,248	67,925,142
Accounts receivable, net of allowance for doubtful debts	2,675,955,554	3,676,873,973	72,265,605
Unbilled revenue on contracts	343,740,252	596,320,119	11,720,128
Deferred taxes on income	69,233,516	132,433,548	2,602,861
Derivative financial asset	29,761,900	6,208,504	122,022
Prepaid expenses and other assets	378,038,622	463,616,166	9,111,953
Total current assets	7,336,306,730	9,657,382,400	189,807,044
Premises and equipment, net	2,735,577,682	3,033,373,463	59,618,189
Prepaid land usage rights, net	130,945,635	126,512,107	2,486,480
Goodwill, net	607,531,640	607,531,640	11,940,480
Other intangible assets, net	284,405,318	279,095,315	5,485,364
Investments, non current	26,270,216	205,217	4,033
Investments in associates	566,831,583	252,684,864	4,966,291
Deferred taxes on income	-	84,861,375	1,667,873
Derivative financial asset	-	1,993,488	39,180
Other non-current assets	378,890,865	724,520,382	14,239,787
Total assets	₹ 12,066,759,669	₹ 14,768,160,251	\$ 290,254,721
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term and curent portion of long-term debts	₹ 10,561,469	₹ 6,559,677	\$ 128,924
Accounts payable	523,361,369	836,771,604	16,445,983
Derivative financial liability	-	229,304,473	4,506,770
Deferred taxes on income	-	35,077,407	689,414
Other current liabilities	489,015,889	969,211,682	19,048,972
Total current liabilities	1,022,938,727	2,076,924,843	40,820,063
Long-term debts, excluding current portion	-	-	-
Deferred taxes on income	2,655,932	184,729,418	3,630,688
Derivative financial liability	-	20,961,151	411,972
Other non-current liabilities	289,465,964	135,420,316	2,661,563
Total liabilities	1,315,060,623	2,418,035,728	47,524,286
Contingencies and Commitments (Note 30)			
Equity			
Common stock - par value ₹ 5 (\$0.10) per share (270,000,000 and 270,000,000 equity shares authorised and 111,276,269 and 111,415,262 equity shares issued as of March 31, 2011 and 2012 respectively)	556,381,345	557,076,310	10,948,827
Additional paid-in capital	4,415,751,720	4,461,946,340	87,695,486
Retained earnings	5,732,418,872	7,195,807,104	141,427,026
Other comprehensive (loss)/income	46,234,530	137,349,569	2,699,481
Shares held by the Infotech Trust under employee stock option plan (224,160 equity shares as of March 31, 2011 and 2012 respectively)	(2,054,800)	(2,054,800)	(40,385)
Total Infotech shareholders' equity	10,748,731,667	12,350,124,523	242,730,435
Non-controlling Interest	2,967,379	-	-
Total Equity	10,751,699,046	12,350,124,523	242,730,435
Total liabilities and shareholders' equity	₹ 12,066,759,669	₹ 14,768,160,251	\$ 290,254,721

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

Consolidated Statements of Income - Unaudited

(In ₹ except per share data and as stated otherwise)

	Year ended March 31			
	2010	2011	2012	2012
			<i>(Refer Note 2 C)</i>	
Revenues	₹ 9,521,515,357	₹ 11,871,435,659	₹ 15,520,213,300	\$ 305,035,639
Cost of revenues	6,950,218,169	8,955,306,442	10,704,797,059	210,393,024
Gross Profit	2,571,297,188	2,916,129,217	4,815,416,241	94,642,615
Selling, general and administrative expenses	988,771,344	1,674,782,409	2,728,542,070	53,627,006
(Gain)/loss on exchange fluctuation	89,785,240	(32,643,701)	(130,542,085)	(2,565,686)
Total operating expenses	1,078,556,584	1,642,138,708	2,597,999,985	51,061,320
Operating income	1,492,740,604	1,273,990,509	2,217,416,256	43,581,295
Interest income	116,232,923	135,491,532	266,303,981	5,233,962
Interest expense	(29,122,580)	(15,431,086)	(7,329,571)	(144,056)
Other income/(expense), net	401,538,402	121,916,685	(228,711,530)	(4,495,117)
Equity in earnings of affiliates, net	100,246,802	58,508,019	78,324,688	1,539,400
Income before income taxes	2,081,636,151	1,574,475,659	2,326,003,824	45,715,484
Income taxes	494,619,809	124,825,872	700,418,259	13,766,082
Net income	1,587,016,342	1,449,649,787	1,625,585,565	31,949,402
Add/(Less) : Net Loss/(profit) attributable to non-controlling interest	4,778,249	(1,026,156)	-	-
Net income attributable to Infotech Enterprises Limited shareholders	1,591,794,591	1,448,623,631	1,625,585,565	31,949,402
Earnings per share:				
Basic	14.41	13.06	14.62	0.29
Diluted	14.38	13.03	14.60	0.29
Weighted average shares used in computing earnings per share (on an adjusted basis):				
Basic	110,464,132	110,954,338	111,158,062	111,158,062
Diluted	110,688,110	111,156,648	111,360,372	111,360,372

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

Consolidated Statements of Shareholders' Equity and Comprehensive Income - Unaudited

(Amounts in ₹/\$ except as stated otherwise)

	Common Stock Shares	Common Stock Par Value	Additional Paid-in capital	Retained earnings	Other comprehensive (loss)/income	Shares held by Infotech Trust	Total Infotech shareholders' equity	Non- controlling interest	Total Shareholders' equity	Comprehensive income
Balance as at March 31, 2009	55,229,796	276,148,980	4,242,678,888	3,196,850,774	172,114,367	(2,054,800)	7,885,738,209	6,719,472	7,892,457,681	
Net income				1,591,794,591			1,591,794,591	(4,778,249)	1,587,016,342	1,587,016,342
Other comprehensive income										
Gain/(loss) on foreign currency translation										
Transfer of unrealized gains on sale of securities, net of taxes					(228,025,342)		(228,025,342)		(228,025,342)	(228,025,342)
Adjustments to initially adopt SFAS 158, net of taxes										
Total comprehensive income										
Issuance of common stock on exercise of stock options	269,728	1,348,640	26,612,660				27,961,300		27,961,300	
Stock split (effected in the form of stock dividend)	55,499,524	277,497,620		(277,497,620)						
Stock based compensation expense			78,170,083				78,170,083		78,170,083	
Cash dividends paid at the rate of ₹ 1.20 per share (including dividend tax)				(97,489,168)			(97,489,168)		(97,489,168)	
Balance as at March 31, 2010	110,999,048	554,995,240	4,347,461,631	4,413,658,577	(55,910,975)	(2,054,800)	9,258,149,673	1,941,223	9,260,090,896	9,260,090,896
Net income				1,448,623,631			1,448,623,631	1,026,156	1,449,649,787	1,449,649,787
Other comprehensive income										
Gain/(loss) on foreign currency translation					102,145,505		102,145,505		102,145,505	
Total comprehensive income										
Issuance of common stock on exercise of stock options	277,221	1,386,105	22,996,100				24,382,205		24,382,205	
Stock based compensation expense			45,293,989				45,293,989		45,293,989	
Cash dividends paid at the rate of ₹ 1.50 per share (including dividend tax)				(129,863,336)			(129,863,336)		(129,863,336)	
Balance as at March 31, 2011	111,276,269	556,381,345	4,415,751,720	5,732,418,872	46,234,530	(2,054,800)	10,748,731,667	2,967,379	10,751,699,046	10,751,699,045
Net income				1,625,585,565			1,625,585,565	-	1,625,585,565	1,625,585,565
Other comprehensive income										
Gain/(loss) on foreign currency translation					91,115,039		91,115,039		91,115,039	
Total comprehensive income										
Issuance of common stock on exercise of stock options	138,993	694,965	16,344,039				17,039,004		17,039,004	
Additional investment in existing controlled subsidiary (Refer Note 3C)			(10,533,690)				(10,533,690)	(2,967,379)	(13,501,069)	
Stock based compensation expense			40,384,271				40,384,271		40,384,271	
Cash dividends paid at the rate of ₹ 2.00 per share (including dividend tax)				(162,197,333)			(162,197,333)		(162,197,333)	
Balance as at March 31, 2012	111,415,262	557,076,310	4,461,946,340	7,195,807,104	137,349,569	(2,054,800)	12,350,124,523	-	12,350,124,523	
Balance as at March 31, 2012 (Refer note - 2 C)	111,415,262	\$10,948,827	\$87,695,486	\$141,427,026	\$2,699,481	(\$40,385)	\$242,730,435	\$0	\$242,730,435	

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

Consolidated Statements of Cash Flows - Unaudited

(In ₹ except as stated otherwise)

	2010	2011	As of March 31	
			2012	2012
			(Refer Note 2 C)	
Cash flows from Operating Activities				
Net income	₹ 1,591,794,591	₹ 1,448,623,631	₹ 1,625,585,565	\$ 31,949,402
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	420,420,470	522,212,215	461,344,865	9,067,313
Amortization of other intangible assets	62,113,929	81,043,809	94,818,679	1,863,575
Stock-based compensation	78,170,083	45,293,989	40,384,271	793,716
Taxes on income	8,333,409	172,263,345	69,089,487	1,357,891
(Profit)/Loss on sale of investments	(5,520)	(480,754)	(113,924)	(2,239)
(Profit)/Loss on sale of premises and equipment	7,570,464	56,828	(5,024,405)	(98,750)
Equity in earnings of associated company and ventures, net of taxes	(100,246,802)	(58,508,019)	(78,324,688)	(1,539,400)
Changes in assets and liabilities:				
Accounts receivable, net	273,750,393	(559,115,898)	(1,000,918,420)	(19,672,139)
Unbilled revenue on contracts	(81,278,359)	18,296,918	(252,579,867)	(4,964,227)
Prepaid expenses and other assets	(492,771,334)	(446,020,865)	(85,577,544)	(1,681,949)
Other non-current assets	(62,479,469)	60,610,843	23,553,396	462,921
Accounts payable	9,934,476	(204,151,783)	313,410,235	6,159,792
Current liabilities	(388,899,734)	(49,655,175)	480,195,793	9,437,810
Unearned revenue	(99,665,346)	(63,964,134)	229,304,473	4,506,770
Other non-current liabilities	354,093,060	(12,340,908)	(4,001,792)	(78,652)
Net cash provided by operating activities	1,580,834,312	954,164,042	1,911,146,124	37,561,834
Cash flows from investing activities				
Purchase of premises and equipment	(348,584,660)	(727,951,679)	(804,079,022)	(15,803,440)
Proceeds from sale of premises and equipment	3,795,974	(11,920,519)	(13,795,014)	(271,128)
Purchase consideration for acquisitions, net of cash acquired	(360,533,280)	(215,200,320)	(14,000,000)	(275,157)
(Purchase)/sale of investments & deposits	(816,117,772)	333,642,966	(906,551,102)	(17,817,435)
Proceeds from sale of investments	33,133,491	31,659,018	111,737,699	2,196,103
Net cash used in investing activities	(1,488,306,247)	(589,770,534)	(1,626,687,439)	(31,971,057)
Cash flows from financing activities				
Issuance of common stock on exercise of stock options	27,961,300	24,118,087	16,774,888	329,695
Repayment of short-term debts	(149,454,001)	(12,340,908)	(16,342,700)	(321,201)
Proceeds from long-term debts	21,090,875	-	-	-
Repayment of long-term debts	21,090,875	(21,090,875)	(21,090,875)	(414,522)
Cash dividends paid	(97,489,168)	(131,086,850)	(324,921,379)	(6,386,034)
Net cash provided used in financing activities	(197,890,994)	(140,400,546)	(345,580,066)	(6,792,062)
Effect of foreign exchange rate changes on cash and cash equivalents	(193,340,852)	111,966,248	96,923,483	1,904,943
Net change in cash and cash equivalents	(298,703,781)	335,959,210	35,802,102	\$703,658
Cash and cash equivalents at beginning of the year	₹ 1,252,841,311	₹ 954,137,530	₹ 1,290,096,740	\$ 25,355,675
Cash and cash equivalents at end of the year	₹ 954,137,530	₹ 1,290,096,740	₹ 1,325,898,842	\$ 26,059,333
Supplementary information:				
Cash paid during the year for:				
Income taxes	₹ 408,092,596	₹ 435,691,266	₹ 459,446,936	\$ 9,030,011
Interest	₹ 31,235,477	₹ 8,176,127	₹ 7,340,837	\$ 144,277

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

Notes to the Consolidated Financial Statements U.S. GAAP

1. Description of business

Infotech Enterprises Limited (hereinafter referred to as “Infotech” or “the Company”), its subsidiaries and associates (hereinafter referred to as “Infotech Group”) is engaged in providing global technology services and solutions specialising in geospatial, engineering design and IT solutions.

Infotech was incorporated on August 28, 1991 in Hyderabad, Andhra Pradesh as a private limited company and subsequently converted into a public limited company on April 21, 1995. Infotech has its headquarters and development facilities in India and serves a global customer base through its subsidiaries in United States of America (USA), United Kingdom (UK), Germany and Japan and branches in India, Australia, Singapore, Canada, Malaysia, Norway, New Zealand and Dubai. Infotech group’s range of services include geographical information systems (GIS), digitization of drawings and maps, photogrammetry, computer aided design/engineering (CAD/CAE), design and modeling, repair development engineering, reverse engineering application software development, software products development, consulting and implementation. Infotech specialises in software services and solutions for the manufacturing, utilities, telecommunications, transportation & logistics, local government and financial services markets.

2. Summary of significant accounting policies

- a) **Basis of preparation.** The consolidated financial statements of Infotech Group are prepared in accordance with Generally Accepted Accounting Principles in the United States (“U.S. GAAP”). The consolidated financial statements are presented in Indian Rupee (“₹”).
- b) **Basis of consolidation.** The consolidated financial statements include the financial statements of Infotech and all of its subsidiaries, which are more than 50% owned and controlled. Infotech did not have variable interests in any variable interest entities during the periods presented. All inter-company accounts and transactions are eliminated on consolidation.
- c) **Convenience translation.** Solely for the convenience of the reader, the financial statements as of and for the year ended March 31, 2012 have been translated into United States dollars at period end rates published by the Foreign Exchange Dealers Association of India or FEDAI of \$1 = ₹ 50.88. No representation is made that the Indian rupee amounts have been, could have been or could be converted into United States dollars (\$) at such a rate or at any other certain rate on March 31, 2012 or at any other date.
- d) **Investments in associates.** Investments in business entities in which Infotech Group does not have control, but has the ability to exercise significant influence over operating and financial policies are accounted for using the equity method and initially recognised at cost. Significant influence generally exists when the Company owns between 20% and 50% of the voting equity. Goodwill arising on the acquisition of associate is included in the carrying value of investment in associate. Infotech associates are as follows:

Name of Affiliates	Country of Incorporation	Year ended March 31, 2011	Year ended March 31, 2012
Infotech Aerospace Services Inc (“IASI”)	USA	49%	49%
Infotech HAL Limited (“THAL”)	India	50%	50%

- e) **Use of estimates.** The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reported period. Examples of such estimates include: allowance for doubtful debts, obligations under employee benefit plans, valuation allowances on deferred tax assets, useful lives of premises and equipment (fixed assets), goodwill impairment and income taxes. Actual results could differ materially from those estimates.
- f) **Foreign currency translation.** The accompanying consolidated financial statements are presented in Indian Rupees, the reporting as well as functional currency of Infotech. However, the US dollar, Pound sterling and Euro are the functional currencies of its subsidiaries located in USA, UK and Germany respectively. The translation of functional currencies into Indian Rupees (reporting currency) is performed for assets and liabilities using the current exchange rates in effect at the balance sheet date and for revenues, costs and expenses using the average exchange rates prevailing during the reporting periods. Adjustments resulting from the translation of functional currency financial statements to reporting currency are accumulated and reported as other comprehensive income/(loss), a separate component of shareholder’s equity.

Notes to the Consolidated Financial Statements U.S. GAAP

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are expressed in the functional currency at the exchange rates in effect at the balance sheet date. Gains or losses resulting from foreign currency transactions are included in the Consolidated Statements of Income of the respective periods.

- g) Revenue recognition.** Revenue from software services consist of revenues earned from services performed either on a time-and-material basis or under fixed price contracts. Revenues earned from services performed on a “time and material” basis are recognised as and when services are performed. Revenues from fixed price contracts are recognised over the life of the contract using the percentage-of-completion method, with contract costs determining the degree of completion. Revenue recognition using the percentage-of-completion method in conformity with ASC Topic 605, is based on the guidance in ASC Topic 985, Software Revenue Recognition, to account for revenues under fixed price arrangements for software development and related services. Losses on such contracts are recognised when probable. Revenues in excess of billings are recognised as unbilled revenues in the balance sheet; to the extent billings are in excess of revenues recognised, the excess is reported as unearned revenue in the balance sheet.

In accordance with ASC Topic 605, “Income Statement Characterization of Reimbursements Received for “Out-of-Pocket” Expenses Incurred”, Infotech Group accounts for reimbursements for out-of-pocket expenses incurred as revenues in the Consolidated Statements of Income.

All revenues are recognised only when collectability of the resulting receivable is reasonably assured, and are reported net of discounts and indirect and service taxes.

- h) Cost of revenues and selling, general and administrative expenses.** Cost of revenues primarily include the compensation cost of technical staff, depreciation and amortisation on dedicated assets and system software, application software costs, travel costs, data communication expenses and other expenses incurred that are related to the generation of revenue. Selling, general and administrative expenses generally include the compensation costs of sales, management and administrative personnel, travel costs, advertising, business promotion, rent, repairs, electricity, and other general expenses not attributable to cost of revenues.

- i) Cash and cash equivalents.** Infotech Group considers investments in highly liquid instruments that are purchased with remaining maturities, of three months or less to be cash equivalents. Cash and claims to cash that are restricted as to withdrawal or use in the ordinary course of business is classified separately under other current and non-current assets.

- j) Premises, equipment and depreciation.** Premises and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives. The estimated useful life of assets are as follows:

	Estimated Useful Life
Building	28 years
Computers including software	3 years
Office equipment	10 years
Furniture and fixtures	10 years
Electrical installation	10 years
Vehicles	5 years
Leasehold improvements	Shorter of lease period or estimated useful life

Advances paid towards the acquisition of premises and equipment outstanding at each balance sheet date and the cost of premises and equipment not put to use before such date are disclosed as Assets under construction.

- k) Goodwill and other intangible assets.** Goodwill represents the excess of the cost of an acquired entity over the net of the amounts assigned to assets acquired and liabilities assumed. In accordance with ASC Topic 350, “Goodwill and Other Intangible Assets”, goodwill is tested for impairment using a fair-value approach at the reporting unit level, annually or sooner when circumstances indicate impairment. Infotech Group follows the two-step impairment recognition and measurement guidance in accordance with ASC Topic 350. The fair value of the reporting unit is first compared to its carrying value. The fair value of reporting units is determined using the income approach. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, goodwill is not impaired. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, then the implied fair value of the reporting unit’s goodwill is compared with the carrying value of the reporting unit’s goodwill. The implied fair value of goodwill is

Notes to the Consolidated Financial Statements U.S. GAAP

determined in the same manner as the amount of goodwill recognised in a business combination. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, then an impairment loss equal to the difference is recorded.

Infotech Group amortises other intangible assets over their estimated useful life on a straight-line basis unless such life is deemed indefinite. Amortisable intangible assets are amortized over their estimated useful lives in proportion to the economic benefits consumed in each period. Intangible assets with indefinite lives are tested at least annually for impairment and written down to the fair value as required. The estimated useful lives of the amortisable intangible assets are as follows:

	Estimated Useful Life
Customer contracts	3 to 7 years
Technology related intangibles	3 to 5 years

- l) **Impairment of long-lived assets.** Long-lived assets and assets group, including certain identifiable intangible assets, to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Such assets are considered to be impaired if the carrying amount of the assets is higher than the future undiscounted net cash flows expected to be generated from the assets. The impairment amount to be recognised is measured by the amount by which the carrying value of the assets exceeds its fair value. Assets held-for-sale are reported at the lower of the carrying value or the fair value less costs to sell.

- m) **Investments.** Infotech Group classifies equity securities and investments in mutual funds with readily determinable fair market values as available-for-sale securities and is recorded at fair value. Accordingly, such securities are carried at fair value with unrealised gains and losses, net of taxes included in other comprehensive income, a separate component of shareholders' equity. Realised gains and losses and declines in value considered to be other-than-temporary are included in other income. The cost of securities sold is determined on the first-in-first-out (FIFO) method. Interest and dividends on securities classified as available-for-sale are included in other income. Non-readily marketable equity securities for which there is no readily determinable fair value are recorded at cost, subject to an impairment charge for any other-than-temporary decline in value. Infotech Group does not have any securities classified as trading or held to maturity.

- n) **Income taxes.** Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year.

- (i) *Current income taxes.* The current income tax expense includes Indian income taxes payable for Infotech and its Indian subsidiaries after taking credit for benefits available for operations in Special Economic Zones (or SEZs) and export earnings, and after offsetting benefits under tax avoidance treaties for foreign taxes payable in overseas jurisdictions.

Current income tax is payable for each of Infotech and its Indian subsidiaries overseas branches and is computed in accordance with the tax laws applicable in the jurisdiction in which each of the branches operate. The amounts paid are generally available for offset as tax credits in India towards the income tax liability.

The current income tax expense for foreign subsidiaries has been computed based on the laws applicable to each entity in the jurisdiction in which that entity operates.

Payments of advance taxes and income taxes payable in the same tax jurisdictions are offset.

- (ii) *Deferred income taxes.* Deferred tax assets and liabilities are recognised for the future tax consequences attributable to differences between the financial statements carrying amounts of assets and liabilities and their respective tax bases, operating loss carry forwards and tax credits. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets and liabilities are computed separately for each taxable entity in the consolidated enterprise and for each taxable jurisdiction. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realised and are separately estimated at each such entity without offsetting. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the Consolidated Statements of Income in the period of change.

For domestic operations carried out in SEZs, deferred tax liabilities, if any, have been established for the tax consequences of those temporary differences between the carrying

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values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends. No deferred tax asset has been recognised for the reduction in taxes attributable to such tax holidays.

Uncertain tax positions are recognised using the more likely-than-not threshold determined solely based on technical merits that the tax positions will sustain upon examination. Tax positions that meet the recognition threshold are measured as the largest amount of benefit that is greater than fifty percent likely of being realised upon settlement with relevant taxing authority that has full knowledge of all relevant information. Infotech Group classifies potential interest and penalties related to unrecognised tax benefits as interest expense and other expense respectively.

- o) **Earnings per share.** In accordance with the provisions of ASC Topic 260, “*Earnings Per Share*”, basic earnings per share are computed by dividing net income attributable to shareholders of Infotech Group by the weighted average number of shares outstanding during the period. Diluted earnings per share are computed on the basis of the weighted average number of common and dilutive common equivalent shares outstanding during the period, using the “treasury stock” method for options and warrants, except where the results will be anti-dilutive.
- p) **Employee stock option plan.** Infotech Group accounts for the compensation cost from share based transactions in accordance with ASC Topic 718, “Share-Based Payment,” requires the recognition of stock based compensation expense in the consolidated financial statements for awards of equity instruments to employees based on the grant-date fair value of those awards. Infotech Group recognizes these compensation costs on a graded vesting basis over the requisite service period of the award.
- q) **Derivative financial instruments.** Infotech Group accounts for its derivative instruments in accordance with ASC Topic 815, “*Accounting for Derivative Instruments and Hedging Activities*”. Infotech Group enters into foreign exchange forward contracts and foreign exchange option contracts where the counter party is generally a bank. Infotech purchases these foreign exchange contracts to mitigate the risk of changes in foreign exchange rates on cash flows denominated in certain foreign currencies. As these contracts are not designated as hedges for accounting in accordance with ASC Topic 815, they are fair valued at every period

end with corresponding gain or loss recognised in earnings immediately.

r) **Employment benefits.**

- (1) *Provident fund.* In accordance with Indian law, all employees in India are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employee and the employer make monthly contributions to the plan at a predetermined rate (presently 12.0%) of the employees’ basic salary. Infotech Group has no further obligations under the plan beyond its monthly contributions. These contributions are made to fund administered and managed by the Government of India. Infotech Group’s monthly contributions are charged to income in the period it is incurred.
- (2) *Employees state insurance fund.* In addition to the above benefit, all employees in India who are drawing gross salary of less than ₹ 15,000 (\$ 295) per month are entitled to receive benefit under employee state insurance fund scheme. The employer makes contribution to the scheme at a predetermined rate (presently 4.75%) of employee’s gross salary. Infotech has no further obligations under the scheme beyond its monthly contributions. These contributions are made to fund administered and managed by the Government of India. Infotech’s monthly contributions are charged to income in the year it is incurred.
- (3) *Gratuity plan.* In addition to the above benefits, Infotech provides for a gratuity obligation, a defined benefit retirement plan (the “Gratuity Plan”) covering all its employees in India. The Gratuity Plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee’s salary, and the years of employment with Infotech Group. Infotech Group provides for the Gratuity Plan on the basis of actuarial valuation.

The funded status of the Gratuity Plan is recognised in the Consolidated Balance Sheet. The funded status is measured as the difference between the fair value of plan assets and the projected benefit obligation at March 31, the measurement date. (Gains)/losses arise as a result of differences between actual experience and assumptions or as a result of changes in actuarial assumptions. These are recognised as and when

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they arise. Net periodic gratuity cost is recorded in the Consolidated Statement of Income and includes service cost, interest cost, return on plan assets, actuarial gains/losses and amortisation of transition obligation and past service cost.

- (4) *Superannuation plan.* In addition to the above benefits, the senior management employees of Infotech in India are entitled to superannuation, a defined contribution plan (the “superannuation plan”). Infotech makes yearly contributions under the superannuation plan administered and managed by the Life Insurance Corporation of India (‘LIC’), based on a specific percentage (presently 15.0%) of each employee’s basic salary. Infotech Group has no further obligations under the plan beyond its contributions.
- (5) *Contribution pension scheme.* In addition to the above, Infotech Europe, operates a defined contribution pension scheme. The assets of the scheme are held separately from those of Infotech Europe in an independent administered fund. Infotech Europe has no further obligations under the scheme beyond its monthly contributions. Infotech Germany also operates a defined contribution benefit scheme and the assets of the scheme are held separately in an independent administered fund. Infotech Germany has no further obligations under the scheme beyond its monthly contributions which are determined based on actual report.
- (6) *Compensated absences.* The Company has provided for the cost of vacation earned but not taken based on the number of days of carry forward entitlement at each balance sheet date.

- s) **Dividends.** Final dividend on the common stock is recorded as a liability on the date of declaration by the stockholder. Interim dividends are recorded as a liability on the date of declaration by the board of directors.

- t) **Recently announced accounting pronouncements.**

ASU 2011-11, Disclosures About Offsetting Assets and Liabilities was issued on December 16, 2011. This ASU affects Entities that have financial instruments and derivative instruments that are either (1) offset in accordance with either ASC 210-20-45 or ASC 815-10-45 or (2) subject to an enforceable master netting arrangement or similar agreement. An entity is required to apply the amendments for annual reporting periods beginning on or after January 1, 2013, and interim

periods within those annual periods. An entity should provide the disclosures required by those amendments retrospectively for all comparative periods presented.

Infotech is presently evaluating the impact that this ASU might have on the financial performance of its future years.

ASU 2011-09, Disclosures About an Employer’s Participation in a Multiemployer Plan was issued on September 21, 2011. This ASU affects Nongovernmental reporting entities that participate in multiemployer plans. While the majority of the amendments in this ASU apply only to multiemployer pension plans, there also are amendments that require changes in disclosures for multiemployer plans that provide postretirement benefits other than pensions as defined in the Master Glossary of the FASB Accounting Standards Codification. This ASU is effective for public entities for annual periods for fiscal years ending after December 15, 2011, with early adoption permitted. For non public entities, this ASU is effective for for annual periods for fiscal years ending after December 15, 2012, with early adoption permitted. The amendments should be applied retrospectively for all prior periods presented. **Infotech is presently evaluating the impact that this ASU might have on the financial performance of its future years.**

ASU 2011-08, Testing Goodwill for Impairment was issued on September 15, 2011. The objective of this ASU is to simplify how entities, both public and nonpublic, test goodwill for impairment. The amendments in the ASU permit an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test described in Topic 350. The more-likely-than-not threshold is defined as having a likelihood of more than 50 percent. This ASU is Effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted, including for annual and interim goodwill impairment tests performed as of a date before September 15, 2011, if an entity’s financial statements for the most recent annual or interim period have not yet been issued or, for nonpublic entities, have not yet been made available for issuance. **Infotech is presently evaluating the impact that this ASU might have on the financial performance of its future years.**

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ASU 2011-05, Presentation of Comprehensive Income was issued on June 16, 2011. The objective of this ASU is to improve the comparability, consistency, and transparency of financial reporting and to increase the prominence of items reported in other comprehensive income. To increase the prominence of items reported in other comprehensive income the option to present components of other comprehensive income as part of the statement of changes in stockholders' equity has been eliminated, among other amendments in this ASU. For public entities, effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. For nonpublic entities, effective for fiscal years ending after December 15, 2012 and interim and annual periods thereafter. **Infotech is presently evaluating the impact that this ASU might have on the financial performance of its future year.**

u) Recently adopted accounting pronouncements.

In April 2010, the FASB issued ASU 2010-13, *Compensation — Stock Compensation (Topic 718); Effect of Denominating the Exercise Price of a Share-Based Payment Award in the Currency of the Market in Which the Underlying Equity Security Trades*. The objective of this ASU is to address the classification of an employee share-based payment award with an exercise price denominated in the currency of a market in which the underlying equity security trades. ASU 2010-13 clarifies that an employee share-based payment award with an exercise price denominated in the currency of a market in which a substantial portion of the entity's equity securities trades should not be considered to contain a condition that is not a market, performance or service condition. Therefore, an entity would not classify such an award as a liability if it otherwise qualifies as equity. The adoption of this guidance did not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In October 2009, the FASB published FASB ASU 2009-14, *Software (Topic 985) - Certain Revenue Arrangements that Include Software Elements*. ASU 2009-14 changes the accounting model for revenue arrangements that include both tangible products and software elements. Under this guidance, tangible products containing software components and non-software components that function together to deliver the tangible product's essential functionality are excluded from the software revenue guidance in ASC Subtopic 985-605, *Software-Revenue Recognition*. In addition, hardware components of a tangible product

containing software components are always excluded from the software revenue guidance. The amendments also provide additional guidance on how to determine which software, if any, relating to the tangible products would be excluded from the scope of the software revenue guidance. The adoption of this guidance did not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In October 2009, the FASB published FASB ASU 2009-13, *Revenue Recognition (Topic 605) - Multiple-Deliverable Revenue Arrangements*. ASU 2009-13 addresses the accounting for multiple-deliverable arrangements to enable vendors to account for products or services (deliverables) separately rather than as a combined unit. This guidance establishes a selling price hierarchy for determining the selling price of a deliverable, which is based on: (a) vendor-specific objective evidence if available; (b) third-party evidence if vendor-specific objective is not available; or (c) estimated selling price if neither vendor-specific objective evidence nor third-party evidence is available. This guidance also eliminates the residual method of allocation and requires that arrangement consideration be allocated at the inception of the arrangement to all deliverables using the relative selling price method. The adoption of this guidance did not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In December 2010, the FASB issued ASU 2010-18, on "When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts". This ASU does not prescribe a specific method of calculating the carrying value of a reporting unit in the performance of Step 1 of the goodwill impairment test, but requires entities with a zero or negative carrying value to assess, considering qualitative factors listed in ASC 350-20-35-30, whether it is more likely than not that a goodwill impairment exists. If an entity concludes that goodwill impairment exists, the entity must perform Step 2 of the goodwill impairment test. This ASU is effective for impairment tests performed during the fiscal years (and interim periods within those years) that begin after December 15, 2010. Early application is not permitted. The adoption of this guidance did not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

On April 1, 2010, Infotech adopted the provisions of Financial Accounting Standards Board Statement

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No.160, Non-controlling Interests in Consolidated Financial Statements—an amendment of ARB No.51, (ASC Topic 810). Infotech Group has retrospectively changed the classification and presentation of non-controlling interest as required by FAS 160, previously referred to as minority interest, in our consolidated financial statements for all periods presented to conform to the classification and presentation of non-controlling interest.

In June 2010, the FASB issued authoritative guidance, “The FASB Accounting Standards Codification and Hierarchy of Generally Accepted Accounting Principles—a replacement of FASB Statement No. 162” (the “Codification”). The Codification does not alter current U.S. GAAP, but rather integrates existing accounting standards with other authoritative guidance. Under the Codification, there is a single source of authoritative U.S. GAAP for non-governmental entities and it supersedes all other previously issued non-SEC accounting and reporting guidance. The Codification is effective for financial statement periods ending after September 15, 2010. Our adoption of the Codification did not have a material effect on our financial condition or consolidated results of operations.

In May 2010, the FASB issued ASC Topic 855-10 “Subsequent events”, which is effective for interim and annual periods ending after June 15, 2010. The guidance is intended to establish general standards of accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. It requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date—that is, whether that date represents the date the financial statements were issued or were available to be issued. This disclosure should alert all users of financial statements that an entity has not evaluated subsequent events after that date in the set of financial statements being presented. The adoption of this guidance did not have a material impact on the

Company’s consolidated financial position, results of operations or cash flows.

3. Business combinations

a) Daxcon Engineering Services Inc:

During the current year, the business operations of Daxcon were merged with that of Infotech’s wholly owned subsidiary Infotech Enterprises America Inc (IEAI). As Daxcon was already a wholly owned subsidiary of IEAI, the merger was accounted under common control in a manner similar to a pooling-of-interest. Accordingly, the merger was accounted for at historical carrying values.

b) Wellsco Inc.

On August 09, 2010, Infotech Group acquired 100% of the ordinary share capital of Wellsco Inc. (“Wellsco”). Wellsco is engaged in the business of providing software engineering, outsourced engineering and management and related services to the telecommunications industry.

The consideration for this acquisition amounted to ₹ 215,200,320 (\$ 4,229,566), comprising completely of cash payment. The share purchase agreement between Infotech Group and Wellsco includes contingent payments of \$0.55 million to shareholders of Wellsco who became employees of the Infotech Group subsequent to the acquisition and will be payable at the end of first year from the date of acquisition. The contingent payment is in the nature of employee compensation expense as the payment is subject to continuing employment of these employees and hence is being recognised over the service period.

The allocation of purchase price resulted in recognition of intangible assets - customer relationships of ₹ 20,952,000 (\$ 411,792), with a remaining useful life of 3 years and goodwill of ₹ 88,458,413 (\$ 1,738,569). The acquisition related costs of ₹ 16,162,745 (\$ 317,664) has been charged off to Income Statement.

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The final purchase price allocation is as follows:

	Assigned Value
Current assets (other than cash)	₹ 100,030,434
Property and equipment	30,821,696
Intangible assets	20,952,000
Deferred tax Asset	8,144,880
Goodwill	88,458,414
Total assets acquired	248,407,424
Current liabilities	33,207,104
Net assets acquired	₹ 215,200,320

The amount of revenue and earnings of Wellsco that has been included in the Consolidated Income Statement from the date of acquisition is ₹ 417,481,690 (\$ 8,205,222) and ₹ 9,605,038 (\$ 188,778).

Proforma results for Wellsco acquisition:

The following proforma financial information presents the combined results of operations of Infotech and Wellsco as if the acquisition had occurred as of the beginning of each of the periods presented. The unaudited proforma results for all periods presented include amortisation charges for identified intangible assets, elimination of inter-company transactions and related tax effects.

The proforma results were as follows for the fiscal years ended March 31, 2010 and 2011:

	For the year ending March 31, 2010	For the year ending March 31, 2011	For the year ending March 31, 2011
Revenues	₹ 9,934,937,678	₹ 12,062,551,877	\$ 270,460,804
Net Income	1,511,975,659	1,339,405,268	30,031,508
Earnings per share	₹ 13.69	₹ 12.05	\$ 0.27

The proforma financial information is presented for informational purposes and is not indicative of the results of operations that may have been achieved if the acquisition had taken place at the beginning of each of the periods presented.

c) Change in Infotech's ownership interest in Infotech Geospatial India Limited without any change in control:

During the current year, Infotech increased its stake from 74% to 100% in Infotech Geospatial India Limited (IGIL). The additional consideration paid for this acquisition was ₹ 14 000,000 (US\$ 275,157). In accordance with requirements of ASC 810-10-45-23, the change in Infotech's ownership interest while retaining its controlling financial interest in IGIL has been accounted for as equity transaction. Therefore, no gain or loss is recognized in consolidated net income or comprehensive income. The carrying amount of the non controlling interest is adjusted to reflect the changes in its ownership interest in IGIL. The difference between the fair value of consideration paid and the amount by which the non controlling interest in adjusted is recognized in equity attributable to Infotech.

4. Cash and cash equivalents

Cash and cash equivalents consist of:

	As of March 31, 2011	As of March 31, 2012	As of March 31, 2012
Cash in hand	₹ 671,520	₹ 398,150	\$ 7,825
Cash at bank	1,234,425,220	1,045,875,289	20,555,725
Short term deposits	55,000,000	279,625,403	5,495,782
Cash and cash equivalents	₹ 1,290,096,740	₹ 1,325,898,842	\$ 26,059,333

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5. Investments and deposits

Investments and deposits consist of:

	As of March 31, 2011	As of March 31, 2012	As of March 31, 2012
Investment in Mutual funds - AFS	₹ 334,117,469	₹ 222,493,714	\$ 4,372,911
Investment in bank deposits	2,215,362,677	3,233,537,534	63,552,231
Investments - current	₹ 2,549,480,146	₹ 3,456,031,248	\$ 67,925,142

The proceeds from sale of investments in mutual funds is ₹ 889,269,600 (\$ 17,477,783) and the gross realized gains that have been included in earnings as a result of these sales is ₹ 450,419,792 (\$ 8,852,590).

6. Accounts receivables, net of allowance for doubtful debts

Accounts receivable consist of:

	As of March 31, 2011	As of March 31, 2012	As of March 31, 2012
Accounts receivable	₹ 2,723,019,152	₹ 3,768,726,609	\$74,070,885
Less: allowance for doubtful debts	(47,063,598)	(91,852,636)	(1,805,280)
Accounts receivable, net	₹ 2,675,955,554	₹ 3,676,873,973	\$72,265,605

The allowance for doubtful debts are established at amounts considered to be appropriate based primarily upon Infotech Group's past credit loss experience with the customers and an evaluation of potential losses on the outstanding receivable balances.

The activity in the allowance for doubtful accounts receivable is given below :

	As of March 31, 2011	As of March 31, 2012	As of March 31, 2012
At the beginning of the year	₹ 63,104,527	₹ 47,063,598	\$924,992
Additions	-	44,789,038	880,288
Deductions	(16,040,929)	-	-
At the end of the year	₹ 47,063,598	₹ 91,852,636	\$1,805,280

7. Prepaid expenses and other assets

Prepaid expenses and other assets consist of:

	As of March 31, 2011	As of March 31, 2012	As of March 31, 2012
Interest accrued on deposits	₹ 67,659,034	₹ 132,179,474	\$ 2,597,867
Prepaid expenses	243,338,228	211,328,031	4,153,460
Loans and advances to employees	6,407,692	11,105,327	218,265
Other advances	60,633,667	109,003,334	2,142,361
Prepaid expenses and other assets	₹ 378,038,622	₹ 463,616,166	\$ 9,111,953

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8. Premises and equipment, net.

Premises and equipment at cost less accumulated depreciation consist of:

	As of March 31, 2011	As of March 31, 2012	As of March 31, 2012
Building	₹ 1,622,557,761	₹ 1,701,640,222	\$ 33,444,187
Computers including software	2,536,175,489	2,844,541,907	55,906,877
Office equipment	670,837,136	792,114,371	15,568,286
Furniture and fittings	297,772,406	332,904,943	6,542,943
Electrical installation	276,407,694	327,099,584	6,428,844
Vehicles	11,316,649	11,316,649	222,418
Leasehold improvements	63,231,622	90,676,879	1,782,171
Freehold land	15,571,954	15,571,954	306,053
Assets under construction	60,739,889	197,884,737	3,889,244
Total	5,554,610,600	6,313,751,246	124,091,023
Less: Accumulated depreciation	(2,819,032,918)	(3,280,377,783)	(64,472,834)
Premises and equipment, net	₹ 2,735,577,682	₹ 3,033,373,463	\$ 59,618,189

Depreciation expense aggregated to ₹ 420,420,470, ₹ 522,212,215 and ₹ 461,344,865 (\$ 9,067,313) for the years ended March 31, 2010, 2011 and 2012 respectively. This includes ₹ 124,288,093, ₹ 104,115,353 and ₹ 105,656,382 (\$ 2,076,580) as amortisation of capitalised internal use software during the years ended March 31, 2010, 2011 and 2012 respectively.

9. Goodwill, net

	As of March 31, 2011	As of March 31, 2012	As of March 31, 2012
At the beginning of the year	₹ 519,073,226	₹ 607,531,640	\$ 11,940,480
Addition during the year	88,458,414	-	-
Balance at the end of the year	₹ 607,531,640	₹ 607,531,640	\$ 11,940,480

Infotech performed its annual impairment test as of March 31, 2012. Infotech estimated the fair values of the reporting units using an income based approach and estimated future cash flows after considering current economic conditions and trends, estimated future operating results and growth rate, and anticipated future economic and regulatory conditions. The estimated cash flows were developed using internal forecasts. The discount rates used for the reporting units were based on the historical market returns of the comparable companies. As of March 31, 2012, the fair values of all reporting units exceed the carrying amounts and hence no impairment loss was recognised in fiscal 2012.

10. Other Intangible Assets, net

The following table presents details of Infotech Group's total other intangible assets:

	Gross Cost	Additions	Accumulated amortisation	Net carrying value	
As of March 31, 2011					
Customer contracts	₹ 297,412,948	₹ 65,952,000	₹ 125,881,854	₹ 237,483,094	\$ 5,324,733
Technology related intangibles	93,844,448	-	46,922,224	46,922,224	1,052,068
Total	₹ 391,257,396	₹ 65,952,000	₹ 172,804,078	₹ 284,405,318	\$ 6,376,801
As of March 31, 2012					
Customer contracts	₹ 63,364,948	-	₹ 201,931,644	₹ 161,433,304	\$ 3,172,824
Technology related intangibles	93,844,448	-	65,691,114	28,153,334	553,328
Assets under development	-	89,508,676	-	89,508,676	1,759,211
Total	₹ 457,209,396	₹ 89,508,676	₹ 267,622,757	₹ 279,095,315	\$ 5,485,364

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Amortisation of intangible assets aggregated to ₹ 62,113,929, ₹ 81,043,809 and ₹ 94,818,679 (\$1,863,575) for the years ended March 31, 2010, 2011 and 2012 respectively.

The weighted average amortisation period for intangibles in total is 5.23 years and for customer contracts and technology related intangibles is 5.29 years and 5.00 years respectively.

The estimated amortisation for each of the 5 fiscal years subsequent to March 31, 2012 is as follows:

Year ending March 31,	Amortisation expense
2013	₹ 94,818,679
2014	56,963,215
2015	13,542,000
2016	13,542,000
2017	10,720,750

During 2009-10, the Company entered into an agreement with the Government of Karnataka, represented by the Commissioner Survey Settlement and Land records to undertake the Urban Property Ownership Records project. The project would operate on a Public Private Partnership (PPP) model. The Company undertakes to build, develop, construct, commission, operate and maintain the IT solutions for the Urban Property Ownership Records project for a period of 6 years and 270 days. The investment made in the project till March 31, 2012 is ₹ 89,508,676 (March 31, 2011- ₹ 61,033,277) towards hardware/software and other operating costs and this amount is included under "Intangible Assets under Development". The project is in progress as at the year end and trial runs have commenced in March 2012.

11. Investments - non-current

Investments - non-current consist of:

	As of March 31, 2011	As of March 31, 2012	As of March 31, 2012
Other investments, at cost	₹ 26,270,216	₹ 205,216	\$ 4,033
Investments - non current	₹ 26,270,216	₹ 205,216	\$ 4,033

In 2009, Infotech Enterprises America Inc. a wholly-owned subsidiary of Infotech, subscribed to 10,000 shares of \$ 0.19275 each in Canesta, Inc., California, USA, at a cost of ₹ 98,206 (\$ 2,202).

Infotech Group records an investment impairment charge on investments, when management believes an investment has experienced a decline in value that is judged to be other than temporary. Infotech monitors its investments for impairment by considering current factors including economic environment, market conditions and the operational performance and other specific factors relating to the business underlying the investment.

12. Investments in associates

Investment in IASI:

	As of March 31, 2011	As of March 31, 2012	As of March 31, 2012
Opening balance	₹ 493,337,964	₹ 552,352,137	\$10,855,978
Share of profits	70,048,973	100,092,712	1,967,231
Dividend received	(11,034,800)	(408,711,450)	(8,032,851)
Closing balance	₹ 552,352,137	₹ 243,733,400	\$4,790,358

The difference between Infotech's share of equity in IASI and the carrying amount of investment was ₹ 8,440,975 and ₹ 76,583,208 (\$1,505,173) as at March 31, 2011 and 2012 respectively.

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Investment in IHAL:

	As of March 31, 2011	As of March 31, 2012	As of March 31, 2012
Opening balance	₹ 14,366,506	₹ 14,479,446	\$284,580
Additions	-	-	-
Share of (loss)/profit	112,940	(5,527,982)	(108,647)
Closing balance	₹ 14,479,446	₹ 8,951,464	\$175,933

Details of significant associate:

IASI

Infotech Aerospace Services Inc., Puerto Rico, USA, is engaged in providing information technology and engineering services to North American clients. Infotech holds 49% stake in IASI.

The summarised financial information as to assets, liabilities and results of operations of IASI is presented below:

	As of March 31, 2011	As of March 31, 2012	As of March 31, 2012
Balance Sheet			
Current assets	₹ 1,129,879,006	₹ 647,147,045	\$12,719,085
Non-current assets	184,918,245	182,511,597	3,587,099
Current liabilities	170,321,513	175,951,283	3,458,162
Net assets	1,144,475,739	653,707,359	12,848,022
Stockholders equity	1,144,475,739	653,707,359	12,848,022

	For the year ending March 31, 2010	For the year ending March 31, 2011	For the year ending March 31, 2012	For the year ending March 31, 2012
Statement of Income				
Revenues	₹ 2,827,783,112	₹ 2,279,311,856	₹ 2,752,392,065	\$ 54,095,756
Gross profit	413,947,748	322,380,262	491,770,668	9,665,304
Net income	263,621,287	141,690,008	932,985,390	18,336,977

Infotech's equity in the profit of IASI, net of taxes was ₹ 100,187,689, ₹ 58,455,868 and ₹ 83,852,670 (\$ 1,502,736) for the years ended March 31, 2010, 2011 and 2012.

13. Other non-current assets

Other assets (non-current) consist of:

	As of March 31, 2011	As of March 31, 2012	As of March 31, 2012
Deposits	₹ 31,066,704	₹ 83,745,135	\$ 1,645,934
Capital Advances	4,476,481	21,387,602	420,354
Prepaid Expenses	2,955,356	63,991,760	1,257,700
Loans and advances to employees	2,280,907	-	-
Advance income taxes (net of provision)	235,778,930	295,984,256	5,817,300
Balances with government authorities	102,332,487	259,411,630	5,098,499
Other non-current assets	₹ 378,890,865	₹ 724,520,382	\$ 14,239,787

Advance to others although non-current in the previous year has been recovered in the current year based on the revised arrangement between the company and the customer.

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14. Borrowings

Short-term and current portion of long-term debts

Short-term debt and current portion of long-term debts, payable to banks, consists of:

	As of March 31, 2011	As of March 31, 2012	As of March 31, 2012
Working capital facility in Indian rupees	₹ 10,561,469	₹ 6,559,677	\$128,924
Current portion of long term debt	-	-	-
Short-term debt and current portion of long-term debt	₹ 10,561,469	₹ 6,559,677	\$128,924

Weighted average borrowing rate for working capital facility in Indian rupees was 8.30%.

Unused lines of credit

Unused lines of credit comprise of:

	As of March 31, 2011	As of March 31, 2012	As of March 31, 2012
Packing credit and other lines of credit	₹ 500,000,000	₹ 500,000,000	\$9,827,044
Non-fund facilities	121,969,000	110,944,815	\$2,180,519
Total unused lines of credit	₹ 621,969,000	₹ 610,944,815	\$12,007,563

To utilise the above unused lines of credit, the Company requires consent of the lender and compliance with certain financial covenants.

15. Other current liabilities

Other liabilities consist of:

	As of March 31, 2011	As of March 31, 2012	As of March 31, 2012
Payable on purchase of fixed assets	₹ 43,714,148	₹ 54,186,171	\$ 1,064,980
Unpaid dividend	1,757,635	2,203,995	43,318
Provision for employee benefits	85,941,529	57,548,567	1,131,065
Unearned revenue	22,243,257	91,149,668	1,791,464
Other payables	335,359,320	764,123,281	15,018,145
Other current liabilities	₹ 489,015,889	₹ 969,211,682	\$ 19,048,972

16. Other non-current liabilities

Other non-current liabilities consist of:

	As of March 31, 2011	As of March 31, 2012	As of March 31, 2012
Employee benefits	289,465,964	135,420,316	2,661,563
Other non-current liabilities	₹ 289,465,964	₹ 135,420,316	\$ 2,661,563

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17. Shareholders' equity and dividends

Dividends

Final dividends proposed by the Board of Directors are payable when formally declared by the shareholders, who have the right to decrease but not increase the amount of the dividend recommended by the Board of Directors. With respect to equity shares issued by Infotech during a particular financial year, cash dividends declared and paid for such financial year generally will be pro-rated from the date of issuance to the end of such financial year.

Dividends payable to equity shareholders are based on the net income available for distribution as reported in Infotech unconsolidated financial statements prepared in accordance with the Generally Accepted Accounting Practices in India (Indian GAAP).

Under the Companies Act, dividends may be paid out of the profits of a company in the year in which the dividend is declared or out of the undistributed profits of previous fiscal years. Before declaring a dividend greater than 10% of the par value of its equity shares, a company is required to transfer its reserves to a minimum percentage of its profits for that year, ranging from 2.5% to 10%, depending upon the dividend percentage to be declared in such year. Dividends declared, distributed or paid by an Indian corporation are subject to a dividend tax of 16.995% including the presently applicable surcharge, of the total dividend declared, distributed or paid. This tax is not paid by the shareholders nor is it a withholding requirement, but rather a direct tax payable by the corporation.

During the year ended March 31, 2011, the company completed the merger of its wholly-owned subsidiary, TTM India Pvt. Limited with, Infotech Enterprises Limited, the parent entity, pursuant to the terms of merger approved by courts in India. This transaction was determined to be a common control transfer, in accordance with the guidance in ASC Topic 805, Definition of "Common Control" in relation to ASC Topic 805. Accordingly, no adjustments were made to the carrying value of assets and liabilities.

During the year ended March 31, 2012, Infotech Enterprises America Inc. a wholly-owned subsidiary of Infotech completed the merger of its wholly-owned subsidiary, Daxcon Engineering Services Inc with, Infotech Enterprises America Inc, the parent entity, pursuant to the terms of merger approved by courts in United States of America. This transaction was determined to be a common control transfer, in accordance with the guidance in ASC Topic 805, Definition of "Common Control" in relation to ASC Topic 805. Accordingly, no adjustments were made to the carrying value of assets and liabilities.

18. Other income/(expenses), net

Other income/(expenses), net consists of:

	For the year ending March 31, 2010	For the year ending March 31, 2011	For the year ending March 31, 2012	For the year ending March 31, 2012
Profit on sale of investments	₹ 5,520	₹ 480,754	₹ (9,068,905)	\$ (178,241)
Dividend received on investments	33,127,971	31,178,264	20,854,171	409,870
Gain/(loss) on derivative contracts	354,128,461	54,758,150	88,829,529	1,745,863
Others	14,276,450	35,499,517	(329,326,325)	(6,472,609)
Other income, net	₹ 401,538,402	₹ 121,916,685	₹ (228,711,530)	\$ (4,495,117)

19. Shipping and Handling costs

Selling, general and administration expenses for the years ended March 31 2010, 2011 and 2012, include shipping and handling costs of ₹ 2,753,999, ₹ 841,897 and ₹ 2,089,927 (\$ 41,076) respectively.

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20. Earnings per share

Basic earnings per share is computed on the basis of the weighted average number of shares outstanding (weighted average number of shares issued less unallocated, unvested or unexercised shares held by the Infotech Employee Trust). Allocated but unvested or unexercised shares not included in the calculation of weighted-average shares outstanding for basic earnings per share were 58,800 as of March 31, 2010, 2011 and shares for March 31, 2012. Diluted earnings per share is computed on the basis of the weighted average number of shares outstanding plus the effect of outstanding stock options using the “treasury stock” method.

In addition to the above, the unallocated shares held by Infotech ESOP Trust, which are by definition unvested, have been excluded from the calculations. Such shares amounted to 165,360 as of March 31, 2010, 2011 and 2012 respectively.

The components of basic and diluted earnings per share were as follows:

	For the year ended March 31, 2010	For the year ended March 31, 2011	For the year ended March 31, 2012	For the year ended March 31, 2012
Net income attributable to Infotech Enterprises Limited shareholders	₹ 1,591,794,591	₹ 1,448,623,631	₹ 1,625,585,565	\$ 31,949,402
Average outstanding shares	110,464,132	110,954,338	111,158,062	111,158,062
Dilutive effect of stock options and preferred stock	223,978	202,310	202,310	202,310
Share and share equivalents	110,688,110	111,156,648	111,360,372	111,360,372
Earnings per share				
Basic	₹ 14.41	₹ 13.05	₹ 14.62	\$ 0.29
Diluted	₹ 14.38	₹ 13.03	₹ 14.60	\$ 0.29

Options to purchase 817,613 shares of common stock at ₹ 129.30 per share were outstanding as on March 31, 2012, but were not included in the computation of diluted EPS because the options’ exercise price was greater than the average market price of the common shares.

21. Financial instruments

Infotech enters into foreign currency forwards and options contracts to mitigate its exposure to foreign exchange. Infotech enters into derivative contracts where the counter party is generally a bank. Infotech considers the risks of non-performance by the counter party as non-material. The outstanding foreign exchange forward contracts as of March 31, 2012 mature between one to eighteen months.

The following tables give details of outstanding foreign exchange derivative contracts:

	As of March 31, 2011	As of March 31, 2012	As of March 31, 2012
Aggregate contracted principal amounts of contracts outstanding:			
Forward contracts	₹ 1,960,343,200	₹ 6,543,546,223	\$128,607,434
Options	-	-	-
Total	₹ 1,960,343,200	₹ 6,543,546,223	\$128,607,434

The following table sets forth the fair value of foreign currency exchange contracts and their location on the consolidated balance sheet for the years ended March 31, 2011 and 2012:

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a) Derivative contracts not designated as Hedge instruments

	As of March 31, 2011	As of March 31, 2012	As of March 31, 2012
Derivative financial asset			
Foreign currency forward contracts	₹ 29,761,900	₹ 8,201,992	\$ 161,203
Derivative financial liability			
Foreign currency option contracts	-	₹ 250,265,624	\$ 4,918,743

The following table sets forth the effect of foreign currency exchange contracts on the consolidated statements of income for the years ended March 31, 2011 and 2012:

Derivative contracts not designated as Hedging instruments

Location of gain/(loss) recognised in income on derivatives	As of March 31, 2010	As of March 31, 2011	As of March 31, 2012	As of March 31, 2012
Foreign currency forward contracts Other income/(expense), net	₹ 129,764,814	₹ 54,758,150	₹ 88,829,529	\$ 1,745,863
Foreign currency option contracts Other income/(expense), net	₹ 224,363,647	-	-	-

b) Fair value of financial instruments

The carrying amounts reported in the balance sheet for cash and cash equivalents, investments in bank deposits, investments in mutual funds, accounts receivables, loans to others and other non-current assets, deposits, accounts payable and other liabilities approximate their respective fair values due to their short maturity.

Estimated fair value of financial instruments

Effective April 1, 2011, Infotech adopted SFAS No. 157 (ASC Topic820) limited to financial assets and liabilities, which primarily relate to Infotech's investments and derivative contracts.

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1- Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2- Inputs are quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable and market-corroborated inputs which are derived principally from or corroborated by observable market data.

Level 3- Inputs which are unobservable reflecting internal assumptions are used in pricing assets or liabilities.

The following table summarises financial assets and liabilities measured at fair value on a recurring basis in accordance with SFAS No. 157 as of March 31, 2012:

Assets and (liabilities) measured at fair values	Level-1	Level-2	Level-3
Investments available for sale	-	₹ 222,493,714	-
Foreign exchange forward contracts	-	₹ 242,063,632	-

Disclosure for fair value measurement of Investment in Mutual Funds as required by ASU 2009-12

Fair values	As of March 31, 2011	As of March 31, 2012	As of March 31, 2012
Debt based mutual funds	₹ 334,117,469	₹ 222,493,714	\$ 4,372,911

The above category includes investments in debt funds that invest approximately 65% in Commercial paper and Certificate of Deposits and balance 35% in other forms of liquid investments. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.

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22. Other comprehensive (loss)/income

Other comprehensive (loss)/income includes:

	As of March 31, 2011	As of March 31, 2012	As of March 31, 2012
At the beginning of the year	₹ (55,910,975)	₹ 46,234,530	\$ 908,698
Translation adjustments	102,145,505	91,115,039	1,790,783
At the end of the year	₹ 46,234,530	₹ 137,349,569	\$ 2,699,481

23. Advertising costs

Advertising costs are charged to income statement in the year in which it is incurred rather than in the year in which the advertising takes place. Selling, general and administration expenses for the years ended March 31 2010, 2011 and 2012, include advertising costs of ₹ 2,492,103, ₹ 3,967,288 and ₹ 5,750,471 (\$ 113,020) respectively.

24. Employee benefits

The gratuity plan

The following table sets forth the funded status of the gratuity plan of Infotech, and the amounts recognised in the balance sheet.

	As of March 31, 2011	As of March 31, 2012	As of March 31, 2012
Accumulated benefit obligation	₹ 164,452,476	₹ 190,676,415	\$ 3,747,571
Change in projected benefit obligation			
Projected benefit obligation at the beginning of the year	182,005,037	258,199,857	5,074,683
Service cost	37,789,317	46,683,276	917,517
Interest cost	17,199,436	21,927,972	430,974
Plan amendments	29,093,584	(26,188,501)	(514,711)
Actuarial loss/(gain)	7,133,935	-	-
Settlements	(5,418,637)	-	-
Benefits paid	(9,602,815)	(24,329,416)	(478,172)
Projected benefit obligation at the end of the year	258,199,857	₹ 276,293,188	\$ 5,430,291
Plan asset at fair value			
Plan assets at the beginning of the year	5,530,741	3,233,273	63,547
Actual return on plan assets	456,522	346,034	6,801
Employer contribution	7,275,950	44,018,343	865,140
Benefits paid	(9,602,815)	(24,329,416)	(478,172)
Asset gain/(loss)	(427,125)	-	-
Plan asset at fair value at the end of the year	3,233,273	23,268,234	457,316
Funded status of the plan	(254,966,584)	(253,024,954)	(4,972,975)
Accrued benefit cost	(254,966,584)	(253,024,954)	(4,972,975)
The components of net gratuity cost are reflected below:			
Service cost	37,789,317	46,683,276	917,517
Interest cost	17,199,436	21,927,972	430,974
Expected return on plan assets	(456,522)	(418,324)	(8,222)
Amortisation of :			
Actuarial loss/(gain)	7,561,060	(26,116,211)	(513,290)
Past service cost	29,093,584	-	-
Actuarial loss/(gain)	-	-	-
Net gratuity cost	₹ 91,186,875	₹ 42,076,713	\$ 826,979

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Weighted average assumptions used to determine net gratuity cost and benefit obligations:

Discount rate	8.0% p.a	9.25% p.a	9.25% p.a
Long-term rate of compensation increase	7.5% to 10.0% p.a	7.5% to 10.0% p.a	7.5% to 10.0% p.a
Rate of return on plan assets	9.25% p.a	9.25% p.a	9.25% p.a

The company assesses these assumptions with its projected long term plans of growth and prevalent industry standards. The company estimates the long-term return on plan assets based on the average rate of return expected to prevail over the next 15 to 20 years in the types of investments held. As of March 31 2011 and 2012, the entire plan assets were invested in debt securities.

Accumulated benefit obligation was ₹ 164,452,476 and ₹ 190,676,415 (\$ 3,747,571) as at March 31, 2011 and 2012 respectively.

Cash flows

Infotech expects to contribute ₹ 39,429,785 (\$ 774,956) to its Gratuity plan during the year ending March 31, 2012. The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

For the financial year ended March 31,	₹
2013	39,365,465
2014	36,825,661
2015	36,348,204
2016	35,100,871
2017- 2021	138,727,629

The contributions made to various employee benefit contribution funds are as follows:

	Year ended March 31, 2010	Year ended March 31, 2011	Year ended March 31, 2012	Year ended March 31, 2012
Provident fund	₹ 112,286,098	₹ 134,754,764	₹ 123,860,307	\$ 243,4361
Employee state insurance scheme	8,948,203	16,289,406	16,575,959	325,785
Superannuation fund	33,153,440	40,344,666	57,375,225	1,127,658
Contribution pension scheme	231,057,619	260,598,153	326,068,913	5,843,008

The Company has recognised ₹ 145,107,068 and ₹ 146,392,588 (\$ 2,877,213) towards compensated absence liability for the years ended March 31, 2011 and 2012 respectively.

25. Income taxes

The income tax expense consists of:

	Year ended March 31, 2010	Year ended March 31, 2011	Year ended March 31, 2012	Year ended March 31, 2012
Domestic taxes				
Current	₹ 235,606,030	₹ 250,541,524	₹ 479,922,914	\$ 9,432,447
Deferred	56,170,172	(158,732,506)	(23,255,662)	(457,069)
Foreign taxes				
Current	250,680,371	137,712,270	151,405,859	2,975,744
Deferred	(47,836,764)	(104,695,416)	92,345,148	1,814,960
Aggregate taxes	₹ 494,619,809	₹ 124,825,872	₹ 700,418,259	\$ 13,766,082

The provision for foreign taxes as of March 31, 2010, 2011 and 2012 is due to income taxes payable by the foreign subsidiaries and branches of Infotech.

Under the Indian Income Tax Act, 1961, Infotech is entitled to tax holidays for its various Special Economic Zone (SEZ) units located across India. The tax holidays for STP units are available for a period of ten fiscal years from the date of commencement

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of operations and expire in fiscal 2011. For, SEZ units, the tax holidays are available for a period of ten fiscal years from the date of commencement of operation and a further five fiscal years based on fulfillment of additional conditions and expire in fiscal 2025.

The reconciliation of estimated income tax expense at Indian statutory income tax rate to income tax expense reported in statement of income is as follows:

	Year ended March 31, 2010	Year ended March 31, 2011	Year ended March 31, 2012	Year ended March 31, 2012
Income before income taxes and equity in earnings of affiliates	₹ 1,981,389,349	₹ 1,515,967,640	₹ 2,326,003,824	\$ 45,715,484
Indian statutory income tax rate	33.99%	33.22%	32.45%	32.45%
Expected income tax expense	673,474,240	503,566,551	754,788,241	14,834,675
Tax effect of:				
Adjustments to reconcile expected income tax expense to reported income tax expense:				
Tax effect of permanent differences:				
Tax holidays and income exempt from tax	(227,424,332)	(286,878,083)	(127,661,664)	(2,509,074)
Income taxed at different rates	21,999,891	(90,716,774)	107,238,515	2,107,675
Stock compensation expense	26,570,010	15,045,531	13,104,696	257,561
Others, net	-	(16,191,352)	(47,051,529)	(924,755)
Total taxes recognised in the statement of income	₹ 494,619,809	₹ 124,825,872	₹ 700,418,259	\$ 13,766,082

The aggregate rupee and per share (basic) effects of tax exemptions are ₹ 227,424,332 and ₹ 2.06 for the year ended March 31, 2010, ₹ 286,878,083 and ₹ 2.59 for the year ended March 31, 2011 and ₹ 127,661,664 and ₹ 1.15 for the year ended March 31, 2012.

Under the Indian Income Tax Act, 1961, Infotech is liable to pay Minimum Alternate Tax (MAT). The excess tax paid as per MAT over and above the regular tax liability can be carried forward for a period of 10 years and can be set off against the future tax liabilities computed under regular tax provisions. Consequently, during the current year Infotech has recognized all the MAT credit against its income tax liability.

Infotech indefinitely reinvests all the accumulated undistributed earnings of foreign subsidiaries, and accordingly, has not recorded any deferred taxes in relation to such undistributed earnings of its foreign subsidiaries. It is impracticable to determine the undistributed earnings and the additional taxes payable when these earnings are remitted.

In assessing the realizability of deferred tax assets, Infotech considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences and loss carry-forwards become deductible or utilizable. Infotech considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, Infotech believes it is more likely than not that it will realize the benefits of these deductible differences and loss carry-forwards, net of the existing valuation allowances at March 31, 2012. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.



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The components of net deferred tax (liability)/asset are as follows:

	As of March 31, 2011	As of March 31, 2012	As of March 31, 2012
Deferred tax assets:			
Accounts receivable	₹ 32,952,781	₹ 17,786,764	\$ 349,583
Employee benefits	84,286,235	102,700,570	2,018,486
Derivative contracts	9,657,737	81,211,195	1,596,132
Minimum alternate tax	234,666,597	-	-
Others	2,465,413	15,596,394	306,533
Gross deferred tax assets	364,028,763	217,294,922	4,270,734
Less: Valuation allowance	-	-	-
Total deferred tax assets	364,028,763	₹ 217,294,922	\$ 4,270,734
Deferred tax liabilities:			
Unbilled revenue	10,433,597	-	-
Premises and equipment	107,636,851	86,263,129	1,695,423
Investments in associates and AFS	88,973,057	37,733,087	741,609
Intangibles	90,407,674	-	-
Derivative contracts	-	2,661,546	52,310
Others	-	93,149,063	1,830,760
Total deferred tax liabilities	297,451,179	219,806,825	4,320,103
Net deferred income tax liabilities	₹ 66,577,584	₹ (2,511,903)	\$ (49,369)

In July 2006, the FASB issued Interpretation No. 48, “Accounting for Uncertainty in Income Taxes” an interpretation of FASB Statement No. 109 (“FIN 48”) (ASC Topic 740). The Interpretation clarifies the accounting for uncertainty in income taxes recognised in a company’s financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 (ASC Topic 740) is effective from fiscal year beginning on April 1, 2007. As a result of the adoption of FIN 48 (ASC Topic 740), Infotech did not have to recognize any increase/decrease in the liability for unrecognised tax benefits related to tax positions taken in prior periods. Under FIN 48 (ASC Topic 740) assessment, the company made an additional tax provision of ₹ 2,625,209 (\$ 51,596) during the year ended March 31, 2012.

Infotech files numerous consolidated and separate income tax returns in India, United States federal and state jurisdictions, United Kingdom, Germany and in several other foreign jurisdictions. On an ongoing basis Infotech is routinely subject to examination by tax authorities. While it is often difficult to predict the final outcome or the timing of resolution of any particular uncertain tax position, Infotech has not recognized any unrecognized tax liability. The resolution of a matter could be recognised as an adjustment to provision for income taxes and effective tax rate in the period of resolution, and may also require the outflow of cash.

Infotech has ongoing disputes with Indian Income tax authorities relating to tax treatment of certain items. These mainly include disallowed expenses, tax treatment of certain expenses claimed by Infotech as deductions, and computation of, or eligibility of, certain tax incentives or allowances. Infotech is contesting the Income Tax Appellate Tribunal’s (ITAT) order for the denial of certain export benefits under the Income Tax Act, 1961 on the grounds of the date of establishment of the Export Oriented Unit. The estimated contingency amounts to ₹ 161,000,000 and ₹ 161,000,000 (\$ 3,164,308) as of March 31, 2011 and 2012 respectively. The petition contesting the ITAT’s Order has been admitted by the High Court of Andhra Pradesh and management believes that it has strong merits for this petition and hence it will not have the material adverse effect on Infotech Group’s results of operations, liquidity or financial position.

The number of years that are subject to tax assessments varies depending on tax jurisdiction. For each major jurisdiction, the Company has listed out the periods for which the income tax authorities can review/audit Company’s income tax filings.

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Jurisdiction	Open Tax years
India	1997-98 to 2011-12
USA	2009-10 to 2011-12
UK	2010-11 to 2011-12
Germany	2007-08 to 2011-12

26. Employee Stock Option Plans

2002 Associate Stock Option Plan (ASOP 2002)

Infotech instituted ASOP 2002 in October 2002 and earmarked 575,000 equity shares of ₹ 10 each for issue to the employees under ASOP. During the year 2006-07, Infotech performed a Corporate Action, thus increasing the earmarked shares to 1,725,000 equity shares of ₹ 5 each. During the year 2009-10, Infotech performed another Corporate Action through Bonus Issue, thereby increasing the total earmarked shares to 3,450,000 equity shares of ₹ 5 each. Under ASOP 2002, options will be issued to employees at an exercise price, which shall not be less than the market price on the date of grant. These options vest over a period ranging from one to three years from the date of grant, starting with 10% at the end of first year, 15% at the end of one and half years, 20% after two years, 25% at the end of two and half years and 30% at the end of third year.

Changes in number of shares representing stock options outstanding were as follows:

	Year ended March 31, 2010		Year ended March 31, 2011		Year ended March 31, 2012	
	Number of shares	Weighted Average Exercise Price	Number of shares	Weighted Average Exercise Price	Number of shares	Weighted Average Exercise Price
Balance at the beginning of the year	229,650	₹ 137	217,700	₹ 125	197,915	₹ 125
Granted	-	-	-	-	-	-
Exercised	-	-	(14,585)	125	-	-
Forfeited and lapsed	(11,950)	81	(5,200)	125	(27,075)	125
Balance at the end of the year	217,700	₹ 125	197,915	₹ 125	170,840	₹ 125
Exercisable at the end of the year	54,426	₹ 125	138,541	₹ 125	170,840	₹ 125
Weighted average fair value of options granted during the year	-	-	-	-	-	-

Associate Stock Option Plan - 2004 (ASOP 2004)

Infotech instituted ASOP 2004 in October 2004 and earmarked 1,150,000 equity shares of ₹ 10 each for issue to the employees under ASOP. During the year 2006-07, Infotech performed a Corporate Action, thus increasing the earmarked shares to 2,300,000 equity shares of ₹ 5 each. During the year 2009-10, Infotech performed another Corporate Action through Bonus Issue, thereby increasing the total earmarked shares to 4,600,000 equity shares of ₹ 5 each. Under the ASOP 2004, options will be issued to employees at an exercise price, which shall not be less than the market price on the date of grant. These options vest over a period ranging from one to three years from the date of grant, starting with 10% at the end of first year, 15% at the end of one and half years, 20% after two years, 25% at the end of two and half years and 30% at the end of third year.

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Changes in number of shares representing stock options outstanding were as follows:

	Year ended March 31, 2010		Year ended March 31, 2011		Year ended March 31, 2012	
	Number of shares	Weighted Average Exercise Price	Number of shares	Weighted Average Exercise Price	Number of shares	Weighted Average Exercise Price
Balance at the beginning of the year	3,171,286	₹ 123	2,373,820	₹ 140	1,867,611	₹ 151
Granted	66,000	92	-	-	-	-
Exercised	(539,456)	104	(262,636)	102	(138,993)	123
Forfeited and lapsed	(325,000)	132	(243,573)	93	(1,310,000)	173
Balance at the end of the year	2,373,820	₹ 140	1,867,611	₹ 151	418,618	₹ 165
Exercisable at the end of the year	1,844,286	₹ 145	1,679,648	₹ 162	403,618	₹ 129
Weighted average fair value of options granted during the year	-	₹ 76	-	-	-	-

Associate Stock Option Plan - 2008 (ASOP 2008)

Infotech instituted ASOP 2008 in July 2008 and earmarked 1,000,000 equity shares of ₹ 5 each for issue to the employees under ASOP. During the year 2009-10, Infotech performed a Corporate Action through Bonus Issue, thereby increasing the total earmarked shares to 2,000,000 equity shares of ₹ 5 each. Under the ASOP 2008, options will be issued to employees at an exercise price, which shall not be less than the market price on the date of grant. These options vest over a period ranging from one to three years from the date of grant, starting with 10% at the end of first year, 15% at the end of one and half years, 20% after two years, 25% at the end of two and half years and 30% at the end of third year.

Changes in number of shares representing stock options outstanding were as follows:

	Year ended March 31, 2010		Year ended March 31, 2011		Year ended March 31, 2012	
	Number of shares	Weighted Average Exercise Price	Number of shares	Weighted Average Exercise Price	Number of shares	Weighted Average Exercise Price
Balance at the beginning of the year	-	-	-	-	1,336,685	₹ 170
Granted	-	-	1,343,735	170	39,000	140
Exercised	-	-	-	-	-	-
Forfeited and lapsed	-	-	(7,050)	169	(166,850)	176
Balance at the end of the year	-	-	1,336,685	₹ 170	1,208,835	₹ 168
Exercisable at the end of the year	-	-	-	-	277,959	₹ 169
Weighted average fair value of options granted during the year	-	-	-	₹ 90	-	₹ 65

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Information about number of equity shares representing stock options outstanding as of March 31, 2012:

Range of Exercise Price (per share)	Weighted Average Exercise Price (per share)	Outstanding		Exercisable	
		Weighted Average remaining contractual Life	Number of shares arising out of options	Weighted Average Exercise Price (per share)	Number of shares arising out of options
116 to 160	128	1.36	610,458	126	556,458
161 to 175	166	3.28	1,177,835	169	295,959
176 to 200	188	3.25	10,000	-	-

Stock-based compensation

Infotech's consolidated financial statements as of and for the year ended March 31, 2012 reflect the impact of SFAS 123R (ASC Topic 718). As required by ASC Topic 718, management has made an estimate of expected forfeitures and is recognizing compensation costs only for those equity awards expected to vest.

Infotech recorded stock -based compensation related to stock options of ₹ 78,170,083, ₹ 45,293,989 and ₹ 40,384,271 (\$ 793,716) during the years ended March 31, 2010, 2011 and 2012 respectively. The compensation cost has been allocated to Cost of Revenues and Selling, General and Administrative expenses as follows :

	As of March 31, 2010	As of March 31, 2011	As of March 31, 2012	As of March 31, 2012
Cost of revenues	₹ 66,444,571	₹ 38,499,892	₹ 34,326,630	\$ 674,659
Selling, General and Administrative expenses	11,725,512	6,794,097	6,057,641	119,057
Total	₹ 78,170,083	₹ 45,293,989	₹ 40,384,271	\$ 793,716

As of March 31, 2012, there was ₹ 22,117,681 (\$434,703) of unrecognised compensation cost related to unvested options which is expected to be recognised over a weighted average period of 3.63 years. Infotech issues new shares to satisfy share option exercise. Cash received from option exercises amounted to ₹ 27,961,300, ₹ 24,382,205 and ₹ 17,039,004 (\$ 334,886) for the years ended March 31, 2010, 2011 and 2012 respectively.

The fair value of each option award is estimated on the date of grant using the Black-Scholes option-pricing model. The compensation cost is determined based on a weighted average fair value of the award in total as a single award. The following table gives the weighted-average assumptions used to determine fair value:

	Year Ended March 31, 2011 Black-Scholes Model	Year Ended March 31, 2012 Black-Scholes Model
Expected volatility (%)	59.32%	58.92%
Risk-free interest rate (%)	7.02%	8.36%
Expected term (in years)	3.63	3.63

Expected Term: The expected term represents the period that the Company's stock-based awards are expected to be outstanding and was determined based on historical experience of similar awards, giving consideration to the contractual terms of the stock-based awards, vesting schedules and expectations of future employee behavior.

Notes to the Consolidated Financial Statements U.S. GAAP

Risk-Free Interest Rate: The risk-free interest rate is based on the applicable rates of government securities in effect at the time of grant.

Expected Volatility: The fair values of stock-based payments were valued using a volatility factor based on the Company's historical stock prices.

Estimated Pre-vesting Forfeitures: When estimating forfeitures, the Company considers voluntary termination behavior. Estimated forfeiture rates are true-up to actual forfeiture results as the stock-based awards vest.

27. Segmental reporting

ASC Topic 280 "Disclosure about Segments of an Enterprise and Related Information" establishes standards for the way that public business enterprises report information about business segments and related disclosures about products and services, geographical areas and major customers.

The Chairman of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by ASC Topic 280. The Chairman of the Company evaluates the segments based on their revenue growth, operating income and return on capital employed. The management believes that return on capital employed is considered appropriate for evaluating the performance of its operating segments. Return on capital employed is calculated as operating income divided by the average of the capital employed at the beginning and at the end of the period. Capital employed includes total assets of the respective segments less all liabilities, except for short-term borrowings, long-term debt and obligations under capital leases.

Management evaluates Infotech Group's performance and allocates resources based on an analysis of various performance indicators by business verticals and geographical segmentation of customers.

A brief description of these verticals is given below:

The Company renamed its Utilities, Telecom & Government (UTG) vertical as Network & Content Engineering (N&CE). There has been no reclassification on account of change in name.

I. Network & Content Engineering (N&CE)

N&CE vertical services customers in industries such as power, gas, telecom, transportation and local government. Infotech Group's service offerings to the N&CE vertical include data conversion, data maintenance, photogrammetry and IT services.

II. Engineering, Manufacturing, Industrial Products (EMI)

EMI vertical services customers in industries such as aerospace, automotive, off-highway transportation and industrial and commercial products, engineering design, embedded software, IT solutions, manufacturing support, technical publications and other strategic customers. New business initiatives are also handled by this vertical.

Revenue in relation to these verticals is categorized based on items that are individually identifiable to that vertical. Geographical segmentation is driven based on the location of the respective clients and these are North America, Europe and Rest of the World.

Fixed assets used in Group's business are not identified to any of the reportable segments and management believes that it is currently not practicable to provide segment disclosures relating to total assets and liabilities since a meaningful segregation of the available data is onerous.

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Segment data for previous periods has been reclassified on a comparable basis.

Business Segment			(Amount in ₹)
For the year ended March 31, 2010	N&CE	EMI	Consolidated Totals
External revenues	3,349,766,224	6,194,805,557	9,544,571,781
Less: Inter-segment revenues			(23,056,424)
Total revenues			9,521,515,357
Operating expenses	(2,232,783,095)	(4,810,640,703)	(7,043,423,798)
Less: Inter-segment expenses			23,056,424
Segmental operating income	1,116,983,129	1,384,164,854	2,501,147,983
Un-allocable expenses			(1,008,407,379)
Interest income			116,232,923
Interest expense			(29,122,580)
Other income/(expense), net			401,538,402
Equity in earnings of affiliates			100,246,802
Income before income taxes			2,081,636,151
Income taxes			494,619,809
Non-controlling Interest			4,778,249
Net income attributable to Infotech Enterprises Limited shareholders			₹ 1,591,794,591

For the year ended March 31, 2011	N&CE	EMI	Consolidated Totals
External revenues	3,677,504,437	8,201,817,487	11,879,321,924
Less: Inter-segment revenues			(7,886,265)
Total revenues			11,871,435,659
Operating expenses	(2,879,182,408)	(6,393,881,616)	(9,273,064,025)
Less: Inter-segment expenses			7,886,265
Segmental operating income	798,322,029	1,807,935,870	2,606,257,899
Un-allocable expenses			(1,332,267,390)
Interest income			135,491,532
Interest expense			(15,431,086)
Other income/(expense), net			121,916,685
Equity in earnings of affiliates			58,508,019
Income before income taxes			1,574,475,659
Income taxes			124,825,872
Non-controlling Interest			(1,026,156)
Net income attributable to Infotech Enterprises Limited shareholders			₹ 1,448,623,631



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For the year ended March 31, 2012	N&CE	EMI	Consolidated Totals
External revenues	4,761,266,304	10,764,566,279	15,525,832,584
Less: Inter-segment revenues			(5,619,284)
Total revenues			15,520,213,300
Operating expenses	(3,802,677,878)	(8,231,162,255)	(12,410,880,154)
Less: Inter-segment expenses			5,619,284
Segmental operating income	958,588,427	2,544,524,121	3,114,952,430
Un-allocable expenses			(897,536,174)
Interest income			266,303,981
Interest expense			(7,329,571)
Other income/(expense), net			(228,711,530)
Equity in earnings of affiliates			78,324,688
Income before income taxes			2,326,003,824
Income taxes			700,418,259
Non-controlling Interest			—
Net income attributable to Infotech Enterprises Limited shareholders			₹ 1,625,585,565

Geographic segment

The revenues that are attributable to countries based on location of customers are as follows:

	Total revenues			
	2010	2011	2012	2012
India	₹ 158,996,574	₹ 332,460,311	₹ 344,500,421	\$ 6,770,842
North America	4,509,466,516	6,596,848,788	6,551,295,352	128,759,736
Europe	4,156,747,491	4,297,100,035	4,156,723,059	81,696,601
Rest of the World	696,304,776	645,026,525	4,467,694,468	87,808,460
Total	₹ 9,521,515,357	₹ 11,871,435,659	₹ 15,520,213,300	\$ 305,035,639

Geographic Assets

Geographic Location	2011	2012	2012
India	₹ 2,912,324,218	₹ 3,159,688,326	\$ 62,100,793
Others	187,282,225	90,980,061	\$1,788,130
Total	₹ 3,099,606,443	₹ 3,250,668,387	\$ 63,888,923

Allocation of goodwill and intangibles by segments:

Segment	As at March 31, 2011		As at March 31 2012	
	Goodwill	Intangibles	Goodwill	Intangibles
N&CE	₹ 266,408,748	₹ 16,441,500	₹ 266,408,748	₹ 98,966,176
EMI	341,122,892	267,963,818	341,122,892	180,129,139
Total	₹ 607,531,640	₹ 284,405,318	₹ 607,531,640	₹ 279,095,315

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28. Concentration of credit risk

Financial instruments that potentially subject Infotech Group to concentrations of credit risk principally consist of cash and cash equivalents, accounts receivable and unbilled revenues. Accounts receivable balances are typically unsecured and are derived from revenues earned from customers primarily located in United States and Europe. Infotech Group monitors the creditworthiness of its customers to which it grants credit terms in the normal course of business.

The following table gives details in respect of percentage of revenues generated from top two and top ten customers:

	Year ended March 31, 2010	Year ended March 31, 2011	Year ended March 31, 2012
Revenues generated from top two customers			
Customer I	17.70%	15.80%	15.10%
Customer II	9.30%	6.80%	6.20%
Total revenues from top ten customers	58.70%	56.70%	53.60%

Customer I belongs to the EMI segment.

Infotech has a customer concentration of risk, as illustrated in the table below showing the aggregated accounts receivable and unbilled revenues for five largest customers as of March 31, 2011 and 2012, respectively.

	Year ended March 31, 2011	
	Total accounts receivable and unbilled revenues	Percentage
Customer GB	₹ 332,867,682	11.02%
Customer SP	316,760,936	10.48%
Customer SI	99,798,058	3.30%
Customer UB	88,828,179	2.94%
Customer CS	52,931,454	1.75%
Others	2,128,509,497	70.49%
Total	₹ 3,019,695,806	100.00%

	Year ended March 31, 2012	
	Total accounts receivable and unbilled revenues	Percentage
Customer SP	₹ 441,427,747	10.33%
Customer SI	204,642,489	4.79%
Customer GB	188,444,265	4.41%
Customer ID	107,200,526	2.51%
Customer HT	75,673,887	1.77%
Others	3,255,805,178	76.19%
Total	₹ 4,273,194,092	100.00%

Infotech also has a geographic concentration of credit risk relating to cash and cash equivalents held with banks in Asia, Europe and America comprising 63%, 29% and 8% of the balances as of March 31, 2011 and 52%, 30% and 18% of the balances as of March 31, 2012 respectively.



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29. Related party transactions

Infotech Enterprises Information Technology Services Private Limited has taken land and building on lease, for a period of 3 years, from Mrs. B. Sucharitha, whole time director of Infotech Enterprises Limited, the parent entity. The lease agreement effective from April 1, 2010 provides monthly lease rent of ₹ 4,12,800 (\$ 8,113) for initial period of 3 years and the lease shall be extendable for another period of 2 years subject to an increase of 15% or 5% every year. Lease rentals paid included in the selling, general and administrative overheads for this lease were ₹ 412,800, ₹ 5,463,821 and ₹ 5,463,821 (\$ 122,507) for the years ended March 31, 2010, 2011 and 2012 respectively.

Infotech's share of profits from its affiliate, IASI, is ₹ 129,174,431, ₹ 70,048,973 and ₹ 100,092,712 (\$ 1,967,231) for the years ended March 31, 2010, 2011 and 2012 respectively. Infotech's share of (loss)/profit from its affiliate, IHAL, is (₹ 59,114), ₹ 112,940 and ₹ -5,527,982 (\$ -108,647) for the years ended March 31, 2010, 2011 and 2012 respectively.

30. Contingencies and commitments

Contingent Liabilities

Particulars	March 31, 2011 ₹	March 31, 2012 ₹
Claims against the Company not acknowledged as debt (Refer Note (i) below)	593,743,144	338,007,858
Guarantees (Refer Note (ii) below)	426,680,000	141,184,000
Other money for which the Group is contingently liable (Refer Note (iii) below)	40,354,236	30,354,236

Notes:

- (i) a. The Company has disputed various demands raised by Income Tax authorities for the assessment years 1997-98 to 2008-09. The orders are pending at various stages of appeals. The aggregate amount of disputed tax not provided for is ₹ 409,671,422 (March 31, 2011 - ₹ 178,022,384). The Company is confident that these appeals will be decided in its favour, based on professional advice.
- b. The Company has disputed various demands raised by the Sales Tax authorities for the financial years 2004-05 to 2009-10. The Company has filed appeals, which are pending with the appropriate authorities. The aggregate amount of disputed tax not provided for is ₹ 20,096,061 (March 31, 2011 - ₹ 20,221,861). The Company is confident that these appeals will be decided in its favour, based on professional advice. The above does not include show cause notices received by the Company.
- c. The Company has disputed various demands raised by the Service Tax authorities for the financial years 2006-07 to 2009-10. The Company has filed appeals, which are pending with the appropriate authorities. The aggregate amount of disputed tax not provided for is ₹ 163,975,661 (March 31, 2011 - ₹ 139,763,613). The Company is confident that these appeals will be decided in its favour, based on professional advice. The above does not include show cause notices received by the Company.
- (ii) Corporate guarantee given to subsidiary's bankers to obtain line of credit ₹ 426,680,000 (March 31, 2011 - ₹ 141,184,000).
- (iii) a. The Company has offered a Fixed Deposit amounting to ₹ 14,081,214 (March 31, 2011 - ₹ 13,130,423) with Oriental Bank of Commerce as lien for the overdraft facility of ₹ 10,000,000 (March 31, 2011 - ₹ 10,000,000) availed by its wholly-owned subsidiary, Infotech Geospatial (India) Limited.
- b. The Company has offered a Fixed Deposit amounting to ₹ 15,648,109 (March 31, 2011 - ₹ Nil) with Corporation Bank as lien for the Cash Credit Facility of ₹ 10,000,000 (March 31, 2011 - ₹ Nil) availed by its wholly-owned subsidiary, Infotech Geospatial (India) Limited.

Notes to the Consolidated Financial Statements U.S. GAAP

- c. The Group has certain obligations towards revenue authorities in a subsidiary company. Pending further evaluation, an amount of ₹ 15,916,183, net of ₹ 23,500,000 retained in an indemnity escrow account by the Escrow Agent under the share purchase agreement and available for adjustment of any liabilities pertaining to pre-acquisition period, has been provided.
- d. During the previous year, in connection with the acquisition of Wellsco Inc, an amount of ₹ 20,354,236 from the purchase consideration was placed in Indemnity Escrow account with a bank for a period of 18 months from the date of acquisition, as an indemnity towards any potential claims that belong prior to the date of acquisition.

Commitments

Particulars	March 31, 2011 ₹	March 31, 2012 ₹
Estimated amount of contracts remaining to be executed on capital account and not provided for		
Tangible assets	108,693,798	158,505,654
Intangible assets	12,357,384	1,438,000

The Company has/had certain outstanding export obligations/commitments as at March 31, 2012 and March 31, 2011. The Management is confident of meeting these obligations/commitments within the stipulated period of time/obtaining suitable extensions, wherever required.

31. Subsequent events

On April 18, 2012, the Board of Directors declared a final dividend of 25%, which is ₹ 1.25 (\$ 0.0275) per equity share of ₹ 5 (\$ 0.11) each.



Financial Statements of Subsidiaries of the Company

Infotech Enterprises Europe Limited	188
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Infotech Enterprises Europe Limited

(a wholly owned subsidiary of Infotech Enterprises Limited)

Registered Office

First Floor West
High Holborn House
52-54 High Holborn
London
WC1V 6RL

Directors

Martin Trostel
Ajay Aggarwal
John Renard

Auditors

Mehta & Tengra
Chartered Accountants
Registered Auditors
24 Bedford Row
London
WC1R 4TQ



Directors' Report

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2012.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of the provision of Network and Content Engineering Services to customers in the United Kingdom, Benelux, DACH and Middle East markets. The company is specifically focused on the utilities, telecom, government and commercial sectors in the EMEA market.

REVIEW OF BUSINESS

The results for the year and financial position of the company are shown in the annexed financial statements.

Having had a high concentration of revenues with our top three clients during the last three years, we saw a significant decline in billings during the period to two of the three-both UK based. This contributed to an overall decline in our UK revenues and a small decline in our gross margins. However, we remain optimistic that there are good opportunities for our network and content services across Europe and the Middle East, so we have continued to invest in additional sales and marketing resources. While this has resulted in a trading loss for the year, the strategy is working as we have added seven new clients in the financial year - more than we added during the previous three years.

The performance of our Benelux subsidiary was encouraging as we saw both the turnover and profit before tax more than double during the period.

DIVIDENDS

The directors did not recommend the payment of any dividends during the year (2011: £Nil).

FUTURE DEVELOPMENTS

Following the reorganization of our business in April 2011, we have made progress strengthening our market position in selected geographies, such as Benelux, Germany, Turkey and the Middle East. This has resulted in five of our seven new customers coming from these geographic areas. We have also invested substantial efforts in growing and managing key alliances across the region, that are starting to give results in terms of increased pipeline and visibility on opportunities we would not normally be involved in.

Last year's reorganization has also helped us leverage synergies across the various infotech businesses in Europe, both in terms of new market opportunities and shared services to reduce operating costs.

DIRECTORS

J P Renard has held office during the whole of the period from 1 April 2011 to the date of this report.

Other changes in directors holding office are as follows:

N J Joseph - resigned 30 April 2011
S Viswanathan - resigned 30 April 2011
A Aggarwal - appointed 18 April 2011
M Trostel - appointed 18 April 2011

GROUP'S POLICY ON PAYMENT OF CREDITORS

The company's and group's current policy concerning the payment of trade creditors is to:

- pay in accordance with the company's and group's contractual and other legal obligations;
- agree in specific cases payment terms with a supplier that reflect the particular nature of a client contract;
- ensure that regular suppliers are aware of our standard payment terms and that these are respected and acted upon.
- copies of the standard policy can be obtained from the company's registered office.

FINANCIAL INSTRUMENTS

The company's and group's financial instruments include bank balances, trade creditors and inter-company financing. Day to day operations continue to be funded through cashflow and from reserves within the business.

RELATED PARTY TRANSACTIONS

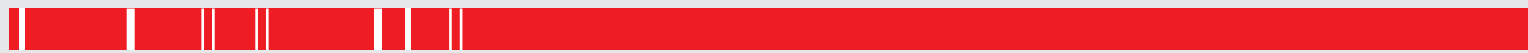
There were no related party transactions during the year for parties excluded by the exemption stated in the Accounting Policies.

PRINCIPAL RISKS AND UNCERTAINTIES

Infotech Enterprises Europe Limited and the group undertake periodic audits to track and manage risks that are associated with the business. These risks include:

- Business portfolio risks
- Financial risks
- Competition risks
- Internal process risks

The company's business covers several industry verticals and geographic markets which suitably de-risks it from dependence



on a single customer, market or service. During the financial year, the company continued to build annuity business with some of its strategic customers, specifically in the telecom sector. It rolled out a new service around fibre engineering for key telecom customers in Europe and has established the basis to generate long-term business in this area in the coming years.

The company remains aware of the business risks and uncertainties related to its markets and customers. Its mitigation plan focuses on generating new customer accounts, delivering new services and entering new geographic markets.

In terms of financial risk, the company earns a part of its revenues from customers who pay in Euros. It is hence exposed to exchange rate volatility particularly around the Euro and Indian Rupee. The company maintains a liquid balance sheet and ensured a significant level of cash collection during the year.

The company's focus on network and content engineering services provides the basis to both differentiate and enhance its value for its customers and markets and manage competitive pressure.

During 2010/2011, the company was successfully audited and re-certified to ISO 9001 and ISO 27001 standards. It continues to work to standard operating procedures that support sales, delivery, finance, security and health & safety.

KEY PERFORMANCE INDICATORS

The company's annual operating plan sets objectives and metrics for sales, operations and financial performance. These include revenue, profitability, orders, on time delivery and day sales outstanding which are periodically tracked and measured. This gives the basis to understand variances from budget, measure performance on an ongoing basis and ensure cost control.

Operational performance is tracked and managed through the Project Management Office that focuses on ensuring deliverables adhere to quality, schedule and budget. The PMO improves transparency on project performance and supports greater management control. The company continued to track operational performance through periodic customer satisfaction audits.

The quality of financial management and internal controls has substantially improved through the SAP based finance and accounting system that was fully operational at the start of the financial year. The company also implemented Salesforce.com as a CRM tool to support sales and business development and realised appreciable benefits in terms of focusing on and tracking key customers and improving account management.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the Board

Ms Y Wang
Secretary

Date : April 16, 2012



Auditors' Report

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF INFOTECH ENTERPRISES EUROPE LIMITED

We have audited the financial statements of Infotech Enterprises Europe Limited for the year ended 31 March 2012. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

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

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Mr P Tengra (Senior Statutory Auditor)
for and on behalf of Mehta & Tengra
Chartered Accountants
Registered Auditors
24 Bedford Row
London
WC1R 4TQ

Date : April 16, 2012

Consolidated Profit and Loss Account

For the year ended	Note	March 31,		March 31,	
		2012 £	2011 £	2012 ₹	2011 ₹
TURNOVER	2	11,075,603	14,579,666	846,397,581	1,033,260,929
Cost of sales		-9,344,062	-11,881,074	-714,073,218	-842,011,714
Gross Profit		1,731,541	2,698,592	132,324,363	191,249,215
Administrative expenses		-2,575,959	-2,373,560	-196,854,787	-168,214,197
Other operating income	3	6,745	-	515,453	-
Operating Profit/(loss)	5	-837,673	325,032	-64,014,971	23,035,018
Interest receivable and similar income	6	3,312	720	253,103	51,026
		-834,361	325,752	-63,761,868	23,086,044
Amounts written off investments	7	-	511	-	36,215
Interest payable and other similar charges	8	-	-11,249	-	-797,217
		-	-10,738	-	-761,002
Profit/(loss) on ordinary activities before taxation		-834,361	315,014	-63,761,868	22,325,042
Tax on profit/(loss) on ordinary activities	9	-7,247	-64,146	-553,816	-4,546,027
Profit/(loss) for the financial year after taxation		-841,608	250,868	-64,315,683	17,779,015
Retained profit/(deficit) for the year for the Group		-841,608	250,868	-64,315,683	17,779,015

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current and previous year.

TOTAL RECOGNISED GAINS AND LOSSES

The group has no recognised gains or losses other than the profit for the current year and the loss for the previous year.

Note: The rupee equivalent of GBP for the period ended March 31, 2012 and March 31, 2011 has been arrived by converting at the average exchange rate of GBP 1 = ₹ 76.42 and GBP 1 = ₹ 70.87

Consolidated Balance Sheet

As on	Note	March 31,		March 31,	
		2012 £	2011 £	2012 ₹	2011 ₹
FIXED ASSETS					
Intangible assets	11	229	413	17,500	29,269
Tangible assets	12	64,437	90,404	4,924,276	6,406,931
Investments	13	1,949	1,949	148,943	138,126
		66,615	92,766	5,090,718	6,574,326
CURRENT ASSETS					
Debtors	14	3,560,296	3,584,246	272,077,820	254,015,514
Cash at bank and in hand		2,175,072	2,374,991	166,219,002	168,315,612
		5,735,368	5,959,237	438,296,823	422,331,126
Creditors : Amounts falling due within one year	15	-2,034,867	-1,442,961	-155,504,536	-102,262,646
NET CURRENT ASSETS		3,700,501	4,516,276	282,792,286	320,068,480
TOTAL ASSETS LESS CURRENT LIABILITIES		3,767,116	4,609,042	287,883,005	326,642,807
Less: Provision for Liabilities	19	-	-318	-	-22,537
NET ASSETS		3,767,116	4,608,724	287,883,005	326,620,270
Capital and Reserves					
Called up share capital	20	1,850,000	1,850,000	141,377,000	131,109,500
Share premium account	21	552,427	552,427	42,216,471	39,150,501
Profit and loss account	21	1,364,689	2,206,297	104,289,533	156,360,268
EQUITY SHAREHOLDERS' FUNDS	24	3,767,116	4,608,724	287,883,005	326,620,270

On behalf of the board:

J P Renard - Director

M Trostel - Director

Approved by the Board on April 16, 2012

Company Balance Sheet

As on		March 31,		March 31,	
		2012 ₹	2011 ₹	2012 ₹	2011 ₹
	Note				
FIXED ASSETS					
Intangible assets	11	229	413	17,500	29,269
Tangible assets	12	62,217	89,601	4,754,623	6,350,023
Investments	13	18,030	18,030	1,377,853	1,277,786
		80,476	108,044	6,149,976	7,657,078
CURRENT ASSETS					
Debtors	14	2,900,468	3,247,593	221,653,765	230,156,916
Cash at bank and in hand		1,838,670	2,134,441	140,511,161	151,267,834
		4,739,138	5,382,034	362,164,926	381,424,750
CREDITORS					
Amounts falling due within one year	15	-1,578,122	-1,267,592	-120,600,083	-89,834,245
NET CURRENT ASSETS		3,161,016	4,114,442	241,564,843	291,590,505
TOTAL ASSETS LESS CURRENT LIABILITIES		3,241,492	4,222,486	247,714,819	299,247,583
Provision for Liabilities	19	-	-318	-	-22,537
NET ASSETS		3,241,492	4,222,168	247,714,819	299,225,046
CAPITAL AND RESERVES					
Called up share capital	20	1,850,000	1,850,000	141,377,000	131,109,500
Share premium account	21	552,427	552,427	42,216,471	39,150,501
Profit and loss account	21	839,065	1,819,741	64,121,347	128,965,045
Equity shareholders' funds	24	3,241,492	4,222,168	247,714,819	299,225,046

On behalf of the board:

J P Renard - Director

M Trostel - Director

Approved by the Board on April 16, 2012

Notes to the Financial Statements

For the year ended March 31, 2012

1. ACCOUNTING POLICIES

Accounting Convention

These financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and under the historical cost convention.

These financial statements have also been prepared on a going concern basis. The Group and the company are dependent on commercial and financial support from the ultimate parent company, Infotech Enterprises Limited, to continue in operation for the foreseeable future. The ultimate parent company has committed to provide such commercial and financial support as is necessary for the company to meet its obligations as they come due and continue in operation without any significant curtailment for the foreseeable future and for a period of at least 12 months from the date of signing of these financial statements. Accordingly the directors believe that it is appropriate to prepare these financial statements on a going concern basis.

Basis of Consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2012. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Revenue Recognition

License revenues are recognised when risk of ownership transfers to customers which is deemed to occur on acceptance by customers. Training related revenues are recorded once the training has been provided. Maintenance and support revenues are recognised on a straight line basis over the contract.

Professional service revenues are provided to customers on a fixed price basis are recorded on a percentage of completion. Revenue for such services are recognised based on completion of specified “milestones” as per the terms of the contract. Any work in progress that have not met a completion “milestone” and hence would not be accepted by customers are not recognised as income. The cost of work supplied by Infotech Enterprises Ltd (India) is consequently also not accepted and recognised by Infotech Enterprises Europe Ltd.

Amounts billed in advance are classified under creditors as deferred income.

Goodwill

Goodwill represents the excess of the consideration paid over the fair value of net assets acquired, less any provisions for impairment. Acquired goodwill is written off in equal annual installments over its estimated useful economic life.

The directors have conducted annual review on goodwill and any impairment to the value of goodwill is adjusted in the financial statements.

Patents and Licences

Patents and Licences are valued at cost less accumulated amortisation and any provision for impairment. Amortisation is calculated to write off the cost in equal annual installments over their estimated useful lives.



Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery - 33 1/3% on cost

Furniture, fittings and equipment - 15% on cost

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Foreign currencies

Current Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Fixed Assets and transactions in foreign currencies are translated into sterling at the rate of exchange prevailing at the date of transaction. Exchange differences are taken into account in arriving at the operating result. Profit and loss account balances of European subsidiary companies are translated at an average rate of exchange.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The group operates a defined contribution scheme. Contributions payable to the group's pension scheme are charged to the profit and loss account in the period to which they relate.

Related party transactions

The company has taken advantage of the exemption under paragraph 3 (c) from the provisions of FRS 8, 'Related Party Disclosures', which requires the disclosure of the details of material transactions between the reporting entity and any related parties, on the grounds that it is a wholly owned subsidiary of a group headed by Infotech Enterprises Limited, a company registered in India.

Financial Reporting Standard Number 1

The company is a wholly owned subsidiary company of a group headed by Infotech Enterprises Limited, a company registered in India and is included in the consolidated financial statements of Infotech Enterprises Limited, Which themselves include a cash flow statement, are publicly available. Consequently, the company has taken advantage of the exemption available under paragraph 5 of Financial Reporting Standard No 1 'Cash Flow Statements (revised 1996)' from preparing a cash flow statement.

Investments

Fixed asset investments are stated at cost less provision for impairment.

Notes to the Financial Statements

	March 31,		March 31,	
	2012	2011	2012	2011
	£	£	₹	₹
2. TURNOVER				
The turnover and loss (2011 - profit) before taxation are attributable to the one principal activity of the group.				
An analysis of turnover by geographical market is given below:				
United Kingdom	7,319,532	11,261,643	559,358,635	798,112,639
Europe	3,756,071	3,318,023	287,038,946	235,148,290
	11,075,603	14,579,666	846,397,581	1,033,260,929
3. OTHER OPERATING INCOME				
Rents received	6,745	-	515,453	-
4. STAFF COSTS				
Wages and salaries	3,738,278	4,484,967	285,679,205	317,849,611
Social security costs	415,150	519,605	31,725,763	36,824,406
Other pension costs	42,224	51,013	3,226,758	3,615,291
	4,195,652	5,055,585	320,631,726	358,289,309
The average monthly number of employees during the year was as follows:	No's	No's		
	2012	2011		
Administrative staff	29	27		
Others	85	90		
	114	117		
Directors and employees also receive share options in the ultimate holding company, Infotech Enterprises Limited, details of which are reflected in the financial statements of Infotech Enterprises Limited.				
5. OPERATING (LOSS)/PROFIT				
The operating loss (2011-operating profit) is stated after charging:				
Hire of Plant & Machinery	5,658	6,936	432,384	-
Depreciation - owned assets	32,752	36,187	2,502,908	2,564,573
Patents and licenses amortisation	184	138	14,061	9,780
Auditors remuneration	10,000	11,000	764,200	779,570
Auditors' remuneration for non audit work	21,000	16,700	1,604,820	1,183,529
Operating lease on buildings	126,994	126,994	9,704,881	9,000,065
Loss on foreign exchange rates	158,546	54,877	12,116,085	3,889,133
Directors' remuneration	214,587	300,698	16,398,739	21,310,467
Directors' pension contributions to money purchase schemes	15,306	13,333	1,169,685	944,910

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes (No's) 1 1

Information regarding the highest paid director for the year ended 31 March 2011 is as follows:

	2012	2011
	£	£
Emoluments etc.	206,946	169,572
Pension contributions to money purchase schemes	15,306	13,333

Notes to the Financial Statements

	March 31,		March 31,	
	2012 £	2011 £	2012 ₹	2011 ₹
6. INTEREST RECEIVABLE AND SIMILAR INCOME				
Bank interest	3,178	464	242,863	32,884
Other interest	134	256	10,240	-
	3,312	720	253,103	32,884
7. AMOUNTS WRITTEN OFF IN INVESTMENTS				
Reversal of impairment losses for listed investments	-	-511	-	-36,215
	-	-511	-	-36,215
8. INTEREST PAYABLE AND SIMILAR CHARGES				
Other interest	-	11,249	-	797,217
	-	11,249	-	797,217
9. TAXATION				
Analysis of the tax charge				
The tax charge on the loss on ordinary activities for the year was as follows:				
Current tax:				
UK corporation tax	-	36,996	-	2,621,907
Under provision in earlier years	-36,954	-	-2,824,025	-
Corporation tax in the Netherlands	44,519	26,832	3,402,142	1,901,584
Total Current Tax	7,565	63,828	578,117	4,523,490
Deferred tax : Origination of Timing Differences	-318	318	-24,302	22,537
Tax on profit/(loss) on ordinary activities	7,247	64,146	553,816	4,546,027
Factors affecting the tax charge				
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:				
Profit/(loss) on ordinary activities before tax	-834,361	315,014	-63,761,868	22,325,042
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26% (2011 - 28%)	-216,934	88,204	-16,578,086	6,251,012
Effects of:				
Expenses not deductible for tax purposes	1,236	42	94,455	2,977
Capital allowances	-5,884	-5,740	-449,655	-406,794
Depreciation	8,383	9,915	640,629	702,676
Change in tax rate	1,758	-1,761	134,346	-124,802
Non UK tax adjustment	-44,519	-26,832	-3,402,142	-1,901,584
Loss carried back	36,954	-	2,824,025	-
Loss carried forward	226,571	-	17,314,556	-
Current tax charge	7,565	63,828	578,128	4,523,485
10. LOSS OF PARENT COMPANY				
As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £ (980,676) (2011- £ 132,470 profit)				

Notes to the Financial Statements

11. INTANGIBLE FIXED ASSETS - GROUP

	Goodwill £	Patents & Licenses £	Total £	Goodwill ₹	Patents & Licenses ₹	Total ₹
COST						
At 1 April 2011 and 31 March 2012	3,150	551	3,701	240,723	42,107	282,830
AMORTISATION						
At 1 April 2011	3,150	138	3,288	240,723	10,546	251,269
Amorisation for the year	-	184	184	-	14,061	14,061
At 31 March 2012	3,150	322	3,472	240,723	24,607	265,330
NET BOOK VALUE						
At 31 March 2012	-	229	229	-	17,500	17,500
At 31 March 2011	-	413	413	-	29,269	29,269

Goodwill represents the excess of consideration paid over the fair value of net assets acquired.

Goodwill of £ 3,150 (2011: £ 3,150) on the acquisition of Infotech Enterprise Benelux B.V. has been fully amortised.

INTANGIBLE FIXED ASSETS - COMPANY

PATENTS AND LICENSES	£	₹
COST		
At 1 April 2011 and 31 March 2012	551	42,107
AMORTISATION		
At 1 April 2011	138	10,546
Amortisation for the year	184	14,061
At 31 March 2012	322	24,607
NET BOOK VALUE		
At 31 March 2012	229	17,500
At 31 March 2011	413	31,561

Notes to the Financial Statements

12. TANGIBLE FIXED ASSETS - GROUP

	Plant & machinery £	Fixtures fittings £	Total £	Plant & machinery ₹	Fixtures fittings ₹	Total ₹
COST						
At 1 April 2011	301,634	152,805	454,439	23,050,870.28	11,677,358	34,728,228
Additions	1,928	4,857	6,785	147,338	371,172	518,510
At 31 March 2012	303,562	157,662	461,224	23,198,208	12,048,530	35,246,738
DEPRECIATION						
At 1 April 2011	270,079	93,956	364,035	20,639,437	7,180,118	27,819,555
Charge for year	18,224	14,528	32,752	1,392,678	1,110,230	2,502,908
At 31 March 2012	288,303	108,484	396,787	22,032,115	8,290,347	30,322,463
NET BOOK VALUE						
At 31 March 2012	15,259	49,178	64,437	1,166,093	3,758,183	4,924,276
At 31 March 2011	31,555	58,849	90,404	2,411,433	4,497,241	6,908,674

TANGIBLE FIXED ASSETS - COMPANY

	Plant & machinery £	Fixtures fittings £	Total £	Plant & machinery ₹	Fixtures fittings ₹	Total ₹
COST						
At 1 April 2011	300,262	152,805	453,067	22,946,022	11,677,358	34,623,380
Additions	-	4,857	4,857	-	371,172	371,172
At 31 March 2012	300,262	157,662	457,924	22,946,022	12,048,530	34,994,552
DEPRECIATION						
At 1 April 2011	269,510	93,956	363,466	20,595,954	7,180,118	27,776,072
Charge for year	17,713	14,528	32,241	1,353,627	1,110,230	2,463,857
At 31 March 2012	287,223	108,484	395,707	21,949,582	8,290,347	30,239,929
NET BOOK VALUE						
At 31 March 2012	13,039	49,178	62,217	996,440	3,758,183	4,754,623
At 31 March 2011	30,752	58,849	89,601	2,350,068	4,497,241	6,847,308

13. FIXED ASSET INVESTMENTS - GROUP

	Listed Investments	
	£	₹
COST		
At 1 April 2011 and 31 March 2012	100,000	7,642,000
PROVISIONS		
At 1 April 2011		
and 31 March 2012	98,051	7,493,057
NET BOOK VALUE		
At 31 March 2012	1,949	148,943
At 31 March 2011	1,949	138,126

Notes to the Financial Statements

FIXED ASSET INVESTMENTS (Contd.)

COMPANY

	Shares in Group Undertakings	Listed Investments	Total	Shares in Group Undertakings	Listed Investments	Total
	£	£	£	₹	₹	₹
COST						
At 1 April 2011 and 31 March 2012	16,081	100,000	116,081	1,228,910	7,642,000	8,870,910
PROVISIONS						
At 1 April 2011 and 31 March 2012	-	98,051	98,051	-	7,493,057	7,493,057
NET BOOK VALUE						
At 31 March 2012	16,081	1,949	18,030	1,228,910	148,943	1,377,853
At 31 March 2011	16,081	1,949	18,030	1,139,660	138,126	1,277,786

The group or the company's investments at the balance sheet date in the share capital of companies include the following:

Subsidiaries	Country of incorporation	Nature of business	Shares held Class	%	Aggregate Capital & Reserves 2012	2011
Infotech Enterprises Benelux BV	The Netherlands	Geographical Information Systems	Ordinary	100%	₹	₹
- Aggregate capital and reserves					541,711	402,636
- (Loss)/Profit for the year					139,075	118,397
					10,628,111.50	8,390,795

Infotech Enterprises Benelux B.V. was included in the results of the Consolidated Financial Statements

Notes to the Financial Statements

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP			COMPANY		
	₹		₹	₹		₹
	2012	2011		2012	2011	
Trade debtors	3,183,272	3,326,984	243,265,646	1,794,307	2,815,676	199,546,958
Other debtors	7,802	10,170	596,229	7,803	7,771	550,731
Guarantee deposit	16,582	8,011	1,267,196	-	-	-
Amounts owed by related company	100,068	3,217	7,647,197	24,167	3,217	227,989
Amounts owed by subsidiary company	-	-	-	822,818	186,339	13,205,845
Corporation Tax	118,434	81,480	9,050,726	118,434	81,480	5,774,488
Prepayments	134,138	154,384	10,250,826	132,939	153,110	10,850,906
	3,560,296	3,584,246	272,077,820	2,900,468	3,247,593	230,156,916

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP			COMPANY		
	₹		₹	₹		₹
	2012	2011		2012	2011	
Trade creditors	113,899	92,863	8,704,162	96,457	92,909	6,584,461
Dutch corporate tax	16,938	14,271	1,294,402	-	-	-
Social security and other taxes	332,234	567,016	25,389,322	138,266	452,565	32,073,282
Other creditors	86,346	81,264	6,598,561	21,145	38,191	2,706,596
Amounts due to related company	-	13,397	-	35,051	13,397	949,445
Amounts due to parent company	794,339	397,370	60,703,386	794,339	397,370	28,161,612
Accruals and deferred income	691,111	276,780	52,814,703	492,864	273,160	19,358,849
	2,034,867	1,442,961	155,504,536	1,578,122	1,267,592	89,834,245

Notes to the Financial Statements

16. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

Group

	Land & Building				Other Operating Leases			
	2012 £	2011 £	2012 ₹	2011 ₹	2012 £	2011 £	2012 ₹	2011 ₹
Expiring:								
Within one year	14,794	126,994	1,130,557	9,000,065	-	4,965	-	351,870
Between one and five years	64,760	-	4,948,959	-	3,554	3,554	271,597	251,872
	79,554	126,994	6,079,517	9,000,065	3,554	8,519	271,597	603,742

Company

	Land & Building				Other Operating Leases			
	2012 £	2011 £	2012 ₹	2011 ₹	2012 £	2011 £	2012 ₹	2011 ₹
Expiring:								
Within one year	-	112,200	-	7,951,614	-	-	-	-
Between one and five years	64,760	-	4,948,959	-	3,554	3,554	271,597	251,872
	64,760	112,200	4,948,959	7,951,614	3,554	3,554	271,597	251,872

17. SECURED DEBTS

Assets held as security and formally charged to NatWest Bank are:

- Fixed charged over book debts
- Letter of comfort
- Charge over cash held at bank

18. LOANS & OVERDRAFTS

- The Bank has granted the following facilities:

	£	₹
- Credit Card	50,000	3,821,000
- FE Line	75,000	5,731,500
- Performance bond	268,000	20,480,560

- The subsidiary company's bankers have provided guarantees for the sum of £ 37,370 (₹ 2,855,815)

19. PROVISIONS FOR LIABILITIES

	Land & Building				Other Operating Leases			
	2012 £	2011 £	2012 ₹	2011 ₹	2012 £	2011 £	2012 ₹	2011 ₹
Deferred Tax								
Excess of capital allowances over depreciation	-	318	-	22,537	-	318	-	22,537

Group

Deferred Tax

	£	₹
Balance at 1 April 2011	318	24,302
Provided during the year	-318	(24,302)
Balance at 31 March 2012	-	-

Company

Balance at 1 April 2011	318	24,302
Provided during the year	-318	(24,302)
Balance at 31 March 2012	-	-

Notes to the Financial Statements

20. CALLED UP SHARE CAPITAL

	2012 £	2011 £	2012 ₹	2011 ₹
Allotted, issued and fully paid				
18,500,000 (2011 - 18,500,000) ordinary share of £ 0.10 each	1,850,000	1,850,000	141,377,000	131,109,500

21. RESERVES - GROUP

	Profit & loss account £	Share premium £	Total £	Profit & loss account ₹	Share premium ₹	Total ₹
At 1 April 2011	2,206,297	552,427	2,758,724	168,605,217	42,216,471	210,821,688
Deficit for the year	-841,608	-	-841,608	-64,315,683	-	-64,315,683
At 31 March 2012	1,364,689	552,427	1,917,116	104,289,533	42,216,471	146,506,005

RESERVES - COMPANY

	Profit & loss account £	Share premium £	Total £	Profit & loss account ₹	Share premium ₹	Total ₹
At 1 April 2011	1,819,741	552,427	2,372,168	139,064,607	42,216,471	181,281,079
Deficit for the year	-980,676	-	-980,676	-74,943,260	-	-74,943,260
At 31 March 2012	839,065	552,427	1,391,492	64,121,347	42,216,471	106,337,819

22. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

The pension cost charge represents contributions payable by the group to the fund and amounted to £ 39,043 (₹ 29,83,666) (2011 - £51,053 (₹ 36,18,126))

Contributions totaling to £ NIL (₹ NIL) (2011 - £2,731 (₹ 193,546)) were payable to the fund at the year end and are included in creditors.

23. ULTIMATE PARENT COMPANY

The company is wholly owned by Infotech Enterprises Limited, a company incorporated in India.

The parent company's address is 11 Software Units Layout, Infocity, Madhapur, Hyderabad, India, where copies of the group financials can be publicly obtained.

Notes to the Financial Statements

24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

GROUP

	2012 ₹	2011 ₹	2012 ₹	2011 ₹
(Loss)/Profit for the financial year	-841,608	250,868	-64,315,683	17,779,015
Amounts written off investments	-	-	-	-
Net (reduction)/addition to shareholders' funds	-841,608	250,868	-64,315,683	17,779,015
Opening shareholders' funds	4,608,724	4,357,856	352,198,688	308,841,255
Closing shareholders' funds	3,767,116	4,608,724	287,883,005	326,620,270

COMPANY

	2012 ₹	2011 ₹	2012 ₹	2011 ₹
(Loss)/Profit for the financial year	-980,676	132,470	-74,943,260	9,388,149
Issue of new shares	-	-	-	-
Net (reduction)/addition to shareholders' funds	-980,676	132,470	-74,943,260	9,388,149
Opening shareholders' funds	4,222,168	4,089,698	322,658,079	289,836,897
Closing shareholders' funds	3,241,492	4,222,168	247,714,819	299,225,046



Infotech Enterprises America, Inc.

(a wholly owned subsidiary of Infotech Enterprises Limited)

Registered Office

1700, Iowa Avenue, Suite 100,
Riverside, CA 92507, USA

Directors

Krishna Bodanapu
William Whitley
B Ashok Reddy

Auditors

Deloitte Haskins & Sells
1-8-384 & 385
3rd Floor, Gowra Grand
S.P. Road, Secunderabad



Independent Audit Report

The Board of Directors of
Infotech Enterprises Limited

1. We have audited the attached consolidated Balance Sheet of **Infotech Enterprises America Inc., ("the Company")** and its subsidiaries as at 31st March, 2012 and the Consolidated Statement of Profit and Loss for the year ended as on that date, annexed thereto. These consolidated financial statements are the responsibility of the management of Infotech Enterprises Limited. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.
3. We report that the financial statements are prepared by the management of Infotech Enterprises Limited ("Infotech"), from the consolidated financial statement of Infotech Enterprises Limited, solely for submission of Annual Performance Report to the Reserve Bank of India under Notification No. FEMA 120/RB-2004 dated July 7, 2004, Regulation 15 (iii) as amended from time to time and should be read in that context.
4. In our opinion and to the best of our information and according to the explanations given to us, the accompanying financial statements present fairly in all material aspects, the financial position as of March 31, 2012 and of the results for the year ended on that date, in conformity with the accounting principles generally accepted in India.

For **Deloitte Haskins & Sells**
Chartered Accountants
Registration No. 008072S

Ganesh Balakrishnan
Partner
Membership No: 201193

Secunderabad, April 18, 2012.

	Note	As at March 31, 2012 ₹	As at March 31, 2011 ₹	As at March 31, 2012 ₹	As at March 31, 2011 ₹
EQUITY & LIABILITIES					
Shareholders' Funds					
Share Capital	3	992,873,272	992,873,272	20,704,270	21,787,871
Reserves & Surplus	4	379,438,211	326,859,324	7,912,381	7,172,687
			1,372,311,483	28,616,651	28,960,557
Non - Current Liabilities					
Long-term liabilities	5	-	15,627,500	-	342,934
Long-term provisions	6	57,883,944	88,681,220	1,207,047	1,946,044
Deferred tax liability (net)		59,892,093	-	1,248,923	-
Current Liabilities					
Trade payables	7	519,472,230	379,424,663	10,832,494	8,326,194
Other current liabilities	8	71,040,071	56,142,083	1,481,390	1,231,997
Short-term provisions	9	180,567,610	20,397,683	3,765,355	447,612
TOTAL			1,880,005,745	47,151,860	10,005,803
					41,255,338
ASSETS					
Non-Current assets					
Fixed Assets					
Tangible assets	10A	114,988,887	83,399,870	2,397,850	1,830,149
Intangible assets	10B	28,811,968	31,611,392	600,813	693,689
			115,011,262	2,998,662	2,523,837
Goodwill(on consolidation)			470,315,158	3,746,551	10,320,719
Non-Current Investments	11		98,206	2,048	2,155
Deferred tax assets(net)			642,857	-	14,107
Long-term loans and advances	12		13,658,661	1,475,543	299,729
Other non-current assets	13		18,030,252	-	395,661
Current assets					
Trade receivables	14	1,277,452,493	998,421,857	26,638,567	21,909,630
Cash and cash equivalents	15	241,050,715	101,775,994	5,026,602	2,233,399
Short-term loans and advances	16	155,848,214	61,820,794	3,249,885	1,356,612
Other current assets	17	192,491,446	100,230,704	4,014,002	2,199,489
			1,880,005,745	38,929,056	27,699,130
				47,151,860	41,255,338

Note: Solely for the convenience of the reader, the financial statements as of and for the year ended March 31, 2012 and March 31, 2011 has been translated at average closing rates notified by the Reserve Bank of India, of 1 ₹ = ₹ 47.96 and 1 \$ = ₹ 45.57. respectively.



Consolidated Profit and Loss Account

	Note	For the year ended March 31, 2012 ₹	For the year ended March 31, 2011 ₹	For the year ended March 31, 2012 \$	For the year ended March 31, 2011 \$
Income					
Sales and Services		6,547,364,051	4,885,803,200	136,531,416	107,215,343
Other Income	18	87,681	1,770,830	1,828	38,860
TOTAL INCOME		6,547,451,732	4,887,574,030	136,533,244	107,254,203
Expenditure					
Employee benefit Expenses	19	3,822,493,791	2,963,367,846	79,710,015	65,028,919
Operating, Administration and Other Expenses	20	2,352,615,622	1,694,872,906	49,058,818	37,192,734
Finance Costs	21	103,260	7,289,619	2,153	159,965
Depreciation and Amortisation Expenses	10	68,560,771	98,025,609	1,429,690	2,151,100
TOTAL EXPENDITURE		6,243,773,444	4,763,555,980	130,200,677	104,532,718
Profit before exceptional items and tax		303,678,288	124,018,050	6,332,568	2,721,485
Exceptional Items (net)	31	15,916,183	-	331,898	-
Profit after exceptional items and before tax		287,762,105	124,018,050	6,000,669	2,721,485
Tax Expense:					
(a) Current tax		64,381,410	66,215,205	1,342,538	1,453,044
(b) Deferred tax		45,307,877	(3,030,994)	944,800	(66,513)
Profit for the period		178,072,818	60,833,839	3,713,332	1,334,954
Earnings Per Share (Equity Shares, Par Value of ₹ Nil Each)					
- Basic		355.79	121.55	7.42	2.67
- Diluted		355.79	121.55	7.42	2.67
Weighted average number of equity shares					
- Basic		500,500	500,500	500,500	500,500
- Diluted		500,500	500,500	500,500	500,500

Note: Solely for the convenience of the reader, the financial statements as of and for the year ended March 31, 2012 and March 31, 2011 has been translated at average closing rates notified by the Reserve Bank of India, of 1 \$ = ₹ 47.96 and 1 \$ = ₹ 45.57 respectively.



Infotech Enterprises GmbH

(a wholly owned subsidiary of Infotech Enterprises Limited)

Registered Office

Mollenbachstrasse 37
71229, Leonberg
Germany

Directors

Krishna Bodanapu
John Renard
Martin Trostel

Auditors

Ebner Stolz Mönning Bachem GmbH & Co. KG
Kronenstrabe,
70174, Stuttgart,
Germany

Management Report

A. Business Development in 2011/2012

1. Economic Environment and the Industry as a Whole

The sector developed extremely positively in the reporting year. The continuing globalization of the economy was a driving force in the development of the Company.

2. Revenues and Order Intake

As already forecast in the prior year, business continued to develop positively in the year. The strategy of addressing core customers more intensively paid off in rising revenue generated with these customers. In addition, new customers were won during the year, which also positively impacted revenue in the fiscal year. The revenue generated in fiscal year 2011/2012 increased from EUR 39.47 million in the prior year to EUR 49.95 million. Business with the existing customer base was expanded and contracts with new customers displaying substantial potential were also won in the year. Earnings before tax amount to EUR 5.05 million.

The development of business in continental Europe was excellent, with revenues rising by 34% from EUR 19.8 million to EUR 26.6 million. The permanent operation in Bristol, England, generated revenue of EUR 21.8 million, compared to EUR 17.4 million in the prior year.

The permanent establishment in Paris, France, managed to increase its revenues for the first time since fiscal year 2007/2008 with revenues rising from EUR 2.5 million in the prior year to EUR 3.0 million in the fiscal year. However, due to the state of the economy and the legal environment, business in France remains difficult. Nevertheless, long-term contracts were entered into with important business partners. The restructuring of the sales department resulted in the first customer wins. For this reason, the Company expects this segment to develop positively in the coming year.

Existing contracts and long-term contractual relationships provide a solid foundation for the business expectations of the Company for the coming fiscal year.

The order backlog remained at an extremely satisfactory level throughout the fiscal year.

3. Result from Ordinary Activities

The result from ordinary activities improved from EUR 3.01 million in the prior year to EUR 5.05 million.

This extraordinary increase in earnings is primarily due to the increasing volume of new business arranged at fixed prices and billed per project coupled with the improved efficiency of the production team. The fixed prices achieved on the market led to much higher margins for projects billed at fixed prices.

B. Position of the Company

1. Composition of Net Assets, Equity and Liabilities

Net assets improved significantly in fiscal year 2011/2012. As a result of the healthy development of business, the equity base of the Company rose from EUR 7.97 million to EUR 11.78 million due to the retention of past earnings and the profit for the current year. This is reflected in an improvement in the equity ratio from 54% in the prior year to 65% in the reporting year.

The balance sheet total increased by EUR 3.28 million to EUR 18.02 million as of 31 March 2012. The Company's assets are composed mostly of current trade receivables and cash and cash equivalents. Apart from pension provisions, all liabilities are current. Current liabilities are easily covered by current assets.

2. Financial Position

The company's liquidity position continues to be very healthy. All incoming invoices on which discount is offered are paid within the agreed terms.

Cash and cash equivalents dropped from EUR 4.3 million in the prior year to EUR 3.1 in the reporting year. The main factor in this development is the increased need to finance the salaries of employees in Europe up front and pay income taxes on wage and salary advances in the UK and Germany.

All investments were paid from the cash flow from operating activities. There were no significant drawings on overdraft facilities in the fiscal year 2011/2012.

3. Human Capital

The headcount in the Onsite segment rose from an average of 180 to 251 per month during the reporting year.

On average, there were 292 employees in 2011/2012.

4. Opportunities and Risks

The opportunities for future business development remain positive. The increasing globalization of the market in industrial processes favors further development of the Company.

Highly qualified professionals are keenly sought

throughout Europe. Moreover, there is increasing willingness on the part of customers to assign even complex development projects to international service provide

On account of the international nature of the Company's business, it carries both receivables and liabilities in foreign currency as well as cash in various currencies. The Company manages the associated currency risks by entering into forward exchange contracts. Risks remain in the possible occurrence of global political or economic crises. Growing competition from providers in eastern European states could impair the Company's future business.

5. Other Disclosures, Particularly with Regard to Prospective Development

Management is forecasting the positive trends in business to continue in fiscal 2012/2013 with moderate revenue growth of 15% to approximately EUR 57.5 million. On the basis of the planning, earnings are once again expected to be very satisfactory.

6. Subsequent Events

Since the end of the fiscal year on 31 March 2012 there have been no significant events requiring reporting.

Infotech Enterprises GmbH

Martin Trostel
Managing Director

Place: Leonberg

Date: April 16, 2012

Auditors' Report

We have rendered an audit opinion, a copy of which now follows, on the financial statements as of 31 March 2012 attached as Exhibits 1 to 4 and the management report for fiscal year 2011/2012 (Exhibit 5):

"We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the annual financial statements, together with the bookkeeping system, and the management report of **Infotech Enterprises GmbH, Leonberg**, for the fiscal year from 1 April 2011 to 31 March 2012. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law and the supplementary provisions of the articles of incorporation and bylaws are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with sec. 317 HGB ("Handelsgesetzbuch": German Commercial Code) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and result of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of

the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations. In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions of the articles of incorporation and bylaws and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides an accurate view of the Company's position and suitably presents the opportunities and risks of future development."

Ebner Stolz Mönning Bachem GmbH & Co. KG

Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Bernhard Titz
Wirtschaftsprüfer
[German public auditor]

Christian Fuchs
Wirtschaftsprüfer
[German public auditor]

Stuttgart, April 16, 2012



Balance Sheet as at March 31, 2012

As on	March 31,		March 31,	
	2012 €	2011 €	2012 ₹	2011 ₹
Assets				
A. Fixed Assets				
I. Intangible Assets				
1. Franchises, Industrial Rights and Assets and similar rights and assets and licenses in such rights and assets.	51,520	40,975	3,395,168	2,467,105
2. Advance Payments	70,960	-	4,676,264	-
II. Property, Plant & Equipment				
Other Equipment, Furniture & Fixtures	251,941	200,868	16,602,912	12,094,262
	374,421	241,843	24,674,344	14,561,367
III. Financial Assets				
1. Shares in affiliated companies	233,329	108,291	15,376,388	6,520,224
B. Current Assets				
I. Inventories				
Work in process	431,578	331,274	28,441,002	19,945,999
II. Receivables and Other Assets				
1. Trade Receivables	13,368,273	9,113,294	880,969,205	548,711,413
2. Receivables from Affiliated Companies	191,258	134,593	12,603,926	8,103,860
3. Other Assets	122,154	436,469	8,049,937	26,279,817
	13,681,685	9,684,356	901,623,068	583,095,090
III. Cash & Cash Equivalents	3,116,764	4,306,550	205,394,761	259,297,379
C. Prepaid Expenses	114,794	66,293	7,564,897	3,991,488
D. Deferred Taxes	66,000	-	4,349,400	-
Total	18,018,571	14,738,607	1,187,423,861	887,411,546
Equity & Liabilities				
A. Equity				
I. Subscribed Capital	600,000	600,000	39,540,000	36,126,000
II. Capital Reserves	4,709	4,709	310,340	283,544
III. Retained Earnings	7,364,506	5,487,446	485,320,912	330,399,098
IV. Net profit for the year	3,806,021	1,877,060	250,816,752	113,017,778
	11,775,235	7,969,215	775,988,004	479,826,420
B. Provisions				
1. Pension provisions	85,619	89,836	5,642,278	5,409,040
2. Tax provisions	300,630	660,676	19,811,541	39,779,302
3. Other provisions	1,313,086	1,627,126	86,532,397	97,969,253
	1,699,336	2,377,638	111,986,215	143,157,595
C. Liabilities				
1. Liabilities to bank	-	11,164	-	672,165
2. Payments received on account	28,268	35,394	1,862,873	2,131,053
3. Trade Payables	125,870	92,012	8,294,832	5,540,016
4. Liabilities to Affiliated Companies	3,099,317	2,575,270	204,245,002	155,056,993
5. Other Liabilities	1,290,545	1,677,916	85,046,935	101,027,304
	4,544,001	4,391,754	299,449,642	264,427,531
TOTAL	18,018,571	14,738,607	1,187,423,861	887,411,546

Note: Solely for the convenience of the reader, the financial statements as of and for the year ended March 31, 2012 and March 31, 2011 have been translated at the average closing rates, notified by the Reserve Bank of India, of 1 Euro = ₹ 65.90 and 1 Euro = ₹ 60.21 respectively

Profit and Loss Account

For the year ended	March 31,		March 31,	
	2012 €	2011 €	2012 ₹	2011 ₹
1. Revenues	49,954,882	39,474,472	3,292,026,729	2,376,757,946
2. Change in inventories of work in process and finished goods	100,304	171,238	6,610,055	10,310,265
3. Other operating income	3,670,064	2,758,024	241,857,208	166,060,633
Total Income	53,725,250	42,403,734	3,540,493,992	2,553,128,845
4. Cost of Materials				
a) Raw materials, consumables & supplies	225,809	1,140,816	14,880,781	68,688,522
b) Purchased services	27,828,274	21,963,505	1,833,883,259	1,322,422,657
	28,054,083	23,104,321	1,848,764,040	1,391,111,178
5. Personnel Expenses				
a) Wages and Salaries	13,838,920	10,492,493	911,984,842	631,753,016
b) Social security, pension costs and other welfare costs	2,320,058	1,884,040	152,891,814	113,438,049
	16,158,978	12,376,533	1,064,876,655	745,191,065
6. Depreciation & Amortization	117,480	103,321	7,741,939	6,220,962
7. Other Operating Expenses	4,367,549	3,817,603	287,821,474	229,857,848
8. Other Interest and Similar Income	29,943	25,132	1,973,215	1,513,192
9. Interest and Similar Expenses	-8,447	-12,410	-556,626	-747,231
	21,496	12,721	1,416,588	765,961
10. Results from ordinary activities	5,048,657	3,014,678	332,706,473	181,513,753
11. Extraordinary Expenses	-	13,842	-	833,427
12. Taxes				
a) Taxes on Income	1,238,942	1,122,137	81,646,307	67,563,840
b) Other Taxes	3,694	1,639	243,414	98,708
	1,242,636	1,123,776	81,889,721	67,662,548
13. Net Income for the year	3,806,021	1,877,060	250,816,752	113,017,778

Note: Solely for the convenience of the reader, the financial statements as of and for the year ended March 31, 2012 and March 31, 2011 have been translated at the average closing rates, notified by the Reserve Bank of India, of 1 Euro = ₹ 65.90 and 1 Euro = ₹ 60.21 respectively.



Statement of Changes in Fixed Assets for Fiscal Year 2011/2012

	Acquisition and manufacturing cost				Accumulated depreciation and amortization				Book value	
	Apr. 1, 2011	€	€	March 31, 2012	Apr. 1, 2011	€	€	March 31, 2012	€	March, 31, 2011
I. Intangible assets										
1. Franchises, industrial rights and assets and similar rights and assets and licences in such rights and assets	108,267	32,901	-	141,169	67,292	22,356	-	89,649	51,520	40,975
2. Prepaid expenses	-	70,960	-	70,960	-	-	-	-	70,960	-
	108,267	103,861	-	212,129	67,292	22,356	-	89,649	122,480	40,975
II. Property, plant and equipment										
Other equipment, furniture and fixtures	481,494	146,197	-	627,691	280,626	95,124	-	375,750	251,941	200,868
	481,494	146,197	-	627,691	280,626	95,124	-	375,750	251,941	200,868
III. Financial assets										
Shares in affiliated companies	116,982	125,038	-	242,020	8,691	-	-	8,691	233,329	108,291
	706,745	375,096	-	1,081,840	356,610	117,480	-	474,090	607,750	350,134
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
I. Intangible assets										
1. Franchises, industrial rights and assets and similar rights and assets and licences in such rights and assets	7,134,816	2,168,203	-	9,303,019	4,434,563	1,473,287	-	5,907,851	3,395,168	2,467,105
2. Prepaid expenses	-	4,676,264	-	4,676,264	-	-	-	-	4,676,264	-
	7,134,816	6,844,467	-	13,979,283	4,434,563	1,473,287	-	5,907,851	8,071,432	2,467,105
II. Property, plant and equipment										
Other equipment, furniture and fixtures	31,730,477	9,634,362	-	41,364,839	18,493,276	6,268,651	-	24,761,927	16,602,912	12,094,262
	31,730,477	9,634,362	-	41,364,839	18,493,276	6,268,651	-	24,761,927	16,602,912	12,094,262
III. Financial assets										
Shares in affiliated companies	7,709,136	8,239,986	-	15,949,123	572,734	-	-	572,734	15,376,388	6,520,224
	46,574,429	24,718,815	-	71,293,244	23,500,573	7,741,939	-	31,242,512	40,050,732	21,081,591

Notes to the Financial Statements

for the Fiscal Year 2011/2012

A. Changes in Accounting Policies

In prior accounting periods the income from the release of provisions for outstanding invoices for services purchased by the Company was offset against **the cost of materials** in the income statement. In the reporting period, this income is now posted under **other operating income**. The prior-year figures have been adjusted accordingly to improve comparability.

B. Accounting and Valuation Methods

The HGB provisions for large corporations were applied to the accounting and valuation policies used in the financial statements. The presentation, classification, recognition and measurement policies of the financial statements correspond to those applied in the prior year with the exception of the **change in the presentation** mentioned above.

The income statement has been prepared using the nature of expense method.

Intangible assets which have been acquired for a consideration have been stated at acquisition cost less accumulated systematic amortization where their value declines over time. Amortization is recorded using the straight-line method over the customary useful life of the assets.

Movable fixed assets with a cost value not exceeding EUR 410 were fully depreciated in the year of acquisition. As in the past, low-value assets with an acquisition cost of between EUR 150 and EUR 1,000 from prior years are collected on a catch-all account and depreciated over five years.

Financial assets are recognized at the lower of cost or market.

Where the book value of a fixed asset calculated on the basis of the above accounting policies is above its net realizable value on balance sheet date, it is written down to net realizable value by recording an impairment loss. If the impairment loss no longer applies in subsequent fiscal periods, the impairment loss is reversed by an appropriate amount to reflect the increase in fair value, provided that the revaluation does not exceed amortized cost.

Work in progress is measured at production cost based on the calculated respective unit costs taken from the cost accounting system. Unit costs include direct material costs, material overheads, direct labor costs, labor overheads as

well as a proportionate share of the costs of general administration.

Receivables and other assets are stated at face value. All discernible specific risks are taken into account in the valuation. A general doubtful debt allowance of 1% was established on trade receivables to cover the general risk of default.

Deferred tax assets have been recognized on the basis of a conservative estimate of the tax relief expected from offsetting unused tax losses.

The pension obligations are measured in keeping with actuarial principles and biometric inputs (the 2005G mortality tables issued by Prof. Dr. Klaus Heubeck) using the projected unit credit method. In accordance with the allowed alternative treatment found in Sec. 253 (2) Sent. 2 HGB, the discount rate used in the calculation was set at the average market interest rate for instruments of a similar term (assuming a residual term of 15 years) over the last seven years, as calculated and published by the German Central Bank. The discount rate applied on balance sheet date was 5.13%. Future salary and benefit trends are considered in the calculation at a current rate of 2.0%.

Assets that are dedicated to meeting pension obligations and which are protected from the rights of all other creditors and from insolvency and are not encumbered (plan assets) were offset directly against the corresponding liabilities in accordance with Sec. 246 (2) Sent. 2 HGB.

Plan assets are valued at fair value. The fair value of the plan assets (pension insurance policies) corresponds to their amortized cost pursuant to Sec. 255 (4) Sent. 3 HGB and consists of the capital carried by the insurer in accordance with the pension plan any credits from premium reimbursements (irrevocable bonuses).

Any impact on the performance of the pension plan from changes in the discount rate, changes in the fair value of plan assets and current income from the plan assets is reported under the financial result.

Liabilities are reported at the settlement amount.

Other provisions take into account all foreseeable risks and contingent liabilities and are valued at the settlement amount.

Receivables and liabilities denominated in foreign currency with a residual term of up to one year are translated using the mean closing rate in accordance with Sec. 256a HGB.

C. Notes to the Balance Sheet and Income Statement

I. Balance Sheet

1. Fixed Assets

The separate statement of changes in fixed assets is an integral component of the notes to the financial statements.

2. Receivables and Other Assets

Receivables from the shareholder amount to EUR 153,918.99 (prior year: EUR 119,265.06). All the receivables due from affiliated companies are trade receivables.

3. Cash and Cash Equivalents

This item contains cash in hand and bank deposits.

4. Provisions

Other provisions mainly include holiday accruals (EUR 590 k) as well as provisions for sales commission (EUR 253 k), outstanding purchase invoices (EUR 39 k), contingent liabilities from outstanding rent (EUR 40 k), archiving costs (EUR 29 k) and contingent liabilities arising from severance payments (EUR 70 k).

5. Liabilities

Liabilities to affiliated companies amount to EUR 3,072,714.19 (prior year: EUR 2,575,269.77) and comprise solely Liabilities from trade transactions. Liabilities to shareholders amount to EUR 2,919,442.36 (prior year: EUR 2,463,393.03).

Other liabilities break down as follows:

	Mar. 31, 2012 €	Mar. 31, 2011 €
Tax liabilities	959,745.14	1,126,680.38
Liabilities related to social security	163,077.91	125,057.30
Sundry other liabilities	167,722.24	426,178.02
	<u>1,290,545.29</u>	<u>1,677,915.70</u>

All liabilities have a residual term of less than one year.

6. Provision for Pensions

Information on the coverage of plan assets pursuant to Sec. 246 (2) Sentence 2 HGB:

	Mar. 31, 2012 €
Pension obligation	274,975.00
Asset cover (fair value)	189,356.22
Provision for pensions	<u>85,618.78</u>
Asset cover (acquisition cost)	<u>189,356.22</u>

II. Income Statement

1. Pension Costs

Social security, pension and other benefit costs contain pension costs of EUR 24.6 k (prior year: EUR 30.7 k).

2. Income and Expenses Related to Other Periods

Income related to other periods amounts to EUR 751 k and is related to reversals of provisions for outstanding invoices. Interest income related to tax refunds from prior years according to Sec. 233a AO amounts to EUR 11 k and affected the cash position accordingly in the financial year.

Expenses related to other periods include EUR 1,028 k from the reversal of wage tax payments in previous years.

3. Income and Expenses from Currency Translation

Earnings include income from currency translation of EUR 1,028 k and expenses from currency translation of EUR 790 k.

4. Income and Expenses from Currency Translation

Interest and other similar expenses include EUR 12 k from unwinding discounted long-term provisions.

D. Other Disclosures

1. Human Resources

The average headcount during the business year was as follows:

	Mar. 31, 2012 €	Mar. 31, 2011 €
Managers	7	7
Salaried employees	285	217
	<u>292</u>	<u>224</u>

2. Contingent Liabilities and Other Financial Obligations

The Company has other financial obligations of EUR 255 k associated with rental and lease agreements.

3. Company Boards

The general manager is Mr. Martin Trostel, Bad Liebenzell.

The Company avails of the exemption pursuant to Sec. 286 No. 9 HGB regarding the disclosures required by Sec. 285 (4) HGB.

4. Parent Company

Infotech Enterprises GmbH is included in the consolidated financial statements of the parent company, Infotech Enterprises Ltd. India. The consolidated financial statements can be obtained from the head office of the parent company.

5. Equity Investments

The Company holds 100% of the equity in Infotech Enterprises Goteborg AB, Sweden. The fiscal year of Infotech Enterprises Goteborg AB, Sweden begins on 1 April and ends 31 March. As of 31 March 2012 the subsidiary reports equity of EUR 28,311.72. The net loss for the fiscal year 2011/2012 amounts to EUR 122,506.54.

E. Appropriation of Profits

The retained earnings of EUR 11,170,526.01 will be carried forward.

Place: Leonberg
Date: April 16, 2012

Infotech Enterprises GmbH
Martin Trostel
The Management



Infotech Enterprises Japan K.K.

Registered Office

1, Aayana Palacio Tower 11,
3-6-7, Kita Aayana
Minato-ku
Tokyo 107-0061,
Japan

Directors

Krishna Bodanapu
Ravi Murty

Auditors

Takujiro Sagawa
1-3-5, Nihonbashi-Hanacho
Chuo-ku, Tokyo - 103-0007
Japan



Independent Auditor's Report

We have audited the accompanying balance sheets of Infotech Enterprises Japan K.K as of March 31, 2012 and the related statements of revenues and expenses for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion about the financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Infotech Enterprises Japan K.K as of March 31, 2012 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

MASAHIRO NARITA

Certified Public Accountant

Tokyo, Japan
April 17, 2012



Balance Sheet as at March 31, 2012

As at	March 31,		March 31,	
	2012 (JPY)	2011 (JPY)	2012 ₹	2011 ₹
I. EQUITY AND LIABILITIES				
1. Shareholders' Funds				
(a) Share capital	9,000,000	9,000,000	5,472,000	4,788,000
(b) Reserves and surplus	-114,376,722	-86,901,051	-69,541,047	-46,231,359
(c) Money received against share warrants	-	-	-	-
2. Share application money pending allotment	-	-	-	-
3. Non-current liabilities				
(a) Long-term borrowings	-	-	-	-
(b) Deferred tax liabilities (net)	-	-	-	-
(c) Other long term liabilities	-	-	-	-
(d) Long-term provisions	-	-	-	-
4. Current liabilities				
(a) Short-term borrowings	111,380,813	81,100,000	67,719,534	43,145,200
(b) Trade payables	8,304,266	26,080,962	5,048,994	13,875,072
(c) Other short term liabilities	3,030,328	2,469,887	1,842,439	1,313,980
(d) Short-term provisions	1,754,282	-	1,066,603	-
TOTAL	19,092,967	31,749,798	11,608,524	16,890,893
II. ASSETS				
Non-current assets				
1. (a) Fixed assets				
(i) Tangible assets	-	-	-	-
(ii) Intangible assets	-	-	-	-
(iii) Capital work-in-progress	-	-	-	-
(iv) Intangible assets under development	-	-	-	-
(b) Non-current investments	-	-	-	-
(c) Deferred tax assets (net)	-	-	-	-
(d) Long-term loans and advances	-	-	-	-
(e) Other non-current assets	-	-	-	-
2. Current assets				
(a) Current Investments	-	-	-	-
(a) Trade receivables	13,106,770	10,230,869	7,968,916	5,442,822
(a) Cash and cash equivalents	4,882,797	10,935,995	2,968,741	5,817,949
(a) Short-term loans and advances	-	10,582,599	-	5,629,943
(a) Other current assets	1,103,400	335	670,867	178
TOTAL	19,092,967	31,749,798	11,608,524	16,890,893

Profit and loss statement for the period ended March 31,2012

For the period ended	March 31,		March 31,	
	2012 (JPY)	2011 (JPY)	2012 ₹	2011 ₹
I. Revenue from Operations				
a) Sale of Services	58,917,314	53,790,774	35,821,727	28,616,692
b) Sale of Products	-	-	-	-
c) Other Operating Revenue	-	-	-	-
II. Other Income	1,666,631	36,686	1,013,312	19,517
III. Total Revenue (I+II)	60,583,945	53,827,460	36,835,039	28,636,209
IV. Expenses :				
Employee benefits expense	37,724,738	45,697,426	22,936,641	24,311,031
Finance costs	-	-	-	-
Depreciation and amortization expense	-	-	-	-
Other expenses	50,264,590	33,330,964	30,560,871	17,732,073
Total expenses	87,989,328	79,028,390	53,497,511	42,043,103
Profit before exceptional and extraordinary items and tax				
V. (III-IV)	(27,405,383)	(25,200,930)	(16,662,473)	(13,406,895)
VI. Exceptional items	-	-	-	-
VII. Profit before extraordinary items and tax (V-VI)	(27,405,383)	(25,200,930)	(16,662,473)	(13,406,895)
VIII. Extraordinary items	-	-	-	-
IX. Profit before tax (VII-VIII)	(27,405,383)	(25,200,930)	(16,662,473)	(13,406,895)
X. Tax expense				
(1) Current tax (net of MAT)	70,288	70,000	42,735	37,240
(2) Deferred tax	-	-	-	-
(3) Earlier year tax	-	-	-	-
	70,288	70,000	42,735	37,240
Profit (Loss) for the period from continuing operations				
XI. (IX-X)	(27,475,671)	(25,270,930)	(16,705,208)	(13,444,135)
XII. Profit/(loss) from discontinuing operations	-	-	-	-
XIII. Tax expense of discontinuing operations	-	-	-	-
Profit (Loss) from Discontinuing operations (after tax)				
XIV. (XII-XIII)	-	-	-	-
XV. Profit (Loss) for the period (XI+XIV)	(27,475,671)	(25,270,930)	(16,705,208)	(13,444,135)
XVI. Earnings per equity share :				
(1) Basic				
(2) Diluted				

Infotech Geospatial (India) Limited

(a wholly owned subsidiary of Infotech Enterprises Limited)

Registered Office

'A' Wing, Plot No. 11,
Software Units Layout,
Infocity, Madhapur,
Hyderabad - 500 081

Directors

Ajay Aggarwal
John Renard
Sanjay Sahay
S A Lakshmi Narayanan

Auditors

G.P. Associates
Flat No. 603, 6th Floor,
"Cyber Heights" Plot No. 13,
HUDA Layout, Road No. 2,
Banjara Hills,
Hyderabad - 500 033

Directors' Report

To
The Shareholders
Infotech Geospatial (India) Ltd
Hyderabad

Your Directors have pleasure in presenting the Directors' Report on the business and operations of your Company, for the financial year ended March 31, 2012.

SUMMARY OF FINANCIAL RESULTS

(₹ in Lakhs)

Particulars	For the year ended Mar 31, 2012	For the year ended Mar 31, 2011
Turnover		
Domestic	534.75	603.89
Export	61.14	33.92
Increase/(Decrease) in WIP	59.51	(2.77)
Other income	26.66	41.45
Total	682.06	676.49
Net Profit/(Loss) before interest, depreciation and tax	87.50	65.04
Less: Interest	8.68	14.08
Profit/(Loss) before depreciation and tax	78.82	50.96
Less: Depreciation	11.54	16.04
Profit/(Loss) before tax and Prior period adjustment	67.28	34.92
Add: Prior Period Expenditure	—	—
Profit/(Loss) before tax	67.28	34.92
Less: Income Tax		
Current		—
Fringe benefit		—
Dividend tax		—
Deferred tax (Asset)	2.88	4.55
Net profit before appropriations	70.16	39.47
Less: Preliminary and preoperative expenses written off	0	—
	70.16	39.47
Less: Transfer to General Reserve	—	—
Proposed Dividend	—	—
Less: Profit/(Loss) carried forward from previous year	(285.86)	(325.33)
Balance carried to Balance Sheet	(215.70)	(285.86)

BUSINESS PERFORMANCE

The company is in a sustainable position in the Geospatial Industry.

SHARE CAPITAL

Your company has not made any allotment of shares during the year

DIVIDEND

No dividend was declared as the company did not earn any profits during the current financial year

FINANCE ARRANGEMENTS

The Company is presently enjoying credit facilities viz., working capital limit of ₹ 100 lakhs and a Bank Guarantee limit of ₹ 300 lakhs from Corporation Bank, MG Road Branch, Secunderabad. These credit facilities were protected by a suitable Corporate Guarantee provided by the Holding Company, M/s. Infotech Enterprises Limited, to the tune of ₹ 400 lakhs.

DIRECTORS

During the year Mr. B.V.R. Mohan Reddy and Mr. Sundar Viswanathan has been vacated the office and Mr. Ajay Aggarwal, Mr. Sanjay Sahay, Mr. S.A. Lakshmanarao were appointed as directors.



FIXED DEPOSITS

Your Company has not accepted any deposits and as such, no amount of principal or interest was outstanding as on 31 March 2012.

AUDITORS

M/s. G.P. Associates, Chartered Accountants, who retire at the ensuing AGM of the Company, are eligible for re-appointment. M/s. G.P. Associates has confirmed that the re-appointment, if made, would be within the permitted limits under the Act.

SECRETARIAL COMPLIANCE CERTIFICATE

A Secretarial Compliance Certificate pursuant to Section 383A of the Companies Act, 1956 is obtained from Manish Kumar Singhania, Practicing Company Secretary.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as prescribed pursuant to provisions of Section 217(1) (e) of the Act read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are enclosed as Annexure.

PARTICULARS OF EMPLOYEES

None of the associates are drawing salary in excess of the prescribed limits of Section 217(2A) of the Act, read with the Companies (Particulars of Employees) Rules, 1975, as amended.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Act, the Directors confirm that:

- i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) they have selected such accounting policies and applied them consistently and made judgments and estimates

that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

- iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) they have prepared the Annual Accounts on a going concern basis.

ACKNOWLEDGMENTS

Your Directors place on record their gratitude to the Company's shareholders, customers, vendors, bankers and all other stakeholders for their continued support to its growth initiatives. Your Directors also place on record, their appreciation of the contribution made by associates at all levels, who, through their competence, sincerity, hard work, solidarity and dedicated support, have enabled your Company to make rapid strides in its business.

Your Directors also thank the Central and State Governments and their various agencies, particularly, the Ministry of Communication & Information Technology, Software Technology Parks of India, Departments of Customs and Central Excise, Ministry of Corporate Affairs, the Governments of the various countries where it has operations, APIIC, and other governmental agencies for extending their support during the year and look forward to their continued support.

By order of the Board
For **Infotech Geospatial (India) Limited**

Ajay Aggarwal
Director

Sanjay Sahay
Director

Place : Hyderabad
Date : April 16, 2012

PARTICULARS PURSUANT TO COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

A. CONSERVATION OF ENERGY:

- | | |
|---|----------------|
| i) Energy conservation measures taken | Not applicable |
| ii) Additional investment proposal, if any, being implemented for reduction of consumption of energy | Not applicable |
| iii) Impact of the measures at a, (i & ii) above for reduction of energy consumption and consequent impact on the cost of production of goods | Not applicable |

B. TECHNOLOGY ABSORPTION

- | | |
|---|----------------|
| i) Specific areas in which R&D carried out by the Company | Not applicable |
| ii) Benefits derived as a result of the above R&D | Not applicable |
| iii) Future plans | Not applicable |

C. FOREIGN EXCHANGE EARNINGS

₹ 59,32,624/-

FOREIGN EXCHANGE OUTGO

₹ Nil



Auditors' Report

To
The members of
INFOTECH GEOSPATIAL (INDIA) LIMITED.

1. We have audited the attached Balance Sheet of **INFOTECH GEOSPATIAL (INDIA) LIMITED** as at March 31, 2012 and the related Profit and Loss Account for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies' (Auditor's Report) Order, 2003, as amended by the Companies (Auditors Report) (Amendment) Order, 2004 issued by the Central Government of India, in terms of Sub-Section (4A) of Section 227 of India (the Act) and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that :
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of those books.
 - (c) The Balance Sheet and Profit & Loss account dealt with by this report are in agree-ment with the books of account.
 - (d) In our opinion, the Balance Sheet and Profit and Loss account dealt with by this report comply with the Accounting Standards referred to in Sub-Section 3(C) of Section 211 of the Companies Act'1956.
 - (e) On the basis of the written representations received from the directors, as on March 31, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act'1956.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the act and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012; and
 - (ii) In the case of the Profit and Loss Account, of the Profit of the Company for the period ended on that date.

For **G.P. Associates**
Chartered Accountants
Firm Reg. No. 006734S

Place: Hyderabad
Date: 16.04.2012

(CA G.V.B. Chowdary)
Partner
M.No. 027465

Annexure to Auditors' Report

[Referred to in Paragraph 3 of the Auditors' Report of even date to the members of INFOTECH GEOSPATIAL (INDIA) LIMITED on the Financial Statement for the Year ended March 31, 2012]

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were 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 of by the company during the year.
2. (a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 301 of the act. As the Company has not granted any loans, secured or unsecured, to companies, firms etc., listed in the register maintained under Section 301 of the Act, clauses (iii) (b), (iii)(c) and (iii)(d) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the company.

(b) The company has transactions with its holding company covered in the register maintained under Section 301 of the act, and the balance as on 31.03.2012 is `2,83,60,960/-. The clauses of (iii)(f) and (iii)(g) were not applicable during the period covered by this report.
3. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of fixed assets and for the sale of services. the activities of the company do not involve purchase of inventory and sale of goods. 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.
4. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.

(b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at relevant time.
5. According to the information and explanation given to us, the Company has not accepted any deposits from the public during the year within the meaning of Section 58A and 58AA of the Act and the rules framed there under.
6. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
7. According to the information and explanations given to us and records of the company examined by us, in our opinion,
 - (a) The company is regular in depositing the undisputed statutory dues including provident fund, employee's state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty and other material statutory dues as applicable with the appropriate authorities. As explained to us, the company did not have any dues on account of excise duty and cess.
 - (b) There was no undisputed amounts payable in respect of Income-tax, service tax, customs duty, wealth-tax and other material statutory dues in arrears as at 31st March 2012 for a period of more than six months from the date they became payable.
8. According to Financial Statements, and in our opinion, the Company has accumulated losses as at March 31, 2012, and it has not incurred cash losses during the financial year ended on that date and not incurred any cash losses in the immediately preceding financial year.



9. According to the information and explanation given to us, and in our opinion, the company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet.
10. The company has not granted any loans and advances on the basis of security by way pledge of shares, debentures and other securities.
11. In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks and financial institutions.
12. In our opinion, and according to the information and explanations given to us, on an overall basis, the loans have been applied for the purpose for which they were obtained.
13. On the basis of an overall examinations of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
14. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the act during the year.

15. The company has not raised any money by public issue during the year.
16. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

The other clauses, 4(ii), (viii), (xiii) and (xiv) of paragraph 4 of the Companies (Auditor's Report) Order 2001, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the company for the current year, since in our opinion there is no matter which arises to be reported in the aforesaid order.

For **G.P. Associates**
Chartered Accountants
Firm Reg. No. 006734S

Place: Hyderabad
Date: 16.04.2012

(CA G.V.B. Chowdary)
Partner
M.No. 027465

Balance Sheet as at March 31, 2012

(Amount in ₹)

	Note	As at March 31, 2012		As at March 31, 2011	
EQUITY AND LIABILITIES					
1. Shareholders' Funds					
a) Share Capital	1	40,000,000		40,000,000	
b) Reserves & Surplus	2	(21,323,636)	18,676,364	(28,340,026)	11,659,974
2. Non-Current Liabilities					
a) Deferred Tax Liabilities		-		188,129	
b) Long Term Provisions	3	537,520	537,520	345,382	533,511
3. Current Liabilities					
a) Short term Borrowings	4	6,559,678		13,375,153	
b) Trade Payables	5	34,400,204		25,025,889	
c) Other Current Liabilities	6	3,475,532		10,484,611	
d) Short term Provisions	7	305,126	44,740,540	791,660	49,677,313
TOTAL			63,954,424		61,870,798
ASSETS					
1. Non-current Assets					
a) Fixed Assets	8				
Tangible Assets		3,077,532		3,573,699	
Intangible Assets		560,288	3,637,820	933,817	4,507,516
Intangible Assets under development			23,999,705		16,333,835
b) Deferred tax Asset			99,840		-
c) Long term loans and advances	9		13,193,701		14,889,002
2. Current Assets					
a) Trade receivables	10	7,757,485		15,302,840	
b) Cash and cash equivalents	11	3,270,671		3,016,811	
c) Short term loans and advances	12	311,581		2,097,741	
d) Other Current assets	13	11,683,621	23,023,358	5,723,053	26,140,445
TOTAL			63,954,424		61,870,798
See accompanying notes forming part of the financial statements	18				

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

For G.P. Associates
Chartered Accountants
Firm Reg. No. 006734S

For and on behalf of Board of Directors

(CA. G.V.B. Chowdary)
Partner
M.No. 027645

(Ajay Aggarwal)
Director

(Sanjay Sahay)
Director

Place : Hyderabad
Date : 16.04.2012



Statement of Profit and Loss for the year ended March 31, 2012

(Amount in ₹)

	Note	For the year ended March 31, 2012	For the year ended March 31, 2011
I REVENUE FROM OPERATIONS			
Sale of Services		65,539,424	66,479,887
II Other income	14	2,666,387	1,169,882
III Total Revenue (I + II)		68,205,811	67,649,769
IV EXPENSES			
Employee benefits	15	4,469,452	9,753,701
Finance costs	16	665,541	1,040,402
Depreciation	8	1,154,166	1,604,129
Other expenses	17	55,188,231	51,759,365
Total Expenses		61,477,390	64,157,597
V Profit before exceptional and extraordinary items and tax (III-IV)		6,728,421	3,492,172
VI Exceptional items		-	-
VII Profit before extraordinary items and tax (V - VI)		6,728,421	3,492,172
VIII Extraordinary Items		-	-
IX Profit before tax (VII - VIII)		6,728,421	3,492,172
X Tax expenses			
(1) Current tax		542,459	-
(2) Deferred tax		(287,969)	(454,583)
(3) MAT Credit		(542,459)	-
XI Profit/(Loss) for the period from continuing operations (IX - X)		7,016,390	3,946,755
XII Profit/(Loss) from discontinuing operations		-	-
XIII Tax expense of discontinuing operations		-	-
XIV Profit/(Loss) from discontinuing operations (after tax)		-	-
XV Profit/(Loss) for the period (XI + XIV)		7,016,390	3,946,755
XVI Earnings per equity share			
a. Basic		1.75	0.99
b. Diluted		-	-
See accompanying notes forming part of the financial statements			

This is the Profit & Loss Account referred to in our report of even date.

 For **G.P. Associates**
 Chartered Accountants
 Firm Reg. No. 006734S

 (CA. G.V.B. Chowdary)
 Partner
 M.No. 027645

For and on behalf of Board of Directors

 (Ajay Aggarwal)
 Director

 (Sanjay Sahay)
 Director

 Place : Hyderabad
 Date : 16.04.2012

Notes forming part of the financial statements

(Amount in ₹)

Note	As at March 31, 2012	As at March 31, 2011
1. SHARE CAPITAL		
Authorised:		
50,00,000 Equity shares of ₹ 10/- each	50,000,000	50,000,000
Issued, Subscribed and Paid up		
40,00,000 Equity Shares of ₹ 10/- each fully paidup	40,000,000	40,000,000
	<u>40,000,000</u>	<u>40,000,000</u>

Notes:

A. Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period;

Particulars	Equity Shares	
	Number	₹
Shares outstanding at the beginning of the year	4,000,000	40,000,000
Shares Issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	4,000,000	40,000,000

B. Equity Shares in the company held by its holding company

40,00,000 Equity Shares (31/03/2012) are held by the Infotech Enterprises Limited, the holding company

C. Equity shareholder holding more than 5% of equity shares along with the number of equity shares held is as given below:

Particulars	As at March 31, 2012		As at March 31, 2011	
	%	Number of shares	%	Number of shares
A. INFOTECH ENTERPRISES LIMITED	100%	4,000,000	74.00%	2,960,000
B. CHANDRA SHEKHAR NORI	-	-	22.56%	902,500

(Amount in ₹)

Note	As at March 31, 2012	As at March 31, 2011
2. RESERVES & SURPLUS		
a. General Reserve		
Opening Balance	246,486	246,486
Add: Transfer from Current Year Profits	-	-
Closing Balance	<u>246,486</u>	<u>246,486</u>
b. Profit & Loss Account		
Opening Balance	(28,586,512)	(32,533,267)
Add: Net Profit/(Loss) for the current Year	7,016,390	3,946,755
Closing Balance	<u>(21,570,122)</u>	<u>(28,586,512)</u>
TOTAL	<u>(21,323,636)</u>	<u>(28,340,026)</u>



Notes forming part of the financial statements

(Amount in ₹)

Note	As at March 31, 2012	As at March 31, 2011
3. LONG TERM PROVISIONS		
Provision for employee benefits		
Compensated absences	159,106	345,382
Gratuity	378,414	-
	<u>537,520</u>	<u>345,382</u>
4. SHORT TERM BORROWINGS		
Secured		
Working Capital Loans	3,759,678	10,575,153
Unsecured		
- From Department of Science & Technology	2,800,000	2,800,000
	<u>6,559,678</u>	<u>13,375,153</u>
5. TRADE PAYABLES		
Trade Payables	34,400,204	25,025,889
	<u>34,400,204</u>	<u>25,025,889</u>
<p>Notes: Out of the said amount ₹ nil (March 31, 2011: ₹ nil) pertain to micro, small and medium enterprises as defined under Micro, Small, and Medium Enterprises Development Act 2006 based on the information available with the Company. Interest payable to such parties as at 31 March 2012 amounts to ₹ Nil (March 31, 2011 : ₹ Nil).</p>		
6. OTHER CURRENT LIABILITIES		
Unearned Revenue	762,081	762,081
Other Liabilities		
- Advances from Customers	569,775	2,829,817
- Statutory Remittances	407,466	1,187,905
- Contractually Reimbursement expenses	89,887	-
- Employee Related payables	148,239	1,187,074
- Other Payables	1,498,084	4,517,734
	<u>3,475,532</u>	<u>10,484,611</u>
7. SHORT TERM PROVISIONS		
Provision for Employee benefits		
Bonus Payable	276,306	731,560
Compensated absences	28,820	60,100
	<u>305,126</u>	<u>791,660</u>

Notes forming part of the financial statements

8. **FIXED ASSETS**

(Amount in ₹)

Particulars	Gross Block			Depreciation			Net Block		
	As on 01.04.2011	Additions	Deletions	As on 31.03.2012	Upto 01.04.2011 For the Period	Adjustments	Upto 31.03.2012	As on 31.03.2012	As on 31.03.2011
TANGIBLE ASSETS									
Furniture & Fixtures	2,144,401	7,763	-	2,152,164	159,124	-	1,427,928	724,235	875,596
Electrical Fittings	297,707	-	-	297,707	21,798	-	162,794	134,913	156,711
Fire Extinguishing System	24,825	-	-	24,825	1,745	-	14,027	10,798	12,543
UPS	415,192	-	-	415,192	34,893	-	199,233	215,959	250,852
Computers	2,577,862	247,209	-	2,825,071	264,730	-	2,330,765	494,306	511,828
Office Equipment	611,514	-	-	611,514	48,968	-	308,444	303,070	352,037
Computer Printers	305,708	29,524	-	335,232	75,776	-	215,437	119,795	166,048
Air Conditioners	178,553	-	-	178,553	15,880	-	80,267	98,286	114,166
Digital Camaries	104,960	-	-	104,960	11,191	-	35,696	69,264	80,455
Survey Equipment	1,336,023	-	-	1,336,023	125,011	-	562,321	773,702	898,713
Generator	175,000	-	-	175,000	21,522	-	41,796	133,204	154,726
	8,171,744	284,496	-	8,456,240	780,639	-	5,378,709	3,077,532	3,573,699
INTANGIBLE ASSETS									
Software	4,584,497	-	-	4,584,497	373,527	-	4,024,209	560,288	933,817
	4,584,497	-	-	4,584,497	373,527	-	4,024,209	560,288	933,817
Current Year Totals	12,756,241	284,496	-	13,040,737	1,154,166	-	9,402,918	3,637,820	4,507,516
Previous year Totals	12,196,318	559,923	-	12,756,241	1,604,129	-	8,248,721	4,507,516	5,551,726



Notes forming part of the financial statements

(Amount in ₹)

Note	As at March 31, 2012	As at March 31, 2011
9. LONG TERM LOANS & ADVANCES		
Other Loans and advances (Unsecured, considered good)		
a. Security Deposit	692,410	2,509,629
b. Other Loans & Advances		
TDS Recoverable		
- F. Y. 2011-12	5,092,919	
- F. Y. 2010-11	3,755,248	
- F. Y. 2009-10	2,011,030	12,367,290
Advance tax for FBT - F.Y. 2009-10	62,330	62,330
MAT Credit entitlement	542,459	-
Service tax recoverable	1,019,336	(56,585)
VAT Receivable	17,969	6,338
	13,193,701	14,889,002
10. TRADE RECEIVABLES		
(Unsecured, considered good)		
Debtors outstanding for a period of less than six months	7,663,219	15,220,501
Debtors outstanding for a period of more than six months	94,266	2,346,277
	7,757,485	17,566,778
Less: Provision for doubtful debts	-	2,263,938
	7,757,485	15,302,840
11. CASH AND CASH EQUIVALENTS		
Balances with Banks		
- On current account	28,039	13,684
- On deposit account	3,242,632	2,999,731
Cash on hand	-	3,396
	3,270,671	3,016,811
12. SHORT TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Prepaid Expenses	110,497	337,960
Loans & Advances to Employees	176,475	209,583
Other Loans & Advances	24,609	859,246
Advances to Suppliers	-	690,952
	311,581	2,097,741
13. OTHER CURRENT ASSETS		
Unbilled Revenue	11,574,381	5,623,348
Interest accrued but not received	109,240	99,705
	11,683,621	5,723,053

Notes forming part of the financial statements

		(Amount in ₹)	
Note	As at March 31, 2012	As at March 31, 2011	
14. OTHER INCOME			
Interest on Deposits	459,086	375,927	
Interest on Income tax refund	548,548	66,986	
Consultancy Income	11,239	666,104	
Excess Provision made in Previous year	501,801	-	
Creditors written off	1,317,214	-	
Gain/(loss) on exchange fluctuations	(171,501)	60,865	
	<u>2,666,387</u>	<u>1,169,882</u>	
15. EMPLOYEE BENEFITS			
Salaries, Wages, Bonus and others	3,740,477	8,890,573	
Contribution to Provident Funds and others	550,290	562,283	
Staff welfare expenses	178,685	300,845	
	<u>4,469,452</u>	<u>9,753,701</u>	
16. FINANCE COST			
Interest on Working Capital Loans	558,673	956,402	
Interest - Others	106,868	84,000	
	<u>665,541</u>	<u>1,040,402</u>	
17. OTHER EXPENSES			
Rent, Rates & Taxes	279,330	10,634	
Provision for Bad Debts	-	247,690	
Office maintenance	73,523	81,130	
Work Execution Expenses	53,421,489	48,044,551	
Printing & Stationery	309,019	96,889	
Legal, Professional & Consultancy charges	199,000	706,397	
Insurance	21,793	17,732	
Travelling & Conveyance	250,850	886,727	
Repairs & Maintenance	264,228	157,342	
Miscellaneous Expenses	211,255	412,052	
Auditor's Remuneration			
- Statutory Audit Fee	75000	75000	
- Tax Audit Fee	25000	25000	100,000
Communication Expenses	<u>53,166</u>	<u>225,055</u>	
Business Promotion	4,578	671,998	
Preliminary & Pre Operative Expenses Written Off	-	101,168	
	<u>55,188,231</u>	<u>51,759,365</u>	

Notes forming part of the financial statements

NOTE No. 18

A. SIGNIFICANT ACCOUNTING POLICIES:

a. Method of Accounting:

The financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles, and materially comply with mandatory accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

b. Fixed Assets:

Fixed Assets are stated at Cost inclusive of Freight, Taxes and Incidental Expenses relating to Cost of Acquisition and Finance Cost.

c. Depreciation:

The Company has provided Depreciation on WDV Method at the rates and in the manner specified in Schedule – XIV of the Companies Act, 1956 on pro-rata basis.

d. Revenue Recognition:

Revenue from software development is recognized based on software developed and billed to the clients as per the terms of specific contracts. Revenue from the sale of software products is recognized when the sale has been completed with the passing of title. In case of fixed price contracts, revenue is recognized based on the specific terms of the contract.

e. Expenditure:

Expenses are accounted on accrual basis and provision is made for all known losses and liabilities. Expenses incurred on development of software are charged to revenue in the same year.

f. Foreign Currency Transactions:

In the case of sale made to clients outside India, income is accounted on the basis of the exchange rate as on the date of transaction. Any variations in the sale proceeds on conversion into Indian currency upon actual receipt during the year is accounted as foreign Exchange Fluctuation and the value of Foreign Currency receivable as at the end of the year are accounted at the year end price and balance transferred to Foreign Exchange Fluctuation Account.

g. Inventories:

Work-in-progress is valued on the basis of expenditure incurred for the work completed on the date of

Balance Sheet in proportion to the value of the contract obtained by the company for each project.

h. Retirement Benefits:

The Company contributes to Provident Fund administered by Government and such contribution is charged to Profit & Loss Account.

i. Taxation:

Provision for current year taxation is being made in accordance with the Income Tax Laws and rules prevailing for the relevant Assessment Year.

j. Deferred Tax :

In accordance with the Accounting Standard 22, 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountant of India, the deferred Tax Liability for the year ended 31.03.2012 amounting to ₹ 2,87,969/- has been credited to Profit & Loss Account and accumulated balance is shown as Deferred Tax Liability in the Balance Sheet separately.

B. ADDITIONAL STATEMENT TO NOTES FORMING PART OF FINANCIAL STATEMENT:

1. Quantitative Details:

The Company is engaged in the development of Computer Software and services. The production and sale of such software and services cannot be expressed in any generic unit.

2. Secured Loans:

Working Capital Loan from Corporation Bank, M.G. Road Br., Secunderabad was secured by Hypothecation of Book Debts, Corporate Guarantee and Fixed deposit by M/s. Infotech Enterprises Limited.

3. Provision for Gratuity

The Company has made provision for gratuity of its employees, based on the actuarial valuation and is charged to Profit & Loss account.

4. Provision for Earned Leave

The Company has made provision for Earned Leave of its employees, based on the Actuarial valuation and is charged to Profit & Loss account.

5. Micro, Small and Medium Enterprises

The identification of micro, small and medium enterprise suppliers as defined under the provisions of Micro, small and medium enterprises development Act, 2006 is based on Management's knowledge of their status. There are no dues to micro, small and medium enterprises as on March 31, 2012.

6. Names of Related Parties and Description of Relationship:

Enterprises with Substantial interest : Infotech Enterprises Limited

The Details of Transactions with related parties are as follows: -

(Amount in ₹)

Particulars	Enterprises	Key Management Personnel	Relatives of Key Management	Total
I. Transactions During The Year				
Director's Remuneration	-	2,33,192	-	2,33,192
Engineering Services	-	-	-	-
Sales - Domestic	1,75,29,737	-	-	1,75,29,737
II. Balances as on 31.03.2012				
Share Capital Held By	3,99,91,000	-	-	3,99,91,000
Amount Payable as on 31.03.2012	2,83,60,960	-	-	2,83,60,960
Amount Receivable as on 31.03.2012	94,266	-	-	94,266

(Amount in ₹)

Particulars	2011-2012	2010-2011
7. Director's Remuneration		
- Managing Director	2,33,192	27,98,306
8. Auditor's Remuneration (Excluding Taxes)		
- Audit Fee	75,000	75,000
- Tax Audit Fee	25,000	25,000

9. Contingent Liability provided for:

a) Bank Guarantee given by the Company :-

- 1) GE India Industrial Pvt Ltd, ₹ NIL/- (Previous Year – ₹ 13,47,500/-).
- 2) Government of Karnataka, Bangalore – ₹ 30,00,000/- (Previous Year – ₹ 52,00,000/-).



		(Amount in ₹)	
Particulars		2011-2012	2010-2011
10. a)	Value of Imports (CIF basis)		
	Capital Goods	—	—
b)	Value of Exports		
	Computer Software & Services	61,13,850	33,92,713
11.	Remittance in Foreign Currency		
	Inward Remittance	59,32,624	93,12,483
	Outward Remittance	NIL	13,98,921
12.	Debit and Credit Balances are subject to confirmation.		
13.	Previous year's figures are regrouped/rearranged wherever necessary.		

This is the Profit & Loss Account referred to in our report of even date.

For G.P. Associates
 Chartered Accountants
 Firm Reg. No. 006734S

(CA. G.V.B. Chowdary)
 Partner
 M.No. 027645

For and on behalf of Board of Directors

(Ajay Aggarwal)
 Director

(Sanjay Sahay)
 Director

Place : Hyderabad
 Date : 16.04.2012



Infotech Enterprises Information Technology Services Private Limited

(a wholly owned subsidiary of Infotech Enterprises Limited)

Registered Office

4th Floor, 'A' wing, Plot No. 11,
Software Units Layout,
Infocity, Madhapur, Hyderabad.

Directors

B.V.R. Mohan Reddy
B. Sucharitha

Auditors

G.P. Associates
Flat No. 603, 6th Floor,
“Cyber Heights” Plot No. 13,
HUDA Layout, Road No. 2,
Banjara Hills,
Hyderabad - 500 033



Directors' Report

To
 The Shareholders
 Infotech Enterprises Information Technology Services Private Limited
 Hyderabad

Your Directors have pleasure in presenting the Directors' Report on the business and operations of your Company, for the financial year ended March 31, 2012.

SUMMARY OF FINANCIAL RESULTS

(₹ in Lakhs)

Particulars	For the year ended Mar 31, 2012	For the year ended Mar 31, 2011
Turnover Domestic	3,937,667.50	5,563,206.50
Export	118,834,024.62	65,376,984.75
Increase/(Decrease) in WIP		114,780.25
Other income	1,122,397	469,001
Total	123,894,089	71,523,972
Net Profit/(Loss) before interest, depreciation and tax	(5,850,240)	(12,740,173)
Less: Interest	0.00	0.00
Profit/(Loss) before depreciation and tax	(5,850,240)	(12,740,173)
Less: Depreciation	189,137	105,230
Profit/(Loss) before tax and Prior period adjustment	(6,039,377)	(12,845,403)
Add: Prior Period Expenditure	0.00	0.00
Profit/(Loss) before tax	(6,039,378)	(12,845,402)
Less: Income Tax Current	0.00	0.00
Fringe benefit		
Dividend tax		
Deferred tax (Asset)	(1,185,944)	37,197
Net profit before appropriations	(4,853,434)	(12,882,599)

BUSINESS PERFORMANCE

The company is in a sustainable position in the Information Technology services sector.

SHARE CAPITAL

Your company has not made any allotment of shares during the year.

DIVIDEND

No dividend was declared as the company did not earn any profits during the current financial year.

FINANCE ARRANGEMENTS

DIRECTORS

There was no change in the office of directorship in the company.

FIXED DEPOSITS

Your Company has not accepted any deposits and as such, no amount of principal or interest was outstanding as on 31 March 2012.

AUDITORS

M/s. G.P. Associates, Chartered Accountants who retire at the ensuing AGM of the Company, are eligible for re-appointment. M/s. G.P. Associates has confirmed that the re-appointment, if made, would be within the permitted limits under the Act.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as prescribed pursuant to provisions of Section 217(1) (e) of the Act read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are enclosed as Annexure.

PARTICULARS OF EMPLOYEES

None of the associates are drawing salary in excess of the prescribed limits of Section 217(2A) of the Act, read with the Companies (Particulars of Employees) Rules, 1975, as amended.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Act, the Directors confirm that:

- i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

- iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) they have prepared the Annual Accounts on a going concern basis.

ACKNOWLEDGMENTS

Your Directors place on record their gratitude to the Company's shareholders, customers, vendors, bankers and all other stakeholders for their continued support to its growth initiatives. Your Directors also place on record, their appreciation of the contribution made by associates at all levels, who, through their competence, sincerity, hard work, solidarity and dedicated support, have enabled your Company to make rapid strides in its business.

Your Directors also thank the Central and State Governments and their various agencies, particularly, the Ministry of Communication & Information Technology, Software Technology Parks of India, Departments of Customs and Central Excise, Ministry of Corporate Affairs, the Governments of the various countries where it has operations, APIIC, and other governmental agencies for extending their support during the year and look forward to their continued support.

By order of the Board
For **Infotech Enterprises Information Technology
Services Private Limited**

B.V.R. Mohan Reddy
Director

B. Sucharitha
Director

Place : Hyderabad
Date : April 16, 2012



Annexure

PARTICULARS PURSUANT TO COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

A. CONSERVATION OF ENERGY:

- | | |
|---|----------------|
| i) Energy conservation measures taken | Not applicable |
| ii) Additional investment proposal, if any, being implemented for reduction of consumption of energy | Not applicable |
| iii) Impact of the measures at a, (i & ii) above for reduction of energy consumption and consequent impact on the cost of production of goods | Not applicable |

B. TECHNOLOGY ABSORPTION

- | | |
|---|----------------|
| i) Specific areas in which R&D carried out by the Company | Not applicable |
| ii) Benefits derived as a result of the above R&D | Not applicable |
| iii) Future plans | Not applicable |

C. FOREIGN EXCHANGE EARNINGS

₹ 11,27,45,591.54

FOREIGN EXCHANGE OUTGO

₹ 4,28,59,015.24

Auditors' Report

AUDITOR'S REPORT TO THE MEMBERS OF INFOTECH ENTERPRISES INFORMATION TECHNOLOGY SERVICES PRIVATE LIMITED

1. We have audited the attached Balance Sheet of **INFOTECH ENTERPRISES INFORMATION TECHNOLOGY SERVICES PRIVATE LIMITED** as at March 31, 2012 for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies' (Auditor's Report) Order, 2003, as amended by the Companies (Auditors Report) (Amendment) Order, 2004 issued by the Central Government of India, in terms of Sub-section (4A) of Section 227 of India (the Act) and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said order.
4. 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 accounts as required by law have been kept by the company so far as it appears from our examination of those books.
 - (c) The Balance Sheet dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet dealt with by this report comply with the Accounting Standards referred to in Sub-Section 3(C) of Section 211 of the Companies Act'1956.
 - (e) On the basis of the written representations received from the directors, as on March 31, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act'1956.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the act and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012.
 - (ii) In the case of the Profit and Loss Account, of the Loss of the Company for the period ended on that date.

For **G.P. Associates**
Chartered Accountants
Firm Reg. No. 006734S

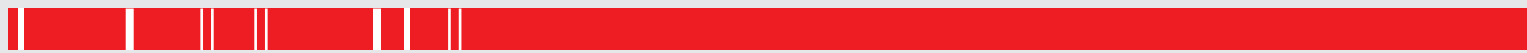
(CA. G.V.B. Chowdary)
Partner
M.No. 027465

Place : Hyderabad
Date : 16.04.2012

Annexure to Auditors' Report

[Referred to in Paragraph 3 of the Auditors' Report of even date to the members of INFOTECH ENTERPRISES INFORMATION TECHNOLOGY SERVICES PRIVATE LIMITED on the Financial Statement for the Year ended March 31, 2012]

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were 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 of by the company during the year.
2. (a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 301 of the act. As the Company has not granted any loans, secured or unsecured, to companies, firms etc., listed in the register maintained under Section 301 of the Act, clauses (iii) (b), (iii)(c) and (iii)(d) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the company.
- (b) The company has transactions with its holding company covered in the register maintained under Section 301 of the act, and the balance as on 31.03.2012 is ₹ 2,77,38,754/-. The clauses of (iii)(f) and (iii)(g) were not applicable during the period covered by this report.
3. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of fixed assets and for the sale of services. The activities of the company do not involve purchase of inventory and sale of goods. 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.
4. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.
- (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at relevant time.
5. According to the information and explanation given to us, the Company has not accepted any deposits from the public during the year within the meaning of Section 58A and 58AA of the Act and the rules framed there under.
6. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
7. According to the information and explanations given to us and records of the company examined by us, in our opinion:
 - (a) The company has generally been regular in depositing undisputed statutory dues including provident fund, employee's state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty and other material statutory dues as applicable with the appropriate authorities. As explained to us, the company did not have any dues on account of excise duty and cess.
 - (b) There was no undisputed amounts payable in respect of Income-tax, service tax, customs duty, wealth-tax and other material statutory dues in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable.
8. According to Financial Statements, and in our opinion, the Company has accumulated losses as at March 31, 2012, and it has incurred cash losses during the financial year ended on that date and incurred cash losses in the immediately preceding financial year.
9. According to the information and explanation given to us, and in our opinion the company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet.
10. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

- 
11. In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks and financial institutions.
 12. In our opinion, and according to the information and explanations given to us, on an overall basis, the loans have been applied for the purpose for which they were obtained.
 13. On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
 14. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the act during the year.
 15. The company has not issued debentures and hence requirement of reporting regarding creation of security in respect of debentures issued does not arise.
 16. The company has not raised any money by public issue during the year.

17. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

The other clauses, 4(ii), (viii), (xiii) and (xiv) of paragraph 4 of the Companies (Auditor's Report) Order 2001, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the company for the current year, since in our opinion there is no matter which arises to be reported in the aforesaid order.

For **G.P. Associates**
Chartered Accountants
Firm Reg. No. 006734S

(CA. G.V.B. Chowdary)
Partner
M.No. 027465

Place : Hyderabad
Date : 16.04.2012



Balance Sheet as at March 31, 2012

(Amount in ₹)

	Note	As at March 31, 2012		As at March 31, 2011	
EQUITY AND LIABILITIES					
1. Shareholders' Funds					
a) Share Capital	1		100,000		100,000
b) Reserves & Surplus	2	(17,736,033)	(17,736,033)	(12,882,599)	(12,882,599)
2. Non-Current Liabilities					
a) Deferred Tax Liabilities		-		37,197	
b) Long Term Provisions	3	7,586,157	7,586,157	6,780,420	6,817,617
3. Current Liabilities					
a) Short term Borrowings	4	27,738,754		25,451,553	
b) Trade Payables	5	12,080,516		9,665,841	
c) Other Current Liabilities	6	3,820,657		1,739,142	
d) Short term Provisions	7	5,825,855	49,465,782	2,307,393	39,163,929
TOTAL			39,415,906		33,198,947
ASSETS					
1. Non-current Assets					
a) Fixed Assets	8				
i) Tangible Assets		1,839,871		1,559,673	
ii) Intangible Assets		-	1,839,871	-	1,559,673
b) Deferred Tax Assets			1,148,747		-
c) Long term Loans & Advances	9		6,633,890		5,292,422
d) Other Non-current assets	10		19,629		26,172
2. Current Assets					
a) Trade receivables	11	17,244,807		9,999,150	
b) Cash and cash equivalents	12	9,024,826		12,111,921	
c) Short term loans and advances	13	1,278,839		1,029,765	
d) Other Current assets	14	2,225,297	29,773,769	3,179,844	26,320,680
TOTAL			39,415,906		33,198,947
See accompanying notes forming part of the financial statements.	18				

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

For G.P. Associates
 Chartered Accountants
 Firm Reg. No. 006734S

For and on behalf of Board of Directors
(CA. G.V.B. Chowdary)
 Partner
 M.No. 027645

(B.V.R. Mohan Reddy)
 Director

(B. Sucharitha)
 Director

 Place : Hyderabad
 Date : 16-04-2012

Statement of Profit and Loss for the year ended March 31, 2012

(Amount in ₹)

	Note	For the year ended March 31, 2012	For the year ended March 31, 2011
I. REVENUE FROM OPERATIONS			
a) Sale of Services		122,771,692	65,672,971
b) Sale of Product		-	5,382,000
II. Other income	15	1,122,397	469,001
III. Total Revenue (I + II)		<u>123,894,089</u>	<u>71,523,972</u>
IV. EXPENSES			
c) Employee benefits	16	88,828,467	46,878,010
d) Depreciation and amortization expenses	8	189,137	105,230
e) Other expenses	17	40,915,863	37,386,134
Total Expenses		<u>129,933,467</u>	<u>84,369,374</u>
V. Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)		(6,039,378)	(12,845,402)
VI. Exceptional items		-	-
VII. Profit/(Loss) before extraordinary items and tax (V-VI)		(6,039,378)	(12,845,402)
VIII. Extraordinary Items		-	-
IX. Profit/(Loss) before tax (VII - VIII)		(6,039,378)	(12,845,402)
X. Tax expense:			
a) Current tax		-	-
b) Deferred tax		(1,185,944)	37,197
XI. Profit/(Loss) for the period from continuing operations (IX-X)		<u>(4,853,434)</u>	<u>(12,882,599)</u>
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit/(Loss) from discontinuing operations (after tax)		-	-
XV. Profit/(Loss) for the period (XI + XIV)		<u>(4,853,434)</u>	<u>(12,882,599)</u>
XVI. Earnings per equity share			
a) Basic		-485.34	-1288.26
b) Diluted		-	-
See accompanying notes forming part of the financial statements		-	-

This is the Profit & Loss Account referred to in our report of even date.

For G.P. Associates
Chartered Accountants
Firm Reg. No. 006734S

For and on behalf of Board of Directors

(CA. G.V.B. Chowdary)
Partner
M.No. 027645

(B.V.R. Mohan Reddy)
Director

(B. Sucharitha)
Director

Place : Hyderabad
Date : 16-04-2012



Notes forming part of the financial statements

(Amount in ₹)

Note	As at March 31, 2012	As at March 31, 2011
1. SHARE CAPITAL		
Authorised:		
1,00,000 Equity shares of ₹ 10/- each	<u>1,000,000</u>	<u>1,000,000</u>
Issued, Subscribed and Paid up		
10,000 Equity Shares of ₹ 10/- each fully paidup	<u>100,000</u>	<u>100,000</u>
	<u>100,000</u>	<u>100,000</u>

Notes:

A. Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period;

Particulars	Equity Shares	
	Number	₹
Shares outstanding at the beginning of the year	10,000	100,000
Shares Issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	10,000	100,000

B. Equity Shares in the company held by its holding company

10,000 Equity Shares (31/03/2012) are held by the Infotech Enterprises Limited, the holding company

C. Equity shareholder holding more than 5% of equity shares along with the number of equity shares held is as given below:

Particulars	As at March 31, 2012		As at March 31, 2011	
	%	Number of shares	%	Number of shares
A. INFOTECH ENTERPRISES LIMITED	100.00%	10,000	100.00%	10,000

Notes forming part of the financial statements

Note	(Amount in ₹)	
	As at March 31, 2012	As at March 31, 2011
2. RESERVES & SURPLUS		
Profit & Loss Account		
Opening Balance	(12,882,600)	-
Add: Net Profit/(Loss) for the current Year	(4,853,433)	(12,882,599)
Closing Balance	(17,736,033)	(12,882,599)
TOTAL	(17,736,033)	(12,882,599)
3. LONG TERM PROVISIONS		
Provision for employee benefits		
Leave Encashment	2,558,295	2,022,753
Provision for Gratuity	5,027,862	4,757,667
	7,586,157	6,780,420
4. SHORT TERM BORROWINGS		
Unsecured		
- Intercompany Deposit from Infotech Enterprises Limited	27,738,754	25,451,553
	27,738,754	25,451,553
5. TRADE PAYABLES		
Trade Payables	12,080,516	9,665,841
	12,080,516	9,665,841
Notes: Out of the said amount ₹ nil (March 31, 2011: ₹ nil) pertain to micro, small and medium enterprises as defined under Micro, Small, and Medium Enterprises Development Act 2006 based on the information available with the Company. Interest payable to such parties as at 31 March 2012 amounts to ₹ Nil (March 31, 2011 : ₹ Nil).		
6. OTHER CURRENT LIABILITIES		
Unearned Revenue	869,989	-
Other Liabilities		
-Statutory Remittances	1,442,292	1,019,078
-Employee related payables	1,311,213	556,309
-Other Payables	197,163	163,755
	3,820,657	1,739,142
7. SHORT TERM PROVISIONS		
Provision for Employee benefits		
Provision for Leave encashment	172,832	250,271
Provision for Gratuity	847,062	771,361
Others		
Provision for expenses	4,805,961	1,285,761
	5,825,855	2,307,393



Notes forming part of the financial statements

8. FIXED ASSETS

(Amount in ₹)

Particulars	Gross Block			Depreciation			Net Block	
	As on 01.04.2011	Additions	Deletions	As on 31.03.2012	Upto 01.04.2011	For the Period	Upto 31.03.2012	As on 31.03.2012
Computers & Peripherals	25,185		-	25,185	5,245	8,395	13,640	11,545
Electrical Fittings	4,085		-	4,085	237	409	646	3,439
Furniture & Fittings	721,071		-	721,071	46,105	72,107	118,212	602,859
Office Equipment	252,318	414,985	-	667,303	13,694	40,591	54,285	613,018
Networking Equipment	586,244		-	586,244	35,200	58,624	93,824	492,420
Plant & Machinery	76,000	54,350	-	130,350	4,749	9,011	13,760	116,590
Current Year Totals	1,664,903	469,335	-	2,134,238	105,230	189,137	294,367	1,839,871
Previous year Totals	1,664,903			1,664,903	-	105,230	105,230	1,559,673
								-

Notes forming part of the financial statements

		(Amount in ₹)	
Note	As at March 31, 2012	As at March 31, 2011	
9. LONG TERM LOANS AND ADVANCES			
(Unsecured, considered good, recoverable)			
a. Security Deposits	3,083,278	3,083,278	
b. Other Loans & Advances			
- TDS Recoverable (net of taxes)	265,025	631,357	
Service tax recoverable	3,285,587	1,577,787	
	<u>6,633,890</u>	<u>5,292,422</u>	
10. OTHER NON-CURRENT ASSETS			
Preliminary expenses			
Opening Balance	26172	32,715	
Less: Written off during the year	6543	6,543	
	<u>19,629</u>	<u>26,172</u>	
11. TRADE RECEIVABLES			
(Unsecured, considered good, recoverable)			
Debtors outstanding for a period of less than six months	17,244,807	9,999,150	
Debtors outstanding for a period of more than six months	-		
	17,244,807	9,999,150	
Less: Provision for doubtful debts	-	-	9,999,150
	<u>17,244,807</u>	<u>9,999,150</u>	
12. CASH AND CASH EQUIVALENTS			
Balances with Banks	9,010,435	12,102,022	
Cash on hand	14,391	9,899	
	<u>9,024,826</u>	<u>12,111,921</u>	
13. SHORT TERM LOANS AND ADVANCES			
(Unsecured, considered good, recoverable either in cash or in kind for value to be receivable)			
Prepaid Expenses	826,885	819,570	
Deposits	40,000	51,086	
Advances to Suppliers	399,953	141,109	
Other Loans & Advances	12,000	18,000	
	<u>1,278,838</u>	<u>1,029,765</u>	
14. OTHER CURRENT ASSETS			
Unbilled Revenue	2,225,297	114,780	
Preoperative Expenses			
Opening Balance	3,065,064	3,606,284	
Less: Written off during the year	3,065,064	541,220	3,065,064
	<u>2,225,297</u>	<u>3,179,844</u>	



Notes forming part of the financial statements

(Amount in ₹)

Note	As at March 31, 2012	As at March 31, 2011
15. OTHER INCOME		
Consultancy Income	-	99,999
Gain/(loss) on exchange fluctuations	1,090,834	369,002
Interest on IT Refund	31,563	-
	<u>1,122,397</u>	<u>469,001</u>
16. EMPLOYEE BENEFITS		
Salaries, Wages, Bonus and others	81,525,193	43,918,138
Contribution to Provident Funds and others	3,415,062	1,582,185
Staff welfare expenses	3,888,212	1,377,687
	<u>88,828,467</u>	<u>46,878,010</u>
17. OTHER EXPENSES		
Rent , Rates & Taxes	5,264,111	3,877,506
Office maintenance	1,300,951	201,123
Work execution Expenses	-	11,306,699
Staff Recruitment & Training Expenses	125,958	404,268
Electricity, Gas & Water charges	1,613,342	1,837,694
Postage and Telephone expenses	678,306	795,128
Professional Services (legal, advisory & consulting)	8,975,509	5,037,250
Printing & Stationery	89,170	68,967
Vehicle hire charges	-	-
Electrical maintenance	897,156	351,741
Communication charges	830,657	245,292
Computer consumables & Maintenance	949,366	5,021,757
Insurance	234,813	90,167
Travelling Expenses	11,128,131	2,978,235
Repairs & Maintenance	2,369,245	240,253
Miscellaneous Expenses	180,050	1,459,319
Auditor's Remuneration		
- Statutory Audit Fee	100,000	100,000
- Tax Audit Fee	50,000	50,000
Business Promotion	<u>3,057,491</u>	<u>2,772,973</u>
Preliminary & Pre Operative Expenses Written Off	<u>3,071,607</u>	<u>547,763</u>
	<u>40,915,863</u>	<u>37,386,134</u>

NOTES FORMING PART OF THE ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES:

a. Method of Accounting:

The financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles, and materially comply with mandatory accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

b. Fixed Assets:

Fixed Assets are stated at Cost inclusive of Freight, Taxes and Incidental Expenses relating to Cost of Acquisition and Finance Cost.

c. Depreciation:

The Company has provided Depreciation on SLM Method at the rates and in the manner specified in Schedule - XIV of the Companies Act, 1956 on pro-rata basis.

d. Revenue Recognition:

Revenue from software development is recognized based on software developed and billed to the clients as per the terms of specific contracts. Revenue from the sale of software products is recognized when the sale has been completed with the passing of title. In case of fixed price contracts, revenue is recognized based on the specific terms of the contract.

e. Expenditure:

Expenses are accounted on accrual basis and provision is made for all known losses and liabilities. Expenses incurred on development of software are charged to revenue in the same year.

f. Foreign Currency Transactions:

In the case of sale made to clients outside India, income is accounted on the basis of the exchange rate as on the date of transaction. Any variations in the sale proceeds on conversion into Indian currency upon actual receipt during the year is accounted as foreign Exchange Fluctuation and the value of Foreign Currency receivable as at the end of the year are accounted at the year-end price and balance transferred to Foreign Exchange Fluctuation Account.

g. Retirement Benefits:

The Company contributes to Provident Fund administered by Government and such contribution is charged to Profit & Loss Account.

h. Deferred Tax:

In accordance with the Accounting Standard 22, 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountant of India, the deferred Tax Asset for the year ended 31.03.2012 amounting to ₹ 1,185,944/- has been credited to Profit & Loss Account and accumulated balance is shown as Deferred Tax Asset in the Balance Sheet separately.

B. NOTES TO ACCOUNTS:

1. Quantitative Details:

The Company is engaged in the development of Computer Software and services. The production and sale of such software and services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and the information as required under paragraph 3, 4C and 4D of part II of the Companies Act, 1956.



2. Provision for Gratuity

The Company has made provision for gratuity of its employees, based on the actuarial valuation and is charged to Profit & Loss account.

3. Provision for Earned Leave

The Company has made provision for Earned Leave of its employees, based on the Actuarial valuation and is charged to Profit & Loss account.

4. Micro, Small and Medium Enterprises

The identification of micro, small and medium enterprise suppliers as defined under the provisions of Micro, small and medium enterprises development Act, 2006 is based on Management's knowledge of their status. There are no dues to micro, small and medium enterprises as on March 31, 2012.

5. Names of Related Parties and Description of Relationship:

- i. Enterprises with Substantial interest : Infotech Enterprises Limited
- ii. Key Management Personnel : Mr. B.V.R. MOHAN REDDY, DIRECTOR
Mrs. B. SUCHARITA, DIRECTOR

Particulars	Enterprises	Key Management Personnel	Relatives of Key Management	Total ₹
I. Transactions During The Year				
Director's Remuneration	—	—	—	—
Sales - Domestic		—	—	—
Sales - Exports		—	—	—
II. Balances as on 31.03.2012				
Amount Payable as on 31.03.2012	2,77,38,753.96	—	—	2,77,38,753.96

Amount ₹

	2011-2012	2010-2011
6. Director's Remuneration		
Managing Director	NIL	NIL
7. Auditor's Remuneration (Excluding Taxes)		
Audit Fee	1,00,000	1,00,000
Tax Audit Fee	50,000	50,000



	Amount ₹	
	2011-2012	2010-2011
8. Contingent Liability provided for : NIL		
9. a) Value of Imports (CIF basis)		
Capital Goods	—	—
b) Value of Exports		
Computer Software & Services	11,67,23,508.37	651,37,991.00
10. Remittance in Foreign Currency		
Inward Remittance	11,27,45,591.54	5,45,14,118.67
Outward Remittance	4,28,59,015.24	1,69,09,610.60

11. Debit and Credit Balances are subject to confirmation.

12. Previous year's figures are regrouped/rearranged wherever necessary.

This is the Notes to Accounts
referred to in our report of even date.

for **G.P. Associates**
Chartered Accountants
Firm Reg. No. 006734S

CA G.V.B. Chowdary
Partner
M. No. 027465

Place : Hyderabad
Date : 16-04-2012

By and on behalf of Board of Directors

B.V.R. Mohan Reddy
Director

B. Sucharitha
Director

10 Year Historical Data – Standalone

(₹ Millions except per share data, other information and ratios)

Particulars	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
For the year										
Total Revenue	1,253.68	1,257.82	1,573.39	2,150.52	3,549.40	4,540.86	5,438.11	6,079.50	6,774.24	9,173.78
EBITDA	468.76	307.19	418.32	493.77	988.77	1,091.92	1,123.29	1,960.04	1,667.73	2,645.64
Financial charges	6.75	2.38	1.11	3.03	3.61	28.70	35.14	4.71	0.80	5.65
Depreciation & Amortization	151.31	160.36	124.07	139.34	222.69	343.03	426.64	407.07	375.48	411.59
Provision for Income Tax	57.00	43.00	92.50	65.00	100.08	94.30	110.00	125.70	125.78	714.59
Deferred Tax	(12.87)	(20.65)	(22.42)	(7.88)	(1.34)	25.02	(174.10)	154.92	9.76	(72.15)
Fringe Benefit Tax	-	-	-	10.51	13.27	15.29	17.00	-	-	-
Profit Before Extraordinary item	266.57	122.10	223.06	283.76	650.45	585.57	708.62	1,267.65	1,155.91	1,585.96
Extraordinary item/Exceptional items	-	-	-	-	-	-	-	-	(22.89)	-
Profit after tax from ordinary activities	266.57	122.10	223.06	283.76	650.45	585.57	708.62	1,267.65	1,178.80	1,585.96
Dividend	18.09	18.23	22.09	34.24	51.92	62.55	82.84	222.00	138.97	278.54
As at the end of the year										
Share capital	144.70	145.81	147.27	152.19	230.77	1,241.28	276.15	277.50	556.38	557.08
Reserves and surplus	1,279.13	1,384.39	1,591.51	1,963.58	2,504.56	5,014.97	6,622.86	7,760.85	8,523.12	9,792.34
Net Worth	1,423.83	1,530.20	1,738.78	2,115.78	2,735.33	6,256.25	6,899.01	8,038.35	9,079.50	10,349.42
Loan funds	2.25	1.52	2.40	2.31	151.74	380.54	186.67	-	-	-
Gross block	793.54	884.91	1,126.36	1,679.44	2,323.50	3,703.78	4,542.28	4,836.26	5,350.39	5,976.23
Capital investment	109.45	91.37	241.45	553.09	644.06	1,380.27	838.50	293.99	514.12	625.84
Net Current assets	709.95	649.80	603.57	757.40	1,046.02	1,766.40	3,203.98	2,651.53	4,495.57	5,438.16
Debt - equity ratio	0.002	0.001	0.001	0.001	0.055	0.061	0.027	-	-	-
Per share data										
Bonus/Capital History	1:1	-	-	1:2				1:1		
Basic earnings Per Share (₹) (EPS)	18.47	8.41	15.23	18.80	14.18	11.54	13.30	11.45	10.60	14.24
Dividend Per Share (₹) (DPS)	1.25	1.25	1.50	2.25	1.13	1.20	1.50	2.00	1.25	2.50
Dividend (%)	24.0%	12.5%	15.0%	22.5%	22.5%	24.0%	30.0%	40.0%	25.0%	50.0%
Dividend Pay-out (%)	6.8%	14.9%	9.9%	12.1%	8.0%	10.7%	11.7%	17.5%	11.8%	17.6%
Book Value (₹)	98	105	118	139	59	120	125	72	82	93
Face Value(₹)	10	10	10	10	5	5	5	5	5	5

The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Figures for FY 10-11 have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

Financial Analysis – Standalone

Balance Sheet

	(₹ Million and Percentage)							
	2011-12	%	2010-11	%	2009-10	%	2008-09	%
SOURCES OF FUNDS								
Shareholders' Funds								
Share Capital	557.08	5.19	556.38	5.91	277.50	3.45	276.15	3.90
Reserves and Surplus	9,792.34	91.21	8,523.12	90.60	7,760.85	96.55	6,622.86	93.47
Net worth	10,349.42	96.40	9,079.50	96.52	8,038.35	100.00	6,899.01	97.37
Loan Funds								
Secured	-	-	-	-	-	-	186.67	2.63
Unsecured	-	-	-	-	-	-	-	-
Total debt	-	-	-	-	-	-	186.67	2.63
Long Term Liabilities	-	-	4.24	0.05	-	-	-	-
Long Term Provisions	386.41	3.60	323.35	3.44	-	-	-	-
TOTAL	10,735.83	100.00	9,407.09	100.00	8,038.35	100.00	7,085.68	100.00
APPLICATION OF FUNDS								
Fixed Assets Gross	5,976.23	55.67	5,350.39	56.88	4,836.26	60.16	4,542.28	64.11
Depreciation & Amortization	2,924.36	27.24	2,590.40	27.54	2,236.96	27.83	1,866.40	26.34
Net block	3,051.87	28.43	2,759.99	29.34	2,599.30	32.34	2,675.88	37.76
Non Current Investments	1,447.04	13.48	1,459.21	15.51	2,763.52	34.38	1,026.91	14.49
Deferred Tax Assets	86.38	0.80	14.23	0.15	23.99	0.30	178.91	2.52
Long Term loans & Advances	712.37	6.64	671.15	7.13	-	-	-	-
Other Non Current Assets	-	-	6.95	0.07	-	-	-	-
Current Assets								
Current Investment	222.49	2.07	334.12	3.55	-	-	-	-
Trade Receivables	1,813.01	16.89	1,424.55	15.14	1,131.06	14.07	1,540.46	21.74
Cash & Cash Equivalents	3,908.31	36.40	2,938.63	31.24	1,860.56	23.15	2,729.16	38.52
Short Term Loans and Advances	251.88	2.35	330.37	3.51	1,304.31	16.23	464.59	6.56
Other Current Assets	477.50	4.45	293.29	3.12	-	-	-	-
Total Current assets	6,673.19	62.16	5,320.96	56.56	4,295.92	53.44	4,734.20	66.81
Less: Current Liabilities	1,235.03	11.50	825.39	8.77	1,644.39	20.46	1,530.21	21.60
Net current Assets	5,438.16	50.65	4,495.57	47.79	2,651.53	32.99	3,203.98	45.22
TOTAL	10,735.83	100.00	9,407.09	100.00	8,038.35	100.00	7,085.68	100.00

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Figures for FY 10-11 have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Financial Analysis – Consolidated

Balance Sheet

(₹ Million and Percentage)

	2011-12	%	2010-11	%	2009-10	%	2008-09	%	2007-08	%
SOURCES OF FUNDS										
Shareholders' Funds										
Share Capital	557.08	4.60	556.38	5.18	277.50	3.05	276.15	3.49	1,241.28	17.36
Reserves and Surplus	11,017.74	91.05	9,736.74	90.63	8,785.95	96.47	7,427.16	94.00	5,482.81	76.67
Net worth	11,574.81	95.65	10,293.12	95.81	9,063.45	99.52	7,703.31	97.49	6,724.09	94.02
Loan Funds										
Secured	-	-	-	-	43.99	0.48	194.72	2.46	424.03	5.93
Unsecured	-	-	-	-	-	-	-	-	-	-
Total debt	-	-	-	-	43.99	0.48	194.72	2.46	424.03	5.93
Long term liabilities	-	-	19.87	-	-	-	-	-	-	-
Long term Provisions	493.14	4.08	420.02	3.91	-	-	-	-	-	-
Minority Interest	-	-	-	-	-	-	3.31	0.04	3.49	0.05
Deferred Tax Liability	33.06	0.27	10.66	0.10	-	-	-	-	-	-
TOTAL	12,101.02	100.00	10,743.66	100.00	9,107.44	100.00	7,901.33	100.00	7,151.62	100.00
APPLICATION OF FUNDS										
Fixed Assets Gross	6,810.63	56.28	6,326.70	58.89	5,546.62	60.90	5,197.81	65.78	4,088.00	57.16
(Including Goodwill)										
Depreciation & Amortization	3,345.16	27.64	2,933.24	27.30	2,392.22	26.27	2,189.25	27.71	1,793.24	25.07
Net block	3,465.47	28.64	3,393.46	31.59	3,154.40	34.64	3,008.56	38.08	2,294.76	32.09
Non Current Investments	243.94	2.02	578.62	5.39	2,022.74	22.21	402.38	5.09	2,293.40	32.07
Deferred Tax Assets	63.22	0.52	25.31	0.24	29.22	0.32	164.82	2.09	(16.21)	(0.23)
Long term loans and advances	734.70	6.07	634.98	5.91	-	0.00	-	-	-	-
Other non-current assets	-	-	24.98	0.23	-	0.00	-	-	-	-
Current Assets										
Current Investment	222.49	1.84	334.12	3.11	-	-	-	-	-	-
Trade Receivables	3,674.97	30.37	2,567.03	23.89	2,389.06	26.23	2,627.77	33.26	2,170.46	30.35
Cash and cash equivalents	4,559.85	37.68	3,507.49	32.65	2,337.23	25.66	3,333.50	42.19	1,192.99	16.68
Short-term loans and advances	352.57	2.91	372.76	3.47	1,337.46	14.69	602.63	7.63	442.03	6.18
Other current assets	719.24	5.94	414.31	3.86	-	-	-	-	-	-
Total Current Assets	9,529.12	78.75	7,195.70	66.98	6,063.75	66.58	6,563.90	83.07	3,805.48	53.21
Current Liabilities	1,935.44	15.99	1,109.38	10.33	2,162.66	23.75	2,238.32	28.33	1,225.81	17.14
Net current Assets	7,593.68	62.75	6,086.32	56.65	3,901.09	42.83	4,325.58	54.74	2,579.67	36.07
TOTAL	12,101.02	100.00	10,743.66	100.00	9,107.44	100.00	7,901.33	100.00	7,151.62	100.00

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Financial Analysis – Consolidated

Profit and Loss Summary

	(₹ Million and Percentage)							
	2011-12	%	2010-11	%	2009-10	%	2008-09	%
INCOME								
Revenues from Operations	15,531.33	98.88	11,883.12	97.76	9531.21	95.36	8,897.50	103.42
Other Income	175.30	1.12	271.70	2.24	463.71	4.64	(294.50)	-3.42
Total Income	15,706.63	100.00	12,154.82	100.00	9,994.91	100.00	8,603.00	100.00
EXPENDITURE								
Employee Benefits Expenses	9,525.70	60.65	7,413.11	60.99	5427.21	54.30	4,894.92	56.90
Operating, Administration And Other Expenses	3,314.56	21.10	2,671.45	21.98	2020.90	20.22	2,217.54	25.78
Finance Costs	7.34	0.05	9.57	0.08	31.24	0.31	40.30	0.47
Depreciation And Amortisation Expenses	494.13	3.15	485.91	4.00	435.69	4.36	465.59	5.41
Total Expenditure	13,341.74	84.94	10,580.04	87.04	7,915.04	79.19	7,618.35	88.55
Profit before exceptional items and tax	2,364.90	15.06	1,574.78	12.96	2,079.87	20.81	984.66	11.45
Exceptional Items	15.92	0.10	(22.89)	-0.19	-	-	-	-
Profit after exceptional items and before tax	2,348.98	14.96	1,597.67	13.14	2,079.87	20.81	984.66	11.45
Provision for Income Tax	866.00	5.51	263.49	2.17	349.66	3.50	303.65	3.53
Deferred Tax	(30.67)	-0.20	6.31	0.05	155.49	1.56	(181.03)	-2.10
Fringe Benefit Tax	-	0.00	-	0.00	(0.08)	0.00	17.54	0.20
Profit Before Extraordinary Item	1,513.66	9.64	1,327.87	10.92	1,574.81	15.76	844.50	9.82
Extraordinary item (OCD's)	-	-	-	-	-	-	-	-
Share of Profit in Associate Company	100.09	0.64	70.05	0.58	129.17	1.29	80.13	0.93
Minority Interest -	-	-	(0.01)	4.78	0.05	0.21	-	2.21
POST TAX PROFIT	1,613.75	10.27	1,396.89	11.49	1,708.76	17.10	924.84	10.75
							855.72	12.28

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Financial Analysis – Consolidated as per US GAAP (Unaudited)

Balance Sheet

(US\$ Million and Percentage)

	2011-12	%	2010-11	%	2009-10	%	2008-09	%	2007-08	%
Assets										
Current Assets										
Cash & Cash equivalents	26.06	8.98	28.93	10.07	21.23	8.25	50.70	24.37	16.45	7.64
Investments in bank deposits	67.93	23.40	57.16	19.89	64.14	24.93	14.56	7.00	12.73	5.91
Accounts Receivables (Net)	72.27	24.90	60.00	20.88	45.75	17.78	46.59	22.39	46.09	21.41
Unbilled Revenue on contracts	11.72	4.04	7.71	2.68	7.22	2.81	5.07	2.43	8.15	3.79
Inventory	-	-	-	-	-	-	-	-	-	-
Deferred taxes on income	2.60	0.90	1.55	0.54	0.54	0.21	4.62	2.22	1.33	0.62
Prepaid expenses and other assets	9.11	3.14	32.88	11.44	27.31	10.61	11.27	5.42	9.55	4.44
Derivative financial asset	0.12	0.04	0.67	0.23	-	-	-	-	-	-
Total Current Assets	189.81	65.39	188.89	65.73	166.17	64.59	132.81	63.83	94.30	43.80
Premises & Equipment (net)	59.62	20.54	61.34	21.34	59.92	23.29	55.31	26.58	55.28	25.68
Goodwill and other intangible assets (net)	19.91	6.86	22.93	7.98	18.21	7.08	9.96	4.79	5.42	2.52
Investments	4.97	1.71	13.30	4.63	11.88	4.62	8.19	3.94	57.31	26.62
Deferred taxes on income	1.67	0.57	-	-	0.65	0.25	0.94	0.45	1.14	0.53
Derivative financial asset	0.04	0.01	-	-	-	-	-	-	-	-
Other Assets (non-current)	14.24	4.91	0.91	0.32	0.44	0.17	0.86	0.41	1.85	0.86
Total assets	290.25	100.00	287.38	100.00	257.27	100.00	208.08	100.00	215.31	100.00
Liabilities and Shareholders' equity										
Current Liabilities										
Short-term and current portion of long term debts	0.13	0.04	0.24	0.08	0.51	0.20	3.83	1.84	5.47	2.54
Accounts Payable	16.45	5.67	11.73	4.08	22.28	8.66	14.11	6.78	10.28	4.77
Derivative financial liability	4.51	1.55	-	-	1.42	0.55	10.09	4.85	-	-
Deferred taxes on income	0.69	0.24	-	-	-	-	-	-	-	-
Other Current Liabilities	19.05	6.56	10.96	3.82	6.09	2.37	11.13	5.35	8.44	3.92
Unearned revenue	-	-	-	-	-	-	1.96	0.94	3.77	1.75
Total Current Liabilities	40.82	14.06	22.94	7.98	30.30	11.78	41.12	19.76	27.95	12.98
Long -term Debts	-	-	-	-	0.47	0.18	-	-	5.12	2.38
Deferred tax on income	3.63	1.25	0.06	0.02	5.06	1.97	7.04	3.38	5.16	2.40
Derivative financial liability	0.41	0.14	-	-	-	-	-	-	-	-
Other non-current liabilities	2.66	0.92	23.31	8.11	16.41	6.38	5.63	2.71	6.97	3.24
Total liabilities	47.52	16.37	46.31	16.11	52.24	20.30	53.79	25.85	45.21	21.00
Shareholders' equity	242.73	83.63	241.00	83.86	204.99	79.68	154.16	74.09	145.42	67.54
Preferred Stock	-	-	-	-	-	-	-	-	24.50	11.38
Minority Interest	-	-	0.07	0.02	0.04	0.02	0.13	0.06	0.17	0.08
Total Liabilities and shareholders' equity	290.25	100.00	287.38	100.00	257.27	100.00	208.08	100.00	215.31	100.00

*Figures are regrouped and reclassified where ever necessary.



Financial Analysis – Consolidated as per US GAAP (Unaudited)

Profit and Loss Summary

	(US\$ Million and Percentage)							
	2011-12	%	2010-11	%	2009-10	%	2008-09	%
Revenues	305.04	100.00	266.18	100.00	211.82	100.00	174.86	100.00
Cost of Revenue	210.39	68.97	200.79	75.44	154.19	72.79	130.64	74.71
Gross Profit	94.64	31.03	65.38	24.56	57.63	27.21	44.21	25.29
Total Operating Expenses	51.06	16.74	36.82	13.83	23.97	11.32	14.41	8.24
Operating income	43.58	14.29	28.56	10.73	33.66	15.89	29.80	17.04
Net Income	31.95	10.47	32.48	12.20	35.86	16.93	16.14	9.23
EPS - Basic (US\$)	\$0.29		\$0.29		\$0.65		0.30	0.35

*Figures are regrouped and reclassified where ever necessary.

Ratio Analysis - Standalone

Ratio analysis for the year ended March 31	2012	2011	2010	2009	2008
Ratio - Financial Performance					
Revenue from Operations/Total revenue (%)	94.16	95.61	92.41	104.19	93.19
Other Income/Total revenue (%)	5.84	4.39	7.59	(4.19)	4.16
Employee cost/Total revenue (%)	46.30	49.02	45.84	50.12	46.45
Administration expenses/Total revenue (%)	24.86	26.36	21.92	29.23	29.50
Operating expenses/Total revenue (%)	71.16	75.38	67.76	79.34	75.95
Depreciation/Total revenue (%)	4.49	5.54	6.70	7.85	7.55
Financial Charges/Total revenue (%)	0.06	0.01	0.08	0.65	0.63
Tax/Total revenue (%)	7.79	1.86	2.07	2.02	2.08
TAX/PBT (%)	32.07	9.57	8.12	16.63	13.09
EBIDTA/Total revenue (%)	28.84	24.62	32.24	20.66	24.05
Net Profit (PAT)/Total revenues (%)	17.29	17.40	20.85	13.03	12.90
Net Profit (PAT)/Average net worth (%)	16.33	13.77	16.97	10.77	13.02
ROCE (PBIT/Average capital employed) (%)	23.00	15.10	20.79	10.59	16.66
Ratios- Balance sheet					
Debt-equity ratio	-	-	-	0.027	0.061
Debtors turnover (Days)	77	80	87	99	106
Current ratio	5.40	6.45	2.61	3.09	3.46
Cash & cash equivalents/Total assets (%)	34.51	32.01	19.17	31.68	11.90
Cash & cash equivalents/Total revenue (%)	45.03	48.31	30.60	50.19	19.28
Depreciation/Average gross block (%)	7.27	7.37	8.68	10.35	11.38
Total Revenue/Average Net Fixed Assets	3.16	2.53	2.31	2.24	2.74
Total Revenue/Average Total Assets	0.83	0.68	0.65	0.68	0.84
Ratios - Growth					
Revenue from Operations revenue (%)	33.37	15.28	(0.84)	30.19	25.24
Total revenue (%)	35.42	11.43	11.79	19.76	27.93
Operating expenses (%)	27.84	23.96	(4.53)	25.11	34.69
EBIDTA (%)	58.64	(14.91)	74.49	2.87	10.43
Net Profit (%)	34.54	(7.01)	78.89	21.01	(9.98)
Per Share Data					
Basic earnings per share (₹)	14.24	10.60	11.45	13.30	11.54
Cash Earnings per share (₹)	17.93	13.98	15.09	20.56	17.81
Book value (₹) **	92.89	81.67	72.42	124.91	120.02
Price/Earning, end of year	10.49	15.26	16.10	6.39	24.23
Price/Cash Earning, end of year	8.33	11.57	12.22	4.14	15.70
Price /Book value , end of year	1.61	1.98	2.55	0.68	2.33
Share price as on March 31 (National Stock Exchange)	149.30	161.75	184.43	85.00	279.70
No. of Share Outstanding as on March 31, (in Millions)	111.42	111.18	111.00	55.23	52.13
Dividend Per Share (₹)	2.50	1.25	2.00	1.50	1.20
Dividend (%)	50%	25%	40%	30.0%	24.0%

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Figures for FY 10-11 have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.



Ratio Analysis - Consolidated

Ratio analysis for the year ended March 31	2012	2011	2010	2009	2008
Ratio - Financial Performance					
Other Income/Total Revenue (%)	1.12	2.24	4.64	(3.42)	3.25
Employee cost/ Total Revenue (%)	60.65	60.99	54.30	56.90	51.11
Operating & Administration expenses/ Total Revenue (%)	21.10	21.98	20.22	25.78	28.17
Depreciation & Amortization/ Total Revenue (%)	3.15	3.99	4.36	5.41	5.24
Financial Charges/Total Revenue (%)	0.05	0.08	0.31	0.47	0.53
TAX/PBT (%)	35.56	16.89	24.28	14.23	24.74
EBIDTA/Total Revenue (%)	18.25	17.03	25.48	17.33	20.72
Net Profit/Total Revenue (%)	10.27	11.49	17.10	10.75	12.28
Net Profit/Average Net Worth (%)	14.76	14.43	20.38	12.82	17.71
ROCE (PBIT/Average capital employed)	21.70	16.37	25.18	14.21	22.31
Ratios- Balance sheet					
Debt-equity ratio	-	-	-	0.03	0.06
Debtors turnover (Days)	99	96	96	108	118
Current ratio	4.92	6.49	2.80	2.93	3.10
Cash & Cash Equivalents/Total Assets (%)	34.07	32.41	20.74	32.88	14.24
Cash & Cash Equivalents/Total Revenue (%)	30.45	31.61	23.38	38.75	17.12
Depreciation & Amortization/Average gross block (%)	8.11	9.47	8.11	10.03	11.14
Revenue/Average Net Fixed Assets	4.53	3.63	3.09	3.36	3.79
Revenue/Average Total Assets	1.20	1.03	0.89	0.96	1.08
Ratios - Growth					
Operating Revenue (%)	30.70	24.68	7.12	31.99	24.25
Operating Expenses (%)	27.33	35.40	4.72	28.75	28.75
EBIDTA (%)	38.45	(18.71)	70.86	3.24	20.12
Net Profit (%)	15.52	(18.25)	84.76	8.08	2.28
Per Share Data					
Basic earnings per share (₹)	14.49	12.56	15.44	17.36	16.90
Cash Earnings per share (₹)	18.92	16.93	19.32	25.18	23.43
Book value (₹)	103.89	92.58	81.65	139.48	128.99
Price/Earning, end of year	10.30	12.87	11.95	4.90	16.55
Price/Cash Earning, end of year	7.89	9.55	9.55	3.38	11.94
Price/Book value , end of year	1.44	1.75	2.26	0.61	2.17
Share price as on March 31 (National Stock Exchange)	149.3	161.75	184.43	85.00	279.70
No. of Share Outstanding as on March 31, (in Millions)	111.42	111.18	111.00	55.23	52.13
Bonus Issue		1:1			
Dividend Per Share (₹)	2.50	1.25	2.00	1.50	1.20
Dividend (%)	50.00%	25.00%	40.00%	30.00%	24.00%

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Figures for FY 10-11 have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

Ratio Analysis - Consolidated as per US GAAP (Unaudited)

Ratio analysis for the year ended March 31	2011-12	2010-11	2009-10	2008-09	2007-08
Ratio - Financial Performance					
Gross Margin = Gross Profit / Revenues (%)	31.03	24.56	27.21	25.29	27.64
Operating Income (%)	14.29	10.73	15.89	17.04	11.07
Net Income / Revenues (%)	10.47	12.20	16.93	9.23	10.32
Net Income / Shareholders' equity (%)	13.16	13.48	17.49	10.47	11.96
Ratios- Balance sheet					
Debt / equity ratio = Total liability / Shareholders' equity	0.20	0.19	0.25	0.35	0.31
Debtors turnover (Days)	86	82	79	97	100
Current ratio = Current Assets / Current Liabilities	4.65	8.24	5.48	3.23	3.37
Cash & cash equivalents / Total assets (%)	8.98	10.07	8.25	24.37	7.64
Cash & cash equivalents / Revenue (%)	8.54	10.87	10.02	29.00	9.77
Revenue / Average Net Fixed Assets	5.04	4.39	3.68	3.16	4.11
Revenue / Average Total Assets	1.06	0.98	0.91	0.83	1.07
Ratios - Growth					
Revenue (%)	14.60	25.66	21.14	3.80	33.82
Cost of revenues (%)	4.78	30.22	18.03	7.18	34.87
Operating profit (%)	52.57	(15.13)	12.94	59.76	(0.41)
Net Income (%)	(1.63)	(9.43)	122.22	(7.21)	(2.07)
Per Share Data					
Basic earnings per share (US\$)	0.29	0.29	0.65	0.30	0.35
Book value (US\$)	2.18	2.17	3.69	2.79	2.79
No. of Share Outstanding as on March 31, (in Millions)	111.42	111.18	55.50	55.23	52.13
Bonus Issue	-	1 : 1	-	-	-
Dividend (%)	50.0%	25.0%	40.0%	30.0%	24.0%

Figures are regrouped and reclassified where ever necessary.



Significant Milestones in the history of the Company

1991	<i>August</i>	Infotech Enterprises was incorporated as a private limited company
1995	<i>August</i>	The company received its first ISO 9002 certification from BVQi London for its conversion services
1997	<i>March</i>	Re-organized as a public limited company; IPO of Equity shares at ₹ 20 per share and listed in all major stock exchanges in India
	<i>April</i>	Acquisition of SRG Infotech, a 16-year-old local software company providing software services in Oracle and Visual basic client server environments. The acquisition brought into the company the assets, customers, technologies, employees and over 500 person years of expertise
	<i>October</i>	Partner in Development with IBM for developing Enterprise wide Information System. Infotech Enterprises diversifies into Business software development by adding 50 developers, creating an independent profit centre
1998	<i>December</i>	Infotech Enterprises signs a break-through contract to provide GIS conversion, Consulting and Mapping services worth US\$ 5.5 million to Analytical Surveys, Inc. (ASI)
1999	<i>January</i>	Infotech Enterprises enters into an agreement with Navionics Italy the world leader in seamless marine electronic charts for digitization and Conversion services
	<i>June</i>	Infotech and ASI sign a long term contract for ASI to source US\$ 33 million in conversion and software services from Infotech Enterprises
	<i>July</i>	Infotech Enterprises establishes a wholly owned subsidiary Infotech Software Solutions Inc. in the United states of America in the state of California. The Corporation is primarily engaged in the business of supplying computer software and related services
	<i>August</i>	Infotech Enterprises announces acquisition of Europe based GIS software solution company- Dataview Solutions Limited. The company acquired Dataview with an upfront cash payment of US \$ 1.80 million and issue of stock of Infotech for US \$1.80 million over the next two years
	<i>September</i>	Infotech Enterprises acquires Cartographic Sciences Pvt. Mumbai- India from Analytical Surveys Inc. - US
	<i>September</i>	Infotech Enterprises receives an ISO 9001 for its software development services
	<i>September</i>	Infotech Enterprises earned the coveted Fast Track Award from Smallworld Pte. Ltd. U.K. for completion of a prestigious GIS project at Bharti Telenet Limited in a record time of five months
	<i>November</i>	Infotech Enterprises signed a shareholder agreement with Walden Nikko and GE Capital for issue of equity/optionally convertible debentures aggregating to 11,50,000 equity shares of ₹ 10 each at a price of ₹ 350 each
2000	<i>January</i>	Inauguration of the state-of-the-art software development centre spread across 1,30,000 sq.ft. area in Infocity- Hyderabad. The state-of-the-art development centre built at an approximate cost of ₹12 crore and can accommodate 4,000 software engineers
	<i>April</i>	Merger of Cartographic Sciences with the Company

2000	<i>May</i>	Infotech Enterprises enters into a Master Services Agreement with Pratt & Whitney, a division of United Technologies Corporation, a Fortune 100 company
	<i>October</i>	Infotech Enterprises announces the acquisition of a German company, Advanced Graphics Software GmbH (AGS). AGS is nine-year-old mechanical engineering software and services company specializing in 3D CAD/CAM
	<i>November</i>	Infotech Enterprises wins a multimillion dollar GIS project from the Dutch multi-national group, FUGRO
2001	<i>April</i>	Infotech Europe acquires European GIS distributor Map Centric - a leading independent GIS distributor in Europe
	<i>May</i>	Infotech Enterprises bags a contract worth US \$ 7 million to provide Photogrammetry service to Triathlon, a leading full fledged geomatics company in Canada
	<i>May</i>	Infotech Enterprises ranks 5th among Top Ten Exporters from Andhra Pradesh for the Year 2000-2001
	<i>June</i>	Infotech Enterprises acquires 10-acres of land to set up a software development campus at Manikonda, Hyderabad.
	<i>July</i>	Infotech Enterprises achieves the ISO 9001:2000 from BVQi and joins the list of top few companies in India and the first company in the GIS sector
	<i>August</i>	Infotech Enterprises attains the coveted SEI CMM LEVEL 4 certification for its software development centre at Infocity, Hyderabad
	<i>November</i>	Infotech Enterprises receives ISO 9001:2000 for Software and Engineering Services lines of business by BVQi London
	<i>December</i>	Infotech Enterprises announces the opening of the state-of-the-art Engineering services facility in Bangalore, India
2002	<i>February</i>	Infotech Enterprises Announces strategic business relationship with Pratt & Whitney Division of UTC. Pratt & Whitney to participate with up to ~18% equity stake in Infotech, demonstrating long term partnering intent and endorsing Infotech Business competence
	<i>April</i>	Infotech Enterprises achieves SEI CMM Level 5 for its Software Development & Services Division
	<i>April</i>	Infotech Enterprises' Board recommends issue of Bonus Shares at 1:1 ratio
	<i>August</i>	Infotech Enterprises bags a major GIS contract from KPN Telecom, the largest telecommunications company in the Netherlands, to provide spatial data management services.
	<i>September</i>	Company bags the Federation of Andhra Pradesh Chambers of Commerce & Industry (FAPCCI) Award for Best Information Technology (IT) Company in the state of Andhra Pradesh (2001-2002)
2003	<i>April</i>	Infotech Enterprises attains the best process improvement model-"The Level 5 of the CMMi Version 1.1 for the SW/SE/SS disciplines"



2003	September	Infotech Enterprises announces the inauguration of a new development center in Puerto Rico to provide engineering design services
	September	Infotech Enterprises signs long term outsourcing contact with Bombardier Transportation to provide Engineering Services in India
2004	January	Infotech Enterprises acquires VARGIS - a GIS Company in the US
	July	Change in Business Model. Verticalization brought into place
	September	Infotech Enterprises divests 51% of its stake in Infotech Aerospace Services Inc. in favour of United Technologies Corporation
	September	Infotech Enterprises conferred with BS 7799 standards
2005	March	Infotech Enterprises acquires Tele Atlas India Pvt. Ltd. Tele Atlas (Netherlands) joins as a strategic partner with preferential allotment of shares
	March	Infotech Enterprises opens branch office in Singapore
	April	Infotech Enterprises opens branch office in Melbourne, Australia
	May	Inaugurated Geospatial production facility at Frostburg, Maryland, USA
	July	Infotech Enterprises opens branch office in Dubai
	September	Wins a landmark GIS contract from KPN Telecom and also signs a 5-year major Engineering Design Agreement with Alstom Transport
	October	Completed 5 years of relationship with Pratt & Whitney
2006	March	Signs a major GIS contract with GE for Swisscom
	December	Infotech Enterprises opens branch office at Canada
2007	June	Acquires 74% stake in Geospatial Integra and renamed the company as Infotech Geospatial (India) Limited
	July	Preferential allotment of shares to GA Global Investments Limited & Carrier International Mauritius Limited
	August	Set up Infotech HAL Limited, a Joint Venture Company with HAL, a Navaratna PSU under the Ministry of Defence, at Bangalore
2008	October	Acquired TTM (India) Private Limited and TTM Inc; made foray into Hitech Vertical
	December	Established wholly owned subsidiary in Japan
2009	December	Infotech Enterprises opens branch office in Malaysia
2010	January	Infotech Enterprises signs a long term engineering services contract with Hamilton Sundstrand
	January	Acquired Daxcon Engineering Inc., USA (Step down subsidiary)
	August	Acquired Wellsco Inc., USA (Step down subsidiary)
2011	May	Awarded 'Supplier of the year' by Boeing
	November	IGIL becomes a wholly owned subsidiary

FAQs

When was Infotech Enterprises Limited incorporated?

Infotech Enterprises Limited (the Company) was incorporated as a Private Limited Company on August 28th, 1991 under the Companies Act, 1956.

When did the Company convert itself into a Public Limited Company?

The Company was converted into a Public Limited Company vide resolution dated 21 April 1995.

Where is the Registered Office of the Company located?

The Registered Office of the Company is located at

4th Floor, 'A' Wing

Plot No. 11, Software Units Layout,

Infocity, Madhapur, Hyderabad - 500 081, A.P.

When did the Company have its Initial Public Offer (IPO) and at what price?

The Company made its maiden public offer in March 1997 at a price of ₹ 10 each for cash at a premium of ₹ 10 per share. The issue was lead managed by Industrial Development Bank of India (IDBI), Madras. The issue was oversubscribed by 1.56 times.

Who are the founder members of the Company?

The founder members of the Company are: Mr. B.V.R. Mohan Reddy, Mrs. B. Sucharitha, and Mr. K. Rajan Babu.

What is the Vision Statement of the Company?

Delivering Innovative Solutions together for a better future

What is the Mission Statement of the Company?

Provide the best technology services and solutions to Industry and Government worldwide

What is the Quality Policy of the Company?

To deliver innovative solutions that delight customers through deployment of robust processes.

What are the Quality Objectives of the Company?

- Delight customers through delivery excellence.
- Attract, train and retain talented professionals through active employee engagement.
- Deliver solutions / services based on cutting edge tools, technologies and methodologies.
- Continuous process improvement and achieve operational excellence.

What is the Background of the Company?

The company was promoted by Mr. B.V.R. Mohan Reddy and his associates and was incorporated as a Private Limited Company on August 28, 1991. The Company commenced commercial operations in September 1992. IDBI, the largest Financial Institution in India, sanctioned start-up assistance under the Venture Capital Scheme in 1991 for the Company's original project implementation. The original project envisaged creation of facilities for conversion of paper-based drawings into Computer Aided Design and Drafting (CADD) and Geographic Information Systems (GIS) formats and for developing other software products.

What is the history of Bonus issue of Shares at the Company?

Year	1994-95	1995-96	1996-97	2002-03	2006-07	2010-11
Bonus issue ratio	7 : 5	1 : 1	1 : 1	1:1	1:2	1:1

What is the Dividend History of the Company?

Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012*	2012^
Dividend (%)	12.5%	12.5%	15%	22.5%	22.5%	24%	30%	40%	25%	25%	25%

* On October 27, 2011 the Board of Directors of the Company recommended and paid the interim dividend of 25% for the financial year 2011-12

^ On April 18, 2012, the Board of Directors of the Company recommended final dividend of 25% for the financial year 2011-12.



Is nomination facility available to the shareholders?

Yes. Nomination facility is available to the Shareholders under section 109A of the Companies Act, 1956. Shareholders are advised to make use of the nomination facility. For further details, investors may contact the R&T Agents of the Company.

What are the quality certifications that the Company has?

Infotech is certified by Bureau VERITAS Certification (BVC) for compliance to ISO 9001:2008 (Quality Management Systems) and ISO 27001:2005 (Information Security Management Systems). The Aerospace Business Unit is certified by UL DQS Inc. for compliance to AS 9100 Rev C (Aerospace Quality Management Systems) covering Hyderabad & Bangalore locations. All operating groups in Infotech-UTC Division providing various Engineering Services and IT Software Development have been assessed at ACE Gold Level (highest level) by the Customer. ACE which stands for Achieving Competitive Excellence and forms the Quality Operating System of United Technology Corporation.

During financial year 2011-12, the company's medical and rail practice groups have sustained and improved its compliance with respect to ISO 13485:2003 (Medical Devices Quality Management System) and IRIS Rev 2 (International Railway Industry Standards) respectively. Infotech also awarded the CII EXIM Bank Business Excellence Commendation Certificate for Strong Commitment to Excel for the year 2011.

How does a Shareholder go about transferring his shares/having related correspondence?

To transfer shares in physical form and general correspondence regarding shares, shareholders may write to the Company's Registrars/the Company -

Karvy Computershare Private Limited

Unit: Infotech Enterprises Limited
 Plot No. 17 to 24, Vithalrao Nagar,
 Madhapur, Hyderabad-500 081.
 Tel : +91-40-23420818 & 23420828
 Fax: +91-40-2342-0814
 E-mail: madhusudhan@karvy.com /
 mohsin@karvy.com
 Web: www.karvy.com

Mr. N. Ravi Kumar

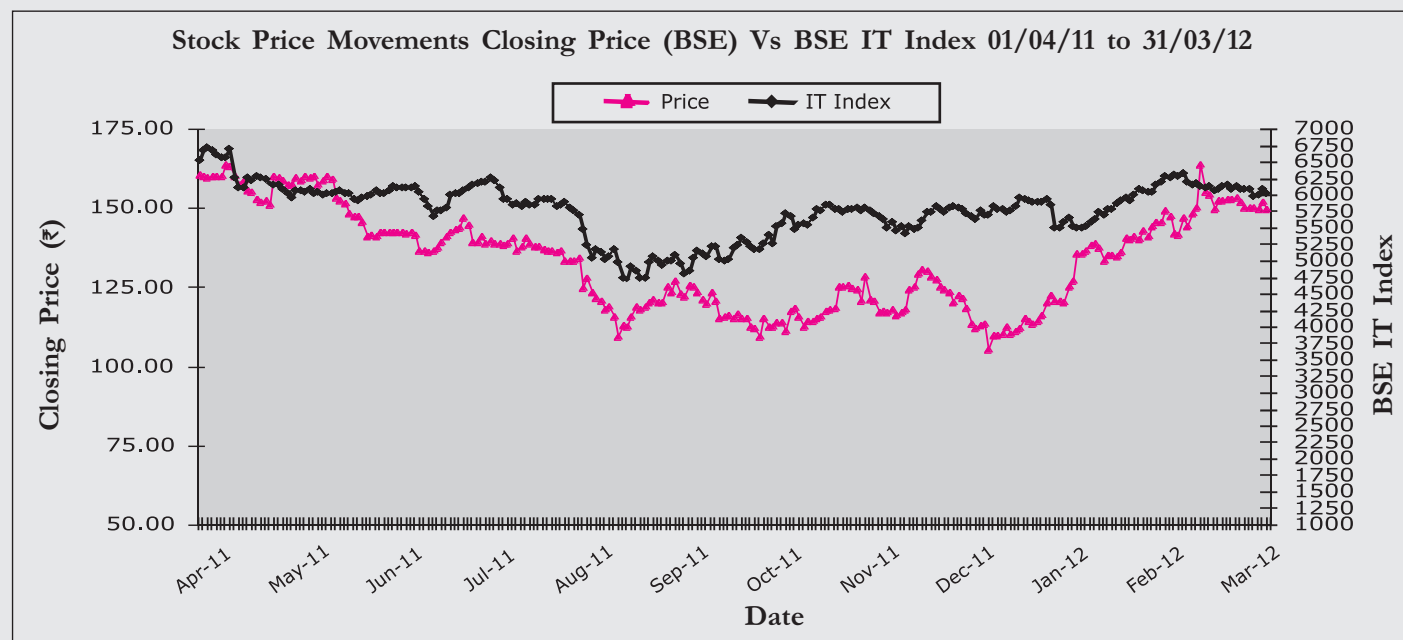
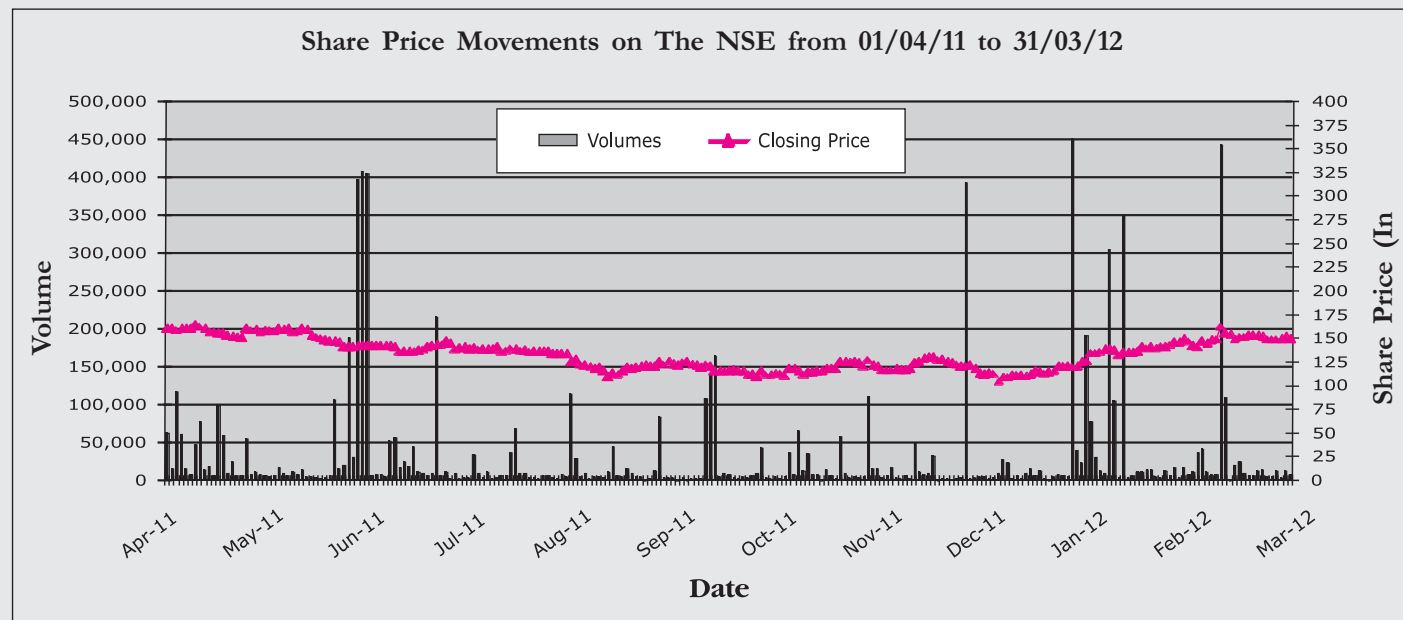
Deputy Company Secretary
 Infotech Enterprises Limited
 4th Floor, A-wing, Plot No: 11
 Software Units Layout, Infocity
 Madhapur, Hyderabad - 500 081
 Tel: +91-40 23124006
 Fax: +91-40 66624368
 E-mail: ravikumar.nukala@infotech-enterprises.com

Transfer of shares in electronic form are effected through your depository participant. Please note that the Securities and Exchange Board of India has issued directives that trading in the scrip of the Company would be in compulsory demat form by all investors w.e.f. August 28, 2000.

How does a shareholder claim shares/physical share certificates that were not claimed in the past?

The shareholder may correspond with the Dy. Company Secretary and/or the R&T agents to prove his/her credentials and claim the share certificates. In terms of clause 5A of the Listing Agreement, the Company has already sent the necessary reminders to the shareholders. There are 119 cases (aggregating to 1,46,578 shares) that are unclaimed. The Company is in the process of opening the demat suspense account.

Share Price Movements



Infotech Management cautions that the stock price performance shown in the graphs above should not be taken to be indicative of the potential future stock price performance.

Shareholders/Investors Queries may be addressed to :

Mr. Sudheendhra Putty

Company Secretary

Infotech Enterprises Limited

4th Floor, 'A' Wing, Plot No: 11, Software Units Layout,

Infocity, Madhapur

Hyderabad - 500 081, India

Tel: +91-40 2312 4006

Fax: +91-40 6662 4368

E-mail: Sudheendhra.Putty@infotech-enterprises.com

Queries relating to financial statements of the Company may be sent to :

Mr. Ajay Aggarwal

Chief Financial Officer

Infotech Enterprises Limited

4th Floor, 'A' Wing, Plot No: 11, Software Units Layout,

Infocity, Madhapur

Hyderabad - 500 081, India

Tel: +91-40 2312 4004

Fax: +91-40 6662 4368

E-mail: Ajay.Aggarwal@infotech-enterprises.com

Global Presence

Technology Centres

India

Infotech Enterprises Ltd.
11, Software Units Layout,
Infocity, Madhapur,
Hyderabad - 500 081.
Tel: +91-40-23110357

Infotech Enterprises Ltd.
Plot No. 2, IT Park,
Nanakramguda, Manikonda,
Hyderabad - 500 032.
Tel: +91-40-23139100

Infotech Enterprises Ltd.
Katyayani Hi-Tech Complex,
13-1-61/64, Surya Rao Peta,
Main Road, Opp. Apollo
Hospital,
Kakinada - 533 001.
Tel: +91-884-6661847

Infotech Enterprises Ltd.
Survey No. 410, Plot No. 14,
SEZ Units, Hill No.3,
Rushikonda, Madhuravada
(V), Visakhapatnam-530 007

Infotech Enterprises Ltd.
'Infotech IT Park,
Plot No. 110 A & 110 B,
Phase 1, Electronics City,
Hosur Road,
Bangalore - 560 100.
Tel: +91-80-28522341

Infotech Enterprises Ltd.
B-11, Sector 63,
Noida - 201 301.
Tel: +91-120-4161000

USA

**Infotech Enterprises America,
Inc.**
(A Subsidiary of Infotech
Enterprises Ltd.)
330 Roberts Street, Suite 102,
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**Infotech Enterprises America,
Inc.**
1190 Saratoga Avenue,
Suite 110, San Jose, CA
95129.
Tel: +1-408-213-0370

**Infotech Enterprises America,
Inc.**
1707 Linwood Drive
Paragould, AR 72450
Tel: +1-870-236-1080

**Infotech Enterprises America,
Inc.**
8001, N.University Street,
Peoria, IL-61607
Tel: +1-309-697-5975
Offices & Subsidiaries

India

**Infotech Geospatial (India)
Ltd.**
11, Software Units Layout,
Infocity, Madhapur,
Hyderabad - 500 081.
Tel: +91-40-23110357

**Infotech Enterprises Information
Technology Services Pvt. Ltd.**
Plot No.42, Nagarjuna Hills,
Punjagutta,
Hyderabad-500 082.
Tel: +91-40-23350932

USA

**Infotech Enterprises America,
Inc.**
100 Carpenter Drive,
Suite 200,
Sterling, VA 20164.
Tel: +1-571-313-1065

Europe

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Tel: +44-20-74040640

Infotech Enterprises GmbH
Dorfstrasse 12
3032 Hinterkappelen
Switzerland

Infotech Enterprises GmbH
Mollenbachstrasse 37,
71229 Leonberg, Germany,
Tel: +49-7152-9452-0

**Infotech Enterprises Göteborg
AB**
Biblioteksgatan 4B
435 30 Mölnlycke
SWEDEN

Infotech Enterprises GmbH
Unit 20, Apex Court,
Almondsbury Business Park,
Bristol, BS32 4JT, UK.
Tel: +44-1454-205030

**Infotech Enterprises Benelux
Ltd.**
(A Subsidiary of IEEL)
Benelux / Germany region,
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Saint-Germain-en-Laye,
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Kirkegata 42,
4006, Stavanger,
1103 Stavanger, Norway

Australia
Infotech Enterprises Ltd.
Level 14, 350 Collins Street,
Melbourne, Victoria - 3000,
Australia.
Tel: +61-386054815

Infotech Enterprises Ltd.
Level 3, 11-13,
Aird Street, Parramatta,
New South Wales, Sydney,
Australia.
Tel: +61-296339389

Infotech Enterprises Ltd.
45 Ventnor Avenue
West Perth, WA, 6005
Ph: + 61 8 9429 8812

New Zealand

Infotech Enterprises Ltd.
Level 27, PWC Towers,
188 Quay Street,
Auckland, New Zealand.

Dubai

Infotech Enterprises Ltd.
Dubai Airport Free Zone
Authority
(DAFZA),
P.O.Box 54713, Dubai.
Mobile: +971-50-6867045

Japan

Infotech Enterprises Japan KK
Level 11,
Aoyama Palacio Tower,
3-6-7 Kita-Aoyama,
Minato-ku Tokyo,
Japan. Postal code: 107-0061
Tel: +81-3-57787686

Singapore

Infotech Enterprises Ltd.
1 North Bridge Road,
#19-04/05,
High Street Centre,
Singapore - 179 094.
Tel: +0065-63372472

Canada

**Infotech Software Solutions
Canada Inc.**
3333 Cavendish Blvd.
Suite 340, Montreal,
QC. H4B 2M5.
Tel: +514-4890370

Malaysia

Infotech Enterprises Ltd.
Level 28,
The Gardens South Tower,
Mid Valley City,
Lingkaran Syed
Putra,
59200, Kuala Lumpur



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