Infotech Enterprises Limited
Notes forming part of the financial statements

1. Corporate information

Infotech Enterprises Limited (‘Infotech’ or ‘the Company’) 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’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 of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 (“the 1956 Act”) (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 (“the 2013 Act”) in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Companies Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention.

Accounting policies are consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy hitherto in use. Where a change in accounting policy is necessitated due to changed circumstances, detailed disclosures to that effect along with the impact of such change is duly disclosed in the financial statements.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expenditure during the year. Examples include provisions for doubtful debts, provision for employee benefits, provision for taxation, useful lives of depreciable assets, provisions for impairment, provision for contingencies, provision for warranties / discounts etc. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable.

Future results could differ from those estimates. The effects of changes in accounting estimates are reflected in the financial statements in the period in which results are known and, if material, their effects are disclosed in the financial statements.

2.3 Revenue recognition

Income from Services:

Revenue recognition 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 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.

Revenue from sale of equipment is recognised when the product has been delivered, in accordance with the sales contract.

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

Revenue is net of volume discounts which are estimated and accounted for based on the terms of the contracts and also net of applicable indirect taxes.

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 and is net of estimated allowances for uncertainties and provision for estimated losses.

2.4 Other income

Income from interest is 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.

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

Fixed Assets are stated at actual cost, less accumulated depreciation and net of impairment. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the assets ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the assets is ready for its intended use. Subsequent expenses on fixed assets after its purchase is capitalised only if such expenses results in an increase in the future benefits from such assets beyond the previous assessed standards of performances.

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.

Asset under installation or under construction as at Balance sheet date are shown as Capital Work in Progress (CWIP).

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

2.6 Depreciation & amortisation

Depreciation / Amortisation (other than freehold land and Capital Work-in-progress is provided) on a 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. Depreciation is charged on pro-rata basis from the date of capitalisation. Individual assets costing ₹ 5,000 or less are fully depreciated in the year of acquisition.

The estimated useful lives are as follows:

Type of asset	Period
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 Installations	10 years
Vehicles	5 years
Intangible Assets:	
Software	3 years
Software purchased for use in the projects	Over the period of the respective project
Customer rights	3 years

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

2.7 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.

When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.

2.8 Investments

Investments are either classified as current or long-term based on Management's intent at the time of making the investment. Current investments are carried individually, at the lower of cost and fair value. Long-term investments are carried individually at cost less provision made to recognise any diminution, other than temporary, in the value of such investment. Cost of investments include acquisition charges such as brokerage, fees and duties. Provision is made to recognise any reduction in the carrying value of long-term investments and any reversal of such reduction is credited to the Statement of Profit and Loss.

2.9 Research and development

Research costs are expensed as incurred. Development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has intention and ability to complete and use the asset and the costs are measure reliably, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use.

2.10 Foreign currency transactions / translations

The transactions in foreign exchange entered into by the company are accounted at the exchange rate prevalent on the date of the transaction. Foreign currency monetary items (other than derivative contracts) outstanding as at Balance Sheet date are restated at year end exchange rate. Non-monetary items are carried at historical cost and the exchange gains or losses are recognised in the Statement of Profit and Loss. Exchange differences arising on a monetary item that, in substance, form part of an enterprise’s net investments in a non-integral foreign operation are accumulated in a foreign currency translation reserve.

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 as those 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 (other than for a firm commitment or a highly probable forecast) 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 contracts 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.

2.11 Derivative instruments and hedge accounting

The Company uses forward contracts (derivative contracts) to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The use of forward contracts is governed by the Company’s policies on the use of such financial derivatives consistent with the Company’s risk management strategy. The Company does not use derivative financial instruments for speculative purposes.

The Company designates such derivative contracts in a cash flow hedging relationship by applying the hedge accounting principles set out in AS 30. These derivative contracts are stated at the fair value at each reporting date. Changes in fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognised directly in the “Hedging reserve account” under Reserves and Surplus, net of applicable deferred income taxes and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts accumulated in the “Hedging reserve account” are reclassified to the Statement of Profit and Loss in the same periods during which the forecasted transaction affects profit and loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in the “Hedging reserve account” is retained until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in “Hedging reserve account” is immediately transferred to the Statement of Profit and Loss.

Derivative contracts that are not designated in a cash flow hedging relationship are marked to market, where ever required, as at the Balance Sheet date and the unrealised losses, if any, are dealt with in the Statement of Profit and Loss. Unrealised gains, if any, on such derivatives are not recognised in the Statement of Profit and Loss.

2.12 Employee benefits

Employee benefits include provided fund, superannuation fund, employee’s state insurance scheme, gratuity fund and compensated absences.

Defined contribution plans

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 an expense based on the amount of contribution required to be made and when service are rendered by the employees.

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 an expense based on the amount of contribution required to be made and when service are rendered by the employees.

Defined benefit plans

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. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur.

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 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.

2.13 Taxes on Income

Current income tax expense comprises of 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.

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.

Deferred tax is recognised on timing difference, being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied be the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

MAT credit

Minimum Alternate 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.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and the intention is to settle the asset and liability on net basis.

2.14 Leases

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.

2.15 Warranty Costs

Post-sales client support and warranty costs are estimated by the Management on the basis of technical evaluation and past experience of costs. Provision is made for the estimated liability in respect of warranty costs in the year of recognition of revenue and is included in the Statement of Profit and Loss. The estimates used for accounting for warranty costs are reviewed periodically and revisions are made as and when required.

2.16 Earnings per share (EPS)

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of any extra ordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share 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 at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.17 Associates 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, as amended, issued by Securities Exchange Board of India and the Guidance note on Accounting for Employee Share-Based payments, issued by ICAI.

The exercise price under the aforesaid schemes 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. The Company measures compensation cost relating to employee stock option using the intrinsic value method and considering that all options are granted as above there is no compensation cost to be charged to the Statement of Profit and Loss.

2.18 Provisions, Contingent liabilities and Contingent Assets

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

2.19 Cash and cash equivalents (for the purposes of Cash Flow Statement)

Cash comprises cash on hand, in bank and demand deposits with banks. 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. Such cash equivalents are subject to insignificant risk of changes in value.

Cash flows are reported using in indirect method, whereby profit(loss) before extraordinary items and tax is adjusted for the effects of transaction of non- cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the company are segregated based on the available information.

2.20 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.

2.21 Operating Cycle

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of assets and liabilities as current and non-current.

21. Share application money pending allotment

As at March 31, 2014, the Company has received an amount of ₹ 1,428,050 towards share application money towards equity shares of the Company (March 31, 2013- ₹ 3,920,750). The share application money was received from associates pursuant to Associate Stock Option Plan (ASOP) 2004.

22. Contingent Liabilities and Commitments

22.1 Contingent liabilities

(Amount in ₹)

Particulars	March 31, 2014	March 31, 2013
Claims against the Company not acknowledged as debt (Refer Note (i) below)	396,821,168	632,027,223
Guarantees (Refer Note (ii) below)	1,043,841,250	443,662,000

(i)

a. The Company has disputed various demands (including draft notice of demand) raised by Income Tax authorities for the assessment years 1997-98 to 2009-10. The orders are pending at various stages of appeals. The aggregate amount of disputed tax not provided for is ₹ 204,461,783 (March 31, 2013 - ₹ 404,555,682). 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, 2013 - ₹ 20,096,061). 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 2012-13. The Company has filed appeals, which are pending with the appropriate authorities. The aggregate amount of disputed tax not provided for is ₹ 172,263,324 (March 31, 2013 - ₹ 207,375,480). 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 ₹ 1,043,841,250 (March 31, 2013 – ₹ 443,662,000). The amount outstanding against such guarantee is ₹ Nil (March 31, 2013 - ₹ 397,774)

22.2 Commitments

(Amount in ₹)

Particulars	March 31, 2014	March 31, 2013
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)		
Tangible assets	41,630,339	82,571,908
Intangible assets (Refer Note below)	82,268,922	51,930,958

Note : Commitment towards intangible assets include software and related purchases.

22.3 The Company has/had certain outstanding export obligations / commitments as at March 31, 2014 and March 31, 2013. The Management is confident of meeting these obligations / commitments within the stipulated period of time/obtaining suitable extensions, wherever required.

23. 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.

24. Dues from Subsidiaries / Joint Ventures

(i) The details of trade receivables and contractually reimbursable expenses due from subsidiaries are given below:

(Amount in ₹)

Party name	**Relationship**	**As at March 31, 2014**	**As at March 31, 2013**
Infotech Enterprises America Inc., USA	Subsidiary	489,540,960	179,066,710
Infotech Enterprises Europe Limited, UK	Subsidiary	93,567,688	27,482,601
Infotech Enterprises GmbH, Germany	Subsidiary	295,479,438	184,058,853
Infotech Software Solutions Canada Inc., Canada	Step-down Subsidiary	51,569,881	4,020,621
Infotech Geospatial (India) Private Limited, India	Subsidiary	3,033,637	293,702
Infotech Enterprises Japan KK, Japan	Subsidiary	88,489,856	24,142,383
Infotech Enterprises Information Technology Services Private Limited	Subsidiary	1,795,478	-
Infotech HAL Limited, India	Joint Venture	9,801,055	3,726,964

(ii) The details of loans and advances to subsidiaries are given below:-

(Amount in ₹)

Particulars	**Relationship**	**Balance as at March 31**		**Maximum amount outstanding at any time during the year ended March 31**	
		2014	**2013**	**2014**	**2013**
Infotech Enterprises Japan KK	Subsidiary	103,204,337	99,082,663	103,204,337	99,082,663
Infotech Enterprises Information Technology Services Private Limited	Subsidiary	14,487,618	68,449,032	77,465,616	68,449,032
Infotech Geospatial (India) Private Limited	Subsidiary	31,575,351	30,875,753	38,332,290	34,903,947
Infotech HAL Limited, India	Joint Venture	1,509,008	1,245,099	1,892,445	1,471,323
Total		**150,776,314**	**199,625,547**		

Note:
The above loans and advances are in the nature of advances (interest free) 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**.**

25. Derivative Instruments and Hedging

25.1 The Company has applied the hedge accounting principles set out in Accounting Standard – 30 "Financial Instruments – Recognition and Measurement" (AS-30) in respect of such derivative contracts, designated in a hedging relationship, used to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecast transactions. Accordingly, in respect of all such contracts outstanding as on March 31, 2014, that were designated and effective as hedges of the future cash flows, gain aggregating ₹ 207,993,638 (net) (March 31, 2013 – ₹ 33,660,779) has been recognised directly in the Hedging Reserve account (Refer Note 4c).

The fair values of such derivative contracts outstanding are:

(Amount in ₹)

Particulars	Derivative Asset		Derivative Liability	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Current	280,540,967	56,828,828	72,547,328	55,391,649
Non-current	-	-	-	-

Outstanding forward exchange contracts as on March 31, 2014:

Currency	No of Contracts	Amount in foreign currency	Amount in ₹	Buy / Sell	Cross currency
USD	34	85,792,760	5,545,282,580	Sell	Rupees
EURO	22	24,000,000	2,099,495,000	Sell	Rupees
GBP	12	2,400,000	255,394,000	Sell	Rupees
AUD	16	6,600,000	385,139,500	Sell	Rupees

Outstanding forward exchange contracts as on March 31, 2013:

Currency	No of Contracts	Amount in foreign currency	Amount in ₹	Buy / Sell	Cross currency
USD	27	58,100,000	3,273,575,220	Sell	Rupees
EURO	15	14,250,000	1,061,700,276	Sell	Rupees
GBP	14	5,100,000	434,025,563	Sell	Rupees
AUD	15	3,600,000	205,599,529	Sell	Rupees

25.2 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 ₹ 7,993,550 (2012-13 - ₹ 87,310,292) towards loss on settlement of derivative contracts and ₹ Nil (2012-13 - loss ₹ 2,520,000) towards restatement gain on derivative contracts. ₹ 487,109,303 (2012-13 - ₹ 39,441,033) towards loss on settlement of derivative contracts under principles of AS-30 and ₹ 11,262,449 (2012-13 – loss ₹ 11,262,449) towards reversal of loss on derivative contracts considered ineffective under principles of hedging under AS-30.

25.3 Forward exchange contracts (being derivative instruments but not designated as hedging 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 as on March 31, 2014.

Currency	No of Contracts	Amount in foreign currency	Amount in ₹	Buy / Sell	Cross currency
EURO	Nil	Nil	Nil	NA	NA
	(3)	(2,100,000)	(153,342,000)	(Sell)	(Rupees)

Note: Figures in brackets relate to the previous year

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

As at March 31, 2014: (Amount)

Currency	Cash and Cash equivalents	Current and Non-current		Trade and other receivables	Trade Payables	Other current liabilities	Total
		Loans & advances	Other current assets				
AED	134,748	48,475	-	23,000	(81,709)	-	124,514
AUD	1,371,818	101,128	632,573	6,615,198	(1,222,852)	-	7,497,866
BND	-	-	-	254,174	-	(21,831)	232,343
CAD	31,198	35,094	14,130	295,423	-	-	375,845
USD	1,425,647	5,297,847	6,448,093	22,862,237	(2,326,736)	(264,218)	33,442,870
GBP	277,687	292,979	387,659	2,416,382	(28,576)	(7,590)	3,338,541
EUR	1,977,684	544,009	2,326,668	3,489,116	(1,642,330)	-	6,694,147
NOK	22,633	25,902	46,761	186,533	(928,276)	-	(646,447)
MYR	564,357	36,027	398,419	2,346,661	(84,845)	(203,924)	3,056,695
SGD	84,486	10,699	7,750	268,789	(12,169)	(7,385)	352,170
KRW	694,294,714	9,456,043	6,599,031	31,617,044	-	-	741,966,832
NZD	96,310	-	-	541,399	(34,205)	-	603,504
JPY		-	4,951,139	79,176,160	(25,190,869)	(1,950,844)	56,985,586
QAR	-	-	-	287,241	(45,000)	-	242,241
CHF	-	-	40,495	148,279	-	-	188,774
SEK	-	430,151	-	-	(64,858)	-	365,294
SAR	-	-	-	-	(29,451)	-	(29,451)
TWD	3,732,767	-	-	614,245	(350,913)	(261,869)	3,734,230
₹ Equivalent	**422,965,228**	**406,840,967**	**668,512,575**	**2,450,529,456**	**(378,223,629)**	**(23,444,762)**	**3,547,179,834**

As at March 31, 2013: (Amount)

Currency	Cash and Cash equivalents	Current and Non-current		Trade and other receivables	Trade Payables	Other current liabilities	Total
		Loans & advances	Other current assets				
AED	274,985	38,578	-	-	(559,848)	-	(246,285)
AUD	1,589,427	91,871	289,231	7,954,524	(811,057)	(370,620)	8,743,376
CAD	102,270	8,317	360,437	60,828	(98,779)	(95,200)	337,873
USD	2,030,210	4,316,263	7,765,025	15,030,464	(1,491,624)	-	27,650,338
GBP	51,524	141,063	230,962	1,021,162	(8,355)	-	1,436,356
EUR	1,497,140	154,134	1,762,081	1,279,761	(102,045)	-	4,591,071
NOK	5,201	25,902	42,657	105,281	(10,000)	-	169,041
MYR	9,116	10,450	2,312,817	973,392	(113,266)	(45,764)	3,146,745
SGD	96,667	5,598	-	167,489	(6,600)	(4,723)	258,431
KRW	3,264,452	3,812,058	-	-	(11,918,033)	-	(4,841,523)
NZD	14,179	-	10,940	173,437	(2,511)	-	196,045
JPY	-	-	165,458	29,175,735	(6,829,460)	(1,950,844)	20,560,889
QAR	-	-	-	995,641	(15,000)	-	980,641
CHF	-	-	63,141	-	-	-	63,141
SEK	-	-	-	56,078	-	-	56,078
DKK	-	-	-	51,167	-	-	51,167
SAR	-	-	-	-	(14,250)	-	(14,250)
₹ Equivalent	**323,964,342**	**238,998,633**	**639,484,892**	**1,492,099,985**	**(147,887,075)**	**(19,210,548)**	**2,527,450,229**

26. 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, 2014	March 31, 2013
2,724,000 Compulsorily convertible preference shares (CCPS) of ₹ 360 each issued 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 issued 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 issued to Carrier International Mauritius Limited, Mauritius		419,911,200	419,911,200
Total amount received on preferential issue of shares	**(A)**	**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	**(B)**	**1,486,566,772**	**1,486,566,772**
Balance	**(C) = (A) - (B)**	**1,504,204,148**	**1,504,204,148**
Add: Sale of Investment in 10% stake in Kalyani Net Ventures Limited		16,882,171	16,882,171
Dividend received on investments		228,224,428	222,464,083
Interest received on investments (Net)		838,493,000	649,738,353
Interest accrued but not received, included above		(96,077,048)	(100,102,752)
Total	**(D)**	**987,522,551**	**788,981,855**
Total Net Balance	**(E) = (C) +(D)**	**2,491,726,699**	**2,293,186,003**
Total Net balance, represented by-			
Short-Term Deposits with various banks		2,461,726,699	2,187,819,003
Investments in Mutual Funds		30,000,000	105,367,000
		2,491,726,699	**2,293,186,003**

Notes:

(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 were 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 exercised the option to convert the CCPS and in pursuance of this exercise the Company 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 to 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 was 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's information systems.

27.

a. CIF value of imports

(Amount in ₹)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Capital goods	79,431,500	230,026,116
Others	-	6,101,465

b. Earnings in Foreign Currency

(Amount in ₹)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Income from services	11,753,471,877	10,100,201,749
Domestic revenue in foreign currency	13,489,781	72,513,007
Interest income	2,357,960	2,343,412
Dividend from subsidiaries	400,451,266	-

c. Expenditure in Foreign Currency (on accrual basis)

(Amount in ₹)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
I. Expenditure:		
a. Travel	345,642,030	426,173,326
b. Legal & professional charges	65,199,329	28,969,412
c. Sub-contracting charges	411,282,088	446,835,107
d. Others	124,687,905	87,614,448
II. Expenditure incurred at overseas branches:		
a. Salaries & bonus	1,037,145,340	976,952,312
b. Social Security and other benefits in overseas employees	72,161,558	59,601,253
c. Travel	72,278,052	33,169,225
d. Legal & professional charges	17,729,016	48,535,078
e. Sub-contracting charges	90,727,980	14,862,772
f. Others	100,025,756	105,926,648
Total (I + II)	**2,336,879,054**	**2,228,639,581**

d. Remittance in foreign currency for dividend

(Amount in ₹)

Particulars	Interim Dividend		Final Dividend	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Equity dividend	38,250,902	38,250,902	47,813,628	23,943,378
Number of shareholders	27	27	27	29
Number of equity shares	19,125,451	19,125,451	19,125,451	19,154,701
Year	FY 2013-14	FY 2012-13	FY 2012-13	FY 2011-12

28. Employee benefits:

The employee benefit schemes are as under:

28.1 Defined contribution plans

i. Provident fund:

The Company makes provident fund contributions which are defined contribution 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 expense recognised during the year aggregated ₹ 215,721,726 (2012-13 - ₹ 189,648,375).

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 basic salary of the covered employee. These contributions are made to a fund administrated 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 ₹ 26,633,378 (2012-13 - ₹ 23,601,447).

(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 basic 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 ₹ 72,161,558 (2012-13 - ₹ 59,601,253).

28.2 Defined Benefit Plans

i. Gratuity:

In accordance with the '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, 2014 and March 31, 2013:

(Amount in ₹)

Particulars	For the Year ended March 31, 2014	For the Year ended March 31, 2013
Change in benefit obligation		
Projected benefit obligation at the beginning of the year	295,222,595	287,945,446
Current service cost	49,265,715	49,522,225
Interest cost	26,562,845	27,704,601
Actuarial loss/(gain)	(30,082,742)	(46,887,310)
Benefits paid	(24,905,504)	(23,062,367)
Projected benefit obligation at the end of the year	**316,062,909**	**295,222,595**
Change in Plan Assets		
Plan assets at the beginning of the year	48,692,361	23,268,235
Expected return on plan assets	5,194,112	2,392,698
Employer contribution	39,825,903	45,504,573
Benefits payment	(24,905,504)	(23,062,367)
Asset (loss)/Gain	1,211,347	589,222
Plan Assets at the end of the year	**70,018,219**	**48,692,361**
Actual return on plan assets	6,405,459	2,981,920
Amount recognised in the balance sheet		
Projected benefit obligation at the end of the year	316,062,909	295,222,595
Fair value of plan assets at the end of the year	(70,018,219)	(48,692,361)
Liability recognised in the Balance Sheet	**246,044,690**	**246,530,234**
Cost of employee benefits for the year		
Current service cost	49,265,715	49,522,225
Interest cost	26,562,845	27,704,601
Expected return on plan assets	(5,194,112)	(2,392,698)
Net actuarial (gain) / loss recognised during the year	(31,294,089)	(47,476,532)
Net cost recognised in the Statement of Profit and Loss	**39,340,359**	**27,357,596**
Actuarial Assumptions used in accounting for the Gratuity Plan		
Discount rate (%)	9.00%	8.00%
Expected return on plan assets	9.25%	9.25%
Long term rate of compensation increase (%)	6.00% - 8.00%	6.00% - 8.00%
Attrition (%)	17%	17%
Mortality table	IALM (2006-08) Ultimate	LIC (1994-96) Ultimate
Expected company contributions for the next year	60,761,565	56,512,000

Experience adjustments

(Amount in ₹)

Gratuity	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Fair value of plan assets, end of period	70,018,219	48,692,361	23,268,234	3,233,273	5,530,741
Projected benefit obligation, end of period	316,062,909	295,222,595	287,945,446	258,199,857	182,005,037
(Surplus)/deficit in the plan	246,044,690	246,530,234	264,677,212	254,966,584	176,474,296
Experience adjustments on plan assets	1,211,347	589,222	(863,656)	(427,125)	-
(Gains)/losses due to change in assumptions	(14,706,973)	(74,843,507)	(8,319,485)	12,905,568	(8,435,503)
Experience (gains)/losses on PBO	(15,375,769)	27,956,197	(7,706,260)	(5,771,633)	12,842,555
Total (gain)/loss	(30,082,742)	(46,887,310)	(16,025,745)	7,133,935	4,407,052

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. The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligation.

Composition of plan assets

Plan assets comprise of 100% insurer managed funds. Fund is managed by LIC as per IRDA guidelines, category wise composition of the plan assets is not available

ii. a) Compensated absences – India:

Actuarial assumptions for long-term compensated absences	For the Year ended March 31, 2014	For the year ended March 31, 2013
Discount rate	9.00%	8.00%
Expected return on plan assets	NA	NA
Salary escalation	6.00% to 8.00%	6.00% to 8.00%
Attrition	17.00%	17.00%

b) Compensated absences – Overseas branches:

Actuarial assumptions for long-term compensated absences	For the year ended March 31, 2014	For the year ended March 31, 2013
Discount rate	9.00%	8.00%
Expected return on plan assets	NA	NA
Salary escalation	4.00%	4.00%
Attrition	5.00%	5.00%

The accrual for unutilised leave is determined for the entire available leave balance standing to the credit of the employees at year-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.

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. The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligation.

29. Segment 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.

30. Related Party Transactions

(i) The list of related parties of the Company is given below:

Subsidiaries:

Name of the Subsidiary	Country of incorporation	Extent of holding (%) as at March 31, 2014	Extent of holding (%) as at March 31, 2013
Infotech Enterprises Europe Limited, (IEEL)	UK	100%	100%
Infotech Enterprises America Inc., (IEAI)	USA	100%	100%
Infotech Enterprises GmbH, (IEG)	Germany	100%	100%
Infotech Geospatial (India) Private Limited, (IGIL) (Refer Note below)	India	100%	100%
Infotech Enterprises Japan KK, (IEJKK)	Japan	100%	100%
Infotech Enterprises Information Technology Services Private Limited, (IEITS)	India	100%	100%

Note: W.e.f., October 23, 2013, Infotech Geospatial (India) Ltd was converted into a private limited company and was renamed as Infotech Geospatial (India) Private Ltd.

Joint Venture:

Name of the Joint Venture Company	Country of incorporation	Extent of holding (%) as at March 31, 2014	Extent of holding (%) as at March 31, 2013
Infotech HAL Ltd	India	50%	50%

Associate:

Name of the Associate	Country of incorporation	Extent of holding (%) as at March 31, 2014	Extent of holding (%) as at March 31, 2013
Infotech Aerospace Services Inc.,	USA	49%	49%

Subsidiary of Infotech Enterprises America Inc.:

Name of the Subsidiary	Country of incorporation	Extent of holding (%) as at March 31, 2014	Extent of holding (%) as at March 31, 2013
Infotech Software Solutions Canada Inc.,	Canada	100%	100%

Subsidiary of Infotech Enterprises Europe Limited:

Name of the Subsidiary	Country of incorporation	Extent of holding (%) as at March 31, 2014	Extent of holding (%) as at March 31, 2013
Infotech Enterprises Benelux BV	Netherlands	100%	100%
Infotech Enterprises GmbH	Switzerland	100%	100%

Subsidiary of Infotech Enterprises GmbH:

Name of the Subsidiary	Country of incorporation	Extent of holding (%) as at March 31, 2014	Extent of holding (%) as at March 31, 2013
Infotech Enterprises AB	Sweden	100%	100%

Key Managerial Personnel:

Name	Designation
B V R Mohan Reddy	Chairman & Managing Director
B Sucharitha	Whole Time Director
Krishna Bodanapu	President & Chief Operating Officer and Relative of Chairman & Managing Director and Whole Time Director
Ajay Aggarwal	Chief Financial Officer

Relative of Chairman & Managing Director and Whole Time Director

Name	Designation
B. Ashok Reddy	President - Global Human Resources and Corporate Affairs

(ii) Summary of the transactions and balances with the above related parties are as follows:

(a) Transactions during the year: **(Amount in ₹)**

Nature of the transaction	Party name	For the year ended March 31, 2014	For the year ended March 31, 2013
Revenue	Infotech Enterprises America Inc.	2,641,925,084	2,125,860,873
	Infotech Enterprises Europe Limited	456,173,452	404,050,968
	Infotech Enterprises GmbH	1,657,572,641	1,519,724,097
	Infotech Software Solutions Canada Inc.	91,199,141	10,774,364
	Infotech Geospatial (India) Private Limited	2,635,904	8,429,634
	Infotech Enterprises Japan KK	65,271,854	45,925,536
	Infotech HAL Limited	14,899,928	13,204,070
	Infotech Enterprises Information Technology Services Private Limited	1,576,090	-

Nature of the transaction	Party name	For the year ended March 31, 2014	For the year ended March 31, 2013
Subcontracting charges	Infotech Enterprises America Inc.	320,807,133	359,957,901
	Infotech Enterprises Europe Limited	14,478,761	10,980,623
	Infotech Enterprises GmbH	67,462,529	63,305,742
	Infotech Software Solutions Canada Inc.	105,800,203	26,492,991
	Infotech Geospatial (India) Private Limited	9,774,773	24,094,258
	Infotech Enterprises Japan KK	14,854,282	3,286,859
	Infotech Enterprises Information Technology Services Private Limited	16,206,809	2,169,415
Reimbursement of Expenses	Infotech Enterprises America Inc.	16,267,945	94,385,567
	Infotech Enterprises Europe Limited	9,401,761	16,237,724
	Infotech Enterprises GmbH	16,647,832	7,622,077
	Infotech Software Solutions Canada Inc.	-	491,122
	Infotech Geospatial (India) Private Limited	-	1,091,655
	Infotech Enterprises Japan KK	-	657,837
Corporate guarantee given to subsidiary's bankers	Infotech Enterprises Europe Limited	180,229,250	-
	Infotech Enterprises GmbH	363,352,000	-
Advance given / (recovered)	Infotech Geospatial (India) Private Limited	699,598	6,952,609
	Infotech Enterprises Japan KK	4,121,675	26,409,752
	Infotech Enterprises Information Technology Services Private Limited	(53,961,414)	40,695,284
	Infotech HAL Limited	240,471	-
Loans given	Infotech HAL Limited	3,750,000	-
Loans recovered	Infotech HAL Limited	937,500	-
Other Income (net)	Infotech Enterprises GmbH	-	(13,836,733)
	Infotech HAL Limited	678,039	661,500
Remuneration to Key Managerial Personnel #	Chairman & Managing Director	53,748,110	43,326,995
	Whole Time Director	2,345,995	2,371,467
	President & Chief Operating Officer (Refer Note below)	9,264,128	16,806,047
	Chief Financial Officer	11,476,213	8,990,160
Interest recovered from loan to KMP	B. Ashok Reddy	39,264	39,264
	Ajay Aggarwal	-	60,000
Repayment of loan by KMP	B. Ashok Reddy	93,960	93,960
	Ajay Aggarwal	466,159	305,052

Nature of the transaction	Party name	For the year ended March 31, 2014	For the year ended March 31, 2013
Remuneration to relative of Chairman & Managing Director and Whole Time Director	B. Ashok Reddy	8,790,598	7,104,322
Dividend	Dividend to KMPs	103,363,722	74,607,585
Dividend from Subsidaries	Infotech Enterprises America Inc.	233,584,601	-
	Infotech Enterprises GmbH	166,866,665	-

Does not include provision for compensated absences.

(b) Balances at the year-end: **(Amount in ₹)**

Nature of the balance	Party name	As at March 31, 2014	As at March 31, 2013
Receivables	Infotech Enterprises America Inc.	489,540,960	179,066,710
	Infotech Enterprises Europe Limited	93,567,688	27,482,601
	Infotech Enterprises GmbH	295,479,438	184,058,853
	Infotech Software Solutions Canada Inc.	51,569,881	4,020,621
	Infotech Geospatial (India) Private Limited	3,033,637	293,702
	Infotech Enterprises Japan KK	88,489,856	24,142,383
	Infotech HAL Ltd	9,801,055	3,726,964
Unbilled Revenue	Infotech Enterprises America Inc.	154,557,006	79,997,837
	Infotech Enterprises Europe Limited	20,297,467	21,136,296
	Infotech Enterprises GmbH	213,897,350	133,537,430
	Infotech Software Solutions Canada Inc.	-	63,658
	Infotech Enterprises Japan KK	-	136,905
Trade payables	Infotech Enterprises America Inc.	43,341,544	25,270,557
	Infotech Enterprises Europe Limited	4,933,547	426,494
	Infotech Enterprises GmbH	12,776,736	3,672,740
	Infotech Software Solutions Canada Inc.	-	1,748,559
	Infotech Enterprises Japan KK	14,628,338	3,277,514
	Infotech Enterprises Information Technology Services Private Limited	4,455,766	2,193,797
Reimbursement of Expenses payable / (receivable)	Infotech Enterprises America Inc.	54,944,672	32,786,804
	Infotech Enterprises Europe Limited	625,310	892,749
	Infotech Enterprises GmbH	(8,138,508)	(7,592,950)
	Infotech Software Solutions Canada Inc.	-	31,448
	Infotech Enterprises Japan KK	-	656,015

Nature of the balance	Party name	As at March 31, 2014	As at March 31, 2013
Corporate guarantee given to subsidiary's bankers	Infotech Enterprises America Inc.	300,500,000	271,950,000
	Infotech Enterprises Europe Limited	339,989,250	131,712,000
	Infotech Enterprises GmbH	363,352,000	-
	Infotech Geospatial (India) Private Limited	40,000,000	40,000,000
Advance to subsidiaries	Infotech Enterprises Japan KK	103,204,337	99,082,663
	Infotech Geospatial (India) Private Limited	31,575,351	30,875,753
	Infotech Enterprises Information Technology Services Private Limited	14,487,618	68,449,032
	Infotech HAL Limited	1,509,008	1,245,099
Outstanding loans	Infotech HAL Limited	2,812,500	-
Outstanding Balance payable to KMP	Chairman & Managing Director	49,858,261	35,594,886
	President & Chief Operating Officer (Refer Note below)	-	7,440,000
Loan recoverable from KMPs	B. Ashok Reddy	547,869	641,829
	Ajay Aggarwal	-	466,159

Note:

The Board of Directors on December 07, 2012 approved the increase in remuneration payable to the Chief Operating Officer effective April 01, 2012 to not exceed ₹12,000,000 per annum for the first year and the remuneration may progressively go up with a contingent 25% hike thereon each year for the next five years, as per industry trends and practices and an additional variable salary of 30% to 50% of his cost to Company based on his key performance indicators agreed at the beginning of the financial year. The members of the Company approved the increase by passing a special resolution on January 14, 2013. Pending Central Government approval, no payment was made for the increase in remuneration. The remuneration paid during the year is based on the existing approval from the Central Government vide its approval dated October 27, 2010.

As at March 31, 2014, the Company did not receive the said approval from the Central Government. Consequently, the provision made earlier for the increased remuneration of ₹ 7,440,000 has been reversed in the financial statements as at March 31, 2014.

31. Lease payments made under operating leases aggregating ₹ 138,582,350 (2012-13 - ₹ 65,916,299) 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, 2014	March 31, 2013
Not later than one year	163,256,786	82,967,203
Later than one year but not later than five years	342,530,584	215,274,768
Later than five years	-	1,471,704
Total	**505,787,370**	**299,713,675**

32. Earnings per share (EPS)

(Amount in ₹)

Particulars	March 31, 2014	March 31, 2013
Profit after tax (₹)	2,549,148,200	1,843,446,856
Basic:		
Number of shares outstanding at the year end	111,964,613	111,602,967
Weighted average number of equity shares	111,743,379	111,498,793
Earnings per share (₹)	22.81	16.53
Diluted:		
Effect of potential equity shares on employee stock options outstanding	483,953	251,998
Weighted average number of equity shares outstanding (including dilution)	112,227,332	111,750,791
Earnings per share (₹)	22.71	16.50

33. Provision for taxation:

33.1 Current tax

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

33.2 Deferred taxes

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
(A) Deferred tax (liability)		
(i) Depreciation & Amortisation	(167,250,379)	(145,743,368)
Sub-Total (A)	**(167,250,379)**	**(145,743,368)**
(B)Deferred tax asset		
(i) Employee benefits	143,096,388	134,365,747
(ii) Others	36,316,846	26,310,893
Sub-Total (B)	**179,413,234**	**160,676,640**
Net Deferred tax assets / (liability) [(B) – (A)]	**12,162,855**	**14,933,272**

33.3 Tax pertaining to earlier years

Tax pertaining to earlier years relates to adjustment made to tax provision for earlier year arising from the Income tax assessments ₹ Nil (2012 – 13 ₹ 1,002,705).

33.4 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, 1961, 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.

33.5 Minimum Alternate Tax (MAT) credit entitlement

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Opening MAT credit entitlement	-	-
Add: made during the year	-	62,179,626
Less: utilised during the year	-	62,179,626
Closing MAT credit entitlement	-	-

34. Research and development expenses

Revenue expenditure pertaining to research and development charged to the Statement of Profit and Loss amounts to ₹ 13,212,331 (2012-13 – ₹ 13,520,592).

35. 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, 2013	Additions	Utilisation	Reversal (withdrawn as no longer required)	As at March 31, 2014
Provision for warranty	2,383,485	6,815,099	-	5,100,595	4,097,989
	(2,325,197)	(2,383,485)	-	(2,325,197)	(2,383,485)

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

Of the above the following are expected to be incurred within a year

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Provision for warranty	4,097,989	2,383,485

36. Associate Stock Option Plans

Infotech Employee Stock Offer Scheme 1999 (ESOP Plan)

In 1998-99, the Company set up the 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 at March 31, 2014 & March 31, 2013, 80,900 equity shares of ₹10 each have been allotted to the Infotech ESOP trust.

Bonus Issue

The members of the Company during the previous 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 – 2001 (ASOP 2001)

The Company instituted ASOP 2001 in April 2001 and earmarked 225,000 equity shares of ₹ 10 each for issue to the employees under ASOP. The Company modified ASOP 2001 and adjusted the number of options and exercise price on account of stock split cum bonus issue during 2006-07. Under ASOP 2001, 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 at March 31, 2014, 1,650,630 (March 31, 2013 – 1,650,630) equity shares of ₹ 5 each has been allotted to the associates under ASOP 2001 plan. Accordingly, options (net of cancellations) for a total number of Nil (March 31, 2013 – Nil) equity shares of ₹ 5 each were outstanding as at March 31, 2014.

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:

Particulars	**March 31, 2014**	**March 31, 2013**
Options outstanding at the beginning of the year	158,220	170,840
Granted	-	-
Forfeited	(158,220)	(12,620)
Exercised	-	-
Options outstanding at the end of year	-	158,220

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

As at March 31, 2014, 2,123,507 (March 31, 2013 – 2,123,507) equity shares of ₹ 5 each has been allotted to the associates under ASOP 2002 plan. Accordingly, options (net of cancellations) for a total number of Nil (March 31, 2013 – 158,220) equity shares of ₹ 5 each were outstanding as at March 31, 2014.

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:

Particulars	March 31, 2014	March 31, 2013
Options outstanding at the beginning of the year	217,276	1,618,618
Granted	-	-
Forfeited	(105,624)	(1,252,450)
Exercised	(111,652)	(148,892)
Options outstanding at the end of year	-	217,276

Out of the total outstanding options, Nil (March 31, 2013 – 6,079) options pertain to options granted to the associates of subsidiary companies. There are no Grants during the year.

As at March 31, 2014, 3,296,545 (March 31, 2013 – 3,184,893) equity shares of ₹ 5 each has been allotted to the associates under ASOP 2004 plan. Accordingly, options (net of cancellations) for a total number of Nil (March 31, 2013 – 217,276) equity shares of ₹ 5 each were outstanding as at March 31, 2014.

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:

Particulars	March 31, 2014	March 31, 2013
Options outstanding at the beginning of the year	1,098,963	1,208,835
Granted	160,000	-
Forfeited	(52,825)	(71,059)
Exercised	(249,994)	(38,813)
Options outstanding at the end of year	956,144	1,098,963

Out of the total outstanding options, 90,000 (March 31, 2013 – 35,000) options pertain to options granted to the associates of subsidiary companies. During the year company has granted 160,000 options to the associates.

As at March 31, 2014, 288,807 (March 31, 2013 – 38,813) equity shares of ₹ 5 each has been allotted to the associates under ASOP 2008 plan. Accordingly, options (net of cancellations) for a total number of 956,144 (March 31, 2013 – 1,098,963) equity shares of ₹ 5 each were outstanding as at March 31, 2014.

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 pro forma amounts of the Company's net profit and earnings per share would have been as follows:

(Amount in ₹)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
A. Profit after tax		
1. As reported (₹)	2,549,148,200	1,843,446,856
2. Proforma (₹)	2,539,432,457	1,840,634,419
B. Earnings Per Share		
Basic		
3. Weighted average number of shares	111,743,379	111,498,793
4. EPS as reported (₹)	22.81	16.53
5. Proforma EPS (₹)	22.73	16.51
Diluted		
6. Weighted average number of shares	112,227,332	111,750,791
7. EPS as reported (₹)	22.71	16.50
8. Proforma EPS (₹)	22.63	16.47

The following assumptions were used for calculation of fair value of grants:

Particulars	**March 31, 2014**	**March 31, 2013**
	Black-Scholes Model	**Black-Scholes Model**
Exercise price (₹) (ASOP 2004), (ASOP 2002)	184	125 - 188
Grant date share price (₹) (ASOP 2008)	184	NA
Dividend yield (%)	2.44	1.93
Expected volatility (%)	52	46.50 - 51.30
Risk-free interest (%)	8.50 - 9.00	7.80 - 8.00
Expected term (in years)	1 – 3	0.2 – 2.2

During the year company has granted 160,000 options to the associates in respect of ASOP 2008.

As no grants were made during the year ended March 31, 2014 and March 31, 2013 in respect of ASOP 2002 and ASOP 2004, the assumptions have not been changed.

37. Intangible Assets:

Intangible assets under development include amounts incurred by the Company to acquire right to use / right to exclusive supply arrangements. Subsequent to the completion of the projects the amounts would be capitalised as Intangible assets.

(a) On January 01, 2013, the Company capitalised as an Intangible asset an amount of ₹ 75,249,018 in relation to the agreement with Government of Karnataka for the Urban Property Ownership Records Project.

(b) The amount capitalised as Intangible assets under development as at March 31, 2014 ₹ 8,999,949 (March 31, 2013 ₹ 8,999,949) pertains to amounts incurred by the Company pursuant to an agreement with a customer to re-engineer and design certain equipment for which the Company would acquire a right to exclusive manufacture and supply such equipment to the customer over the contracted period.

38. Exceptional items:

Exceptional items pertains to interest provided on certain disputed service taxes aggregating ₹ Nil (2012-13 – ₹ 18,117,242).

39. The Board of Directors has recommended the change of name of the Company from Infotech Enterprises Limited to Cyient Limited, which is subject to shareholder approval and other regulatory clearances.

40. Regrouping/Reclassification

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosures.

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
Dated: April 24, 2014