

**M/s. INFOTECH ENTERPRISES INFORMATION
TECHNOLOGY SERVICES PVT. LTD.**

ANNUAL REPORT 2013-14

REGISTERED OFFICE:

4TH FLOOR, "A" WING,
SOFTWARE UNITS LAYOUT,
INFOCITY, MADHAPUR,
HYDERABAD – 500 081

STATUTORY AUDITORS:

G. P. ASSOCIATES
CHARTERED ACCOUNTANT
FLAT NO. 603, 6TH FLOOR,
CYBER HEIGHTS,
ROAD NO. 2, BANJARA HILLS,
HYDERBAD – 500 033.
PH. NO. 040-23540822, 844, 866
FAX NO. 040-23540377
EMAIL : gpasoc@gmail.com
gpasoc@hotmail.com



G P ASSOCIATES CHARTERED ACCOUNTANTS

603, 6th Floor, "Cyber Heights"
Plot No. 13, Behind TDP Office, Road No. 2,
Banjara Hills, Hyderabad - 500 034.
Tel : + 91-40-23540822 / 844 / 866
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INDEPENDENT AUDITOR'S REPORT

To
The Members of
Infotech Enterprises Information Technology Services Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of M/s Infotech Enterprises Information Technology Services Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and as well as evaluating the overall presentation of the financial statements.





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

Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Profit and Loss Account, of the **Profit** for the period ended on that date; and

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of 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 Statement of Profit & Loss dealt with by this Report are in agreement with the books of account ;
 - (d) In our opinion, the Balance Sheet and Statement of Profit and Loss account comply with the Accounting Standards referred to in Sub-Section 3(C) of Section 211 of the Companies Act'1956;





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- (e) On the basis of the written representations received from the directors as on April 17, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company;

Place: Hyderabad
Date : 17.04.2014

For G.P. ASSOCIATES
Chartered Accountants
Firm Reg. No. 006734S



A G V B CHOWDARY
PARTNER
M. No. 027465



G P ASSOCIATES

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Annexure to the 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, 2014]

1. (a) The Company has generally 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. The company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the Register maintained under Section 301 of the act.
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 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.
4. In respect of contracts or arrangements entered in Register maintained in pursuant Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanation given to us:
 - i) 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.
 - ii) Where each of such transaction is in excess of ₹5lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.





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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, 2014 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 does not have any accumulated losses. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
9. According to the information and explanation given to us, and in our opinion the company any loans from 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 company does not have any term loans.
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.





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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

Place: Hyderabad
Date: 17.04.2014




(CA. G.V.B. CHOWDARY)
PARTNER
M. No. 027465

M/S INFOTECH ENTERPRISES INFORMATION TECHNOLOGY SERVICES PRIVATE LIMITED
HYDERABAD

BALANCE SHEET AS AT 31.03.2014

Particulars	Note No.	As at 31/03/2014		As at 31/03/2013	
		₹	₹	₹	₹
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	3	100,000		100,000	
Reserves & Surplus	4	56,580,738	56,680,738	4,356,817	4,456,817
Non-Current Liabilities					
Long Term Provisions	5	11,041,811	11,041,811	8,972,998	8,972,998
Current Liabilities					
Trade Payables	6	46,281,836		79,467,021	
Other Current Liabilities	7	8,051,783		3,927,002	
Short term Provisions	8	22,948,455	77,282,074	12,292,267	95,686,290
TOTAL			145,004,623		109,116,104
ASSETS					
Non-current Assets					
Fixed Assets	9				
i) Tangible Assets		18,156,271		7,566,207	
ii) Capital Work in progress		-	18,156,271	873,276	8,439,483
Deferred Tax Assets			1,986,908		1,529,688
Long term Loans & Advances	10		22,790,323		14,153,038
Other Non-current assets	11		6,543		13,086
Current Assets					
Trade receivables	12	49,647,076		23,823,376	
Cash and cash equivalents	13	50,181,387		55,871,842	
Short term loans and advances	14	2,236,115		4,476,937	
Other Current assets	15	-	102,064,578	808,655	84,980,810
TOTAL			145,004,623		109,116,104
See accompanying notes form part of financial statements	1 - 29				

This is the Balance Sheet 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: 17.04.2014



For and on behalf of the Board of Directors

B.V.R. Mohan Reddy
(B.V.R. MOHAN REDDY)
DIRECTOR

B. Sucharitha
(B. SUCHARITHA)
DIRECTOR



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

Particulars	Note No.		For the year ended 31/03/2014		For the year ended 31/03/2013
REVENUE FROM OPERATIONS			₹		₹
Sale of Services			296,902,975		196,259,809
Other income	16		12,972,947		742,869
Total Revenue			309,875,922		197,002,678
EXPENSES					
Employee benefits	17		119,687,378		121,391,622
Depreciation and amortization expenses	9		3,194,434		637,407
Other expenses	18		108,889,301		49,258,030
Total Expenses			231,771,113		171,287,059
Profit/(Loss) before exceptional and extraordinary items and tax			78,104,809		25,715,619
Prior Period Items			-		-
Profit/(Loss) before extraordinary items and tax			78,104,809		25,715,619
Extraordinary Items			-		-
Profit/(Loss) before tax			78,104,809		25,715,619
Tax expense:					
(a) Current tax		25,836,944		5,086,220	
(b) MAT Credit Entitlement adjustment		501,164		(1,082,510)	
(b) Deferred tax		(457,220)	25,889,888	(380,941)	3,622,760
Profit/(Loss) for the period from continuing operations			52,223,922		22,092,850
Profit/(Loss) for the period			52,223,922		22,092,850
Earnings per equity share					
a. Basic/Diluted			5222.39		2209.28
See accompanying notes forming part of the financial statements	1-29				

This is the Balance Sheet referred to in our report of even date.

For G P ASSOCIATES
Chartered Accountants
Firm Reg. No. 0067348

(CA. G V B CHOWDARY)
Partner
M.No. 027465

Place: Hyderabad
Date: 17.04.2014



For and on behalf of the Board of Directors

(Signature)
(B.V.R. MOHAN REDDY)
DIRECTOR

(Signature)
(B. SUCHARITHA)
DIRECTOR



M/S INFOTECH ENTERPRISES INFORMATION TECHNOLOGY SERVICES PRIVATE LIMITED
HYDERABAD

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	78,104,809	25,715,619
Adjustments for:		
Depreciation and amortisation expense	3,194,434	637,407
Loss/ (profit) on sale of fixed assets sold / written-off (net)	-	-
Finance costs	-	-
Interest income	-	-
Dividend income	-	-
(Gain) / loss on sale of current investments	-	-
Loss on sale of non-current investments	-	-
Rental income from operating leases	-	-
Liabilities / provisions no longer required written back	2,150,000	-
Bad debts / advances written off	-	1,544,657
Provision for doubtful trade receivables	-	-
Provision for unbilled revenue	-	808,655
Miscellaneous Expenditure written off	6,543	6,543
Effect of exchange differences on translation of foreign currency cash and cash equivalents	-	-
Operating profit before working capital changes	83,455,786	28,712,881
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Trade receivables	(25,823,700)	(8,123,226)
Short-term loans and advances	2,240,822	(3,198,097)
Long-term loans and advances	(34,975,393)	(11,522,858)
Other current assets	808,655	607,987
Other non-current assets	-	-
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	(33,185,185)	39,647,751
Other current liabilities	4,124,781	106,345
Long-term liabilities	-	-
Short-term provisions	8,506,187	6,466,411
Long-term provisions	2,068,813	1,386,841
Cash generated from operations	7,220,767	54,084,036
Net income tax paid	-	-
Net cash flow from operating activities (A)	7,220,767	54,084,036
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets, including capital advances	(12,911,222)	(7,237,018)
Proceeds from sale of fixed assets	-	-
Current investments	-	-
- Purchased	-	-
- Proceeds from sale	-	-
Purchase of long-term investments	-	-
- Subsidiary	-	-
Proceeds from sale of long-term investments	-	-
- Others	-	-
Interest received	-	-
Dividend income received	-	-
- Associate	-	-
- Others - dividend from mutual funds	-	-
Rental income from operating leases	-	-
Movement in Bank balances not considered as cash and cash equivalents	-	-
TIIT Amalgamation adjustment	-	-
Net cash flow used in investing activities (B)	(12,911,222)	(7,237,018)



C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares	-	-
Increase in share application money, pending allotment	-	-
Proceeds from short-term borrowings from banks	-	-
Repayment of short term borrowings	-	-
Finance costs	-	-
Dividend paid	-	-
Tax on dividend paid	-	-
Net cash flow used in financing activities (C)	-	-
Net increase in cash and cash equivalents (A + B + C)	(5,690,455)	46,847,018
Cash and cash equivalents at the beginning of the year		
Effect of exchange differences on translation of foreign currency Cash and cash equivalents	55,871,842	9,024,825
Cash and cash equivalents at the end of the year (Refer Note (I) below)	50,181,387	55,871,842
Notes:		
(I) Reconciliation of Cash and cash equivalents with the Balance sheet		
Cash and cash equivalents as per Balance Sheet (Refer Note 13)	50,181,387	55,871,842
Less: In earmarked accounts (refer note (ii) below)		
- Unpaid dividend accounts	-	-
- Balances held as margin money/security for bank guarantees	-	-
Cash and cash equivalents at the end of the year*	50,181,387	55,871,842
* Comprises:		
(a) Cash on hand	13,388	8,241
(b) Balances with banks		
(i) In current accounts	6,272,133	3,313,775
(ii) In EEFC accounts	43,895,866	52,549,826
(iii) In deposit accounts	-	-
(c) Remittances in transit		
	50,181,387	55,871,842

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

(iii) Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard 3 "Cash Flow Statement".

See accompanying notes forming part of the financial statements

In terms of our report attached.

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. 027465

(B.V.R. MOHAN REDDY)
DIRECTOR

(B. SUCHARITHA)
DIRECTOR

Place: Hyderabad
Date : 17.04.2014



**INFOTECH ENTERPRISES INFORMATION TECHNOLOGY SERVICES PRIVATE
LIMITED
HYDERABAD**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE NO.1

1.1 Company Overview

Infotech Enterprises Information Technology Services Private Limited incorporated in India in 2008 and it is wholly subsidiary company of Infotech Enterprises Limited. The company is located at Hyderabad. The Company provided system design, programming, testing, installation, maintenance support and help desk services in software. These will be on programming platforms like Java, .Net etc. and on application platforms like JDA, SAP etc.

1.2 Method of Accounting:

The financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles ("GAAP"), and materially comply with mandatory accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

NOTE NO.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.

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 recognized 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 as per terms of the Contracts. Revenue from such arrangement is recognized 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 period in which the change becomes known. Provision for



estimated losses on such engagement 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 represents amounts recognized based on services performed in advance of billing in accordance with contract terms.

2.3 Fixed Assets:

Fixed Assets are stated at Cost inclusive of Freight, Taxes and Incidental Expenses relating to Cost of Acquisition and Finance Cost.

2.4 Depreciation:

Depreciation is provided using the straight line method based on useful lives of the assets as estimated by Management or at the rates prescribed under schedule XIV of the Companies Act, 1956 whichever is higher.

2.5 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.

2.6 Foreign Currency Transactions:

a) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

b) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items if any which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

c) Exchange differences

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 yearend price and balance transferred to Foreign Exchange Fluctuation Account.



2.7 Retirement Benefits:

Provident fund

The Company contributes to Provident 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 Statement Profit & Loss Account.

Compensated absences

The employees are entitled to compensate absences. The employees can carry forward a portion of the unutilised accrued compensated absence and utilize it in future periods or receive cash compensation at retirement or termination of employment for the unutilized 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.

2.8 Leases:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

2.9 Deferred Tax:

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

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 31.03.2014 amounting to ₹4,57,220/- has been credited to Profit & Loss Account and accumulated balance is shown as Deferred Tax Asset in the Balance Sheet separately.

Minimum Alternative Tax (MAT) credit is recognized 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 recognized 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.



2.9 Earning per Share (EPS):

The earnings considered in ascertaining the Company's EPS comprises the net profit after tax. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year.

2.10 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.

2.11 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/utilizing the credits.



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	<u>As at</u> <u>31/03/2014</u> ₹	<u>As at 31/03/2013</u> ₹
Note No. 3		
SHARE CAPITAL		
Authorised:		
1,00,000 Equity shares of ₹10/- each	<u>1,00,000</u>	<u>1,00,000</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		Equity Shares	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	10,000	100,000	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	10,000	100,000

B. Equity Shares in the company held by its holding company

10,000 Equity Shares (31/03/2014) 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:

Name of the share holder	As at 31/03/2014		As at 31/03/2013	
	%	Number of shares	%	Number of shares
A. INFOTECH ENTERPRISES LIMITED	100%	10,000	100%	10,000

Note No. 4

RESERVES & SURPLUS

Profit & Loss Account

Opening Balance	4,356,817	(17,736,033)
Add: Net Profit/(Loss) for the current Year	<u>52,223,922</u>	<u>22,092,850</u>
Closing Balance	<u>56,580,738</u>	<u>4,356,817</u>
Total	56,580,738	4,356,817



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	<u>As at</u> <u>31/03/2014</u> ₹	<u>As at 31/03/2013</u> ₹
Note No. 5		
LONG TERM PROVISIONS		
Provision for employee benefits		
Compensated Absences	3,249,621	2,998,167
Gratuity	7,792,190	5,974,831
	<u>11,041,811</u>	<u>8,972,998</u>
Note No. 6		
TRADE PAYABLES		
Trade Payables	<u>46,281,836</u>	<u>79,467,021</u>
	<u>46,281,836</u>	<u>79,467,021</u>
Notes: Out of the said amount ₹nil (March 31, 2013; ₹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 2014 amounts to ₹Nil (March 31, 2013 : ₹Nil).		
Note No. 7		
OTHER CURRENT LIABILITIES		
Unearned Revenue	869,989	869,989
Advance from customers	875,000	-
Other Liabilities		
-Statutory Remittances	2,006,396	1,643,892
-Provision for income taxes (net off taxes)	1,914,003	343,866
-Employee related payables	2,386,396	1,069,255
	<u>8,051,783</u>	<u>3,927,002</u>
Note No. 8		
SHORT TERM PROVISIONS		
Provision for Employee benefits		
Compensated Absences - Current	476,935	418,754
Gratuity - Current	1,318,077	1,165,402
Others		
Provision for expenses	21,153,443	10,708,111
	<u>22,948,455</u>	<u>12,292,267</u>



**M/S INFOTECH ENTERPRISES INFORMATION TECHNOLOGY SERVICES PRIVATE LIMITED
HYDERABAD**

Note - 9

FIXED ASSETS

Particulars	Gross Block				Depreciation			Net Block		
	As on 01.04.2013	Additions	Deletions	As on 31.03.2014	Upto 01.04.2013	For the Period	Adjustments	Upto 31.03.2014	As on 31.03.2014	As on 31.03.2013
	Computers & Peripherals	2,671,356	5,125,261	-	7,796,617	343,844	1,610,671	-	1,954,515	5,842,102
Electrical Fittings	67,085	1,978,906	-	2,045,991	4,685	157,700	-	162,385	1,883,606	62,400
Furniture & Fittings	1,968,531	2,690,985	-	4,659,516	215,424	822,580	-	1,038,004	3,621,512	1,753,107
Office Equipment	1,848,486	1,622,813	-	3,471,299	147,218	248,267	-	395,485	3,075,814	1,701,268
Networking Equipment	1,366,898	2,140,373	-	3,507,271	182,707	288,173	-	470,880	3,036,391	1,184,191
Plant & Machinery	575,625	226,160	-	801,785	37,896	67,043	-	104,939	696,846	537,729
Current Year Totals	8,497,981	13,784,498	-	22,282,479	931,774	3,194,434	-	4,126,208	18,156,271	7,566,207
Previous year Totals	2,134,238	6,363,742	-	8,497,981	294,367	637,407	-	931,774	7,566,207	1,839,871



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31/03/2014 ₹	As at 31/03/2013 ₹
Note No. 10		
LONG TERM LOANS AND ADVANCES		
(Unsecured, considered good, recoverable)		
Deposits	3,803,677	3,763,676
Other Loans & Advances		
- MAT Credit Entitlements	581,346	1,082,510
Service tax & VAT recoverable	18,405,300	9,306,851
	<u>22,790,323</u>	<u>14,153,038</u>
Note No. 11		
OTHER NON-CURRENT ASSETS		
Preliminary expenses		
Opening Balance	13,086	19,629
Less: Written off during the year	6,543	6,543
	<u>6,543</u>	<u>13,086</u>
Note No. 12		
TRADE RECEIVABLES		
(Unsecured, considered good, recoverable)		
Debtors outstanding for a period of-		
- less than six months	48,752,406	25,368,033
- more than six months	2,439,327	-
	<u>51,191,733</u>	<u>25,368,033</u>
Less: Provision for doubtful debts	1,544,657	1,544,657
	<u>49,647,076</u>	<u>23,823,376</u>
Note No. 13		
CASH AND CASH EQUIVALENTS		
Balances with Banks		
- in current account	6,272,133	3,313,775
- in EURO & EEFC account	43,895,866	52,549,826
Cash on hand	13,388	8,241
	<u>50,181,387</u>	<u>55,871,842</u>
Note No. 14		
SHORT TERM LOANS AND ADVANCES		
(Unsecured, considered good, recoverable either in cash or in kind for value to be receivable)		
Prepaid Expenses	1,313,754	3,853,341
Deposits - Short term	-	40,000
Advances to Suppliers	677,861	509,321
Loans & Advances to employees	234,500	12,000
Other Loans & Advances	10,000	62,275
	<u>2,236,115</u>	<u>4,476,937</u>
Note No. 15		
OTHER CURRENT ASSETS		
Unbilled Revenue	-	808,655
	<u>-</u>	<u>808,655</u>



M/S INFOTECH ENTERPRISES INFORMATION TECHNOLOGY SERVICES PRIVATE LIMITED
HYDERABAD

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	<u>As at</u> <u>31/03/2014</u> ₹	<u>As at 31/03/2013</u> ₹
Note No. 16		
OTHER INCOME		
Gain/(loss) on exchange fluctuations	10,804,397	742,869
Interest on IT Refund	18,550	-
Provision no longer required	2,150,000	-
	<u>12,972,947</u>	<u>742,869</u>
Note No. 17		
EMPLOYEE BENEFITS		
Salaries, Bonus and others	108,298,219	113,281,571
Contribution to Provident and Other Funds	7,696,485	5,217,741
Staff welfare expenses	3,692,674	2,892,310
	<u>119,687,378</u>	<u>121,391,622</u>
Note No. 18		
OTHER EXPENSES		
Rent, Rates & Taxes	7,396,585	6,251,238
Office maintenance	1,916,611	1,798,632
Staff Recruitment & Training Expenses	782,162	669,701
Electricity, Gas & Water charges	2,823,444	1,897,359
Postage and Telephone expenses	490,580	676,140
Professional Charges	30,375,848	5,468,542
Printing & Stationery	207,964	161,671
Electrical maintenance	527,487	345,785
Communication charges	1,409,838	462,514
Computer consumables & Maintenance	2,782,476	1,510,515
Subcontracting Expenses	41,548,999	-
Insurance	1,088,264	555,759
Travelling & Conveyance Expenses	12,040,525	18,070,099
Repairs & Maintenance	2,686,265	2,208,609
Provision for doubtful debts	-	1,544,657
Miscellaneous Expenses	890,707	350,848
Auditor's Remuneration		
- Statutory Audit fee	300,000	250,000
- Tax Audit fee	25,000	-
Business Promotion	1,590,003	7,029,418
Preliminary & Pre Operative Expenses Written Off	6,543	6,543
	<u>108,889,301</u>	<u>49,258,030</u>



19. 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.

20. Employee Benefits

20.1 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 monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. The total expenditure recognized during the year aggregated ₹51,53,418/- (2012-13 - ₹34,75,259/-)

20.2 Defined Benefit Plans

Gratuity

Gratuity expense for the Company for the year ended March 31, 2014 is ₹25,28,510/- (2012-13 ₹16,88,757/-).

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 Group Company (Infotech Enterprises Limited) 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, 2014 and March 31, 2013 for the Company:

Particulars	As at March 31, 2014	As at March 31, 2013
Value of accrued past service liability	91,10,267	71,40,233
Discount Rate	9%	8.50%
Expected Rate of Return on Assets	NA	NA
Employee Turnover	15%	15%

Compensated absences

Particulars	As at March 31, 2014	As at March 31, 2013
Value of accrued past service liability	37,26,556	34,16,921
Discount Rate	9%	8.00%
Rate of withdrawal	15%	15%



The accrual for unutilized 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.

21. Names of Related Parties and Description of Relationship:

- i. Enterprises with Substantial interest : Infotech Enterprises Limited
- ii. Key Management Personnel : B.V.R. MOHAN REDDY,
DIRECTOR
B. SUCHARITHA, DIRECTOR
- iii. Subsidiaries of Holding Company Infotech Enterprises, GmbH
Infotech Enterprises Benelux BV
Infotech Enterprises America INC
- iv. Branches of Holding Company Infotech Enterprises AUS

Transactions and Balances:

S.No.	Related Party	Type of Relation	Particulars	FY	FY
				2013-14	2012-13
1	Infotech Enterprises Ltd	Holding Company	Income	25,20,697	21,69,415
			Expenses	6,93,128	--
			Reimbursements	1,44,87,617	4,20,31,790
			Receivables	18,95,629	24,37,555
			Payables	6,60,234	--
2	Infotech Enterprises GmbH	Subsidiary of Holding Company	Income	18,22,62,017	17,32,88,057
			Expenses	3,74,54,268	4,80,29,597
			Receivables	1,79,21,882	1,42,93,236
			Payables	1,04,19,998	61,97,878
3	Infotech Enterprises Benelux BV	Subsidiary of Holding Company	Income	19,69,17,62	--
			Expenses	76,18,400	--
			Receivables	96,698	--
			Payables	90,743	--
4	Infotech	Branch of	Income	1,13,48,118	--



	Enterprises AUS	Holding Company	Receivables	86,41,241	--
5	Infotech Enterprises America INC	Subsidiary of Holding Company	Expenses	7,64,412	--
			Payables	7,64,412	--

22. Lease payments made under operating aggregating to ₹73,18,419/- (2012-13 - ₹59,89,246/-) have been recognized as an expense in the Statement of Profit and Loss. The future minimum lease commitments of Company under non-cancellable operating leases are as follows:

Total of future maximum lease payments in following period:

Particulars	March 31, 2014	March 31, 2013
Not later than one year	70,75,200	73,71,216
Later than one year but not later than five years	--	11,61,600
TOTAL	::	85,32,816

23. Earnings per Share (EPS)

(Amount in ₹)

Particulars	March 31, 2014	March 31, 2013
Profit after taxation	522,23,922	220,92,850
Basic:		
Number of shares outstanding	1,00,000	1,00,000
Earnings per share (₹)	5222.39	2209.28

24. Taxes

24.1 Current Tax

The Company had made provision towards current tax in respect of its operations for the year ended March 31, 2014.

24.2 Deferred Taxes

(Amount in ₹)

Particulars	As at March 31, 2014	Charged/ (Credited) to Statement of Profit and Loss	As at March 31, 2013
Provision for Gratuity and Compensated absences	15,55,744	7,04,418	8,51,326
Depreciation	(8,04,350)	(5,31,563)	(2,72,787)
Others	12,35,514	2,84,364	9,49,127
Total	19,86,908	4,57,220	15,29,688



24.3 MAT Alternative Tax**(Amount in ₹)**

Particulars	March 31, 2014	March 31, 2013
Opening MAT credit entitlement	10,82,510	--
Add: made during the year	--	10,82,510
Less: Adjustments/utilized during the year	5,01,164	--
Closing MAT credit entitlement	5,81,346	10,82,510

25. Contingent Liability provided for: NIL

	(Amount in ₹)	
	2013-2014	2012-2013
26. a) Value of Imports (CIF basis)		
i. Capital Goods	--	--
b) Value of Exports		
- Computer Software & Services	23,35,98,571	13,02,39,499
27. Remittance in Foreign Currency		
- Inward Remittance	24,23,65,246	22,27,01,543
- Outward Remittance	5,32,14,519	8,77,93,617

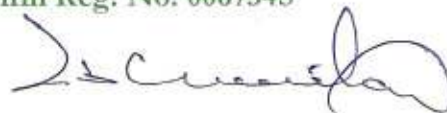
28. Debit and Credit Balances are subject to confirmation.

29. 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

By and on behalf of Board of Directors


(CA G. V. B. CHOWDARY)
PARTNER
 M. No. 027465


(B.V.R. MOHAN REDDY)
DIRECTOR


(B. SUCHARITHA)
DIRECTOR

Place: Hyderabad
Date: 17.04.2014

