

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

## Disclaimer

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

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

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

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

## **Infotech Enterprises.**

THIS IS THE RESULT:

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

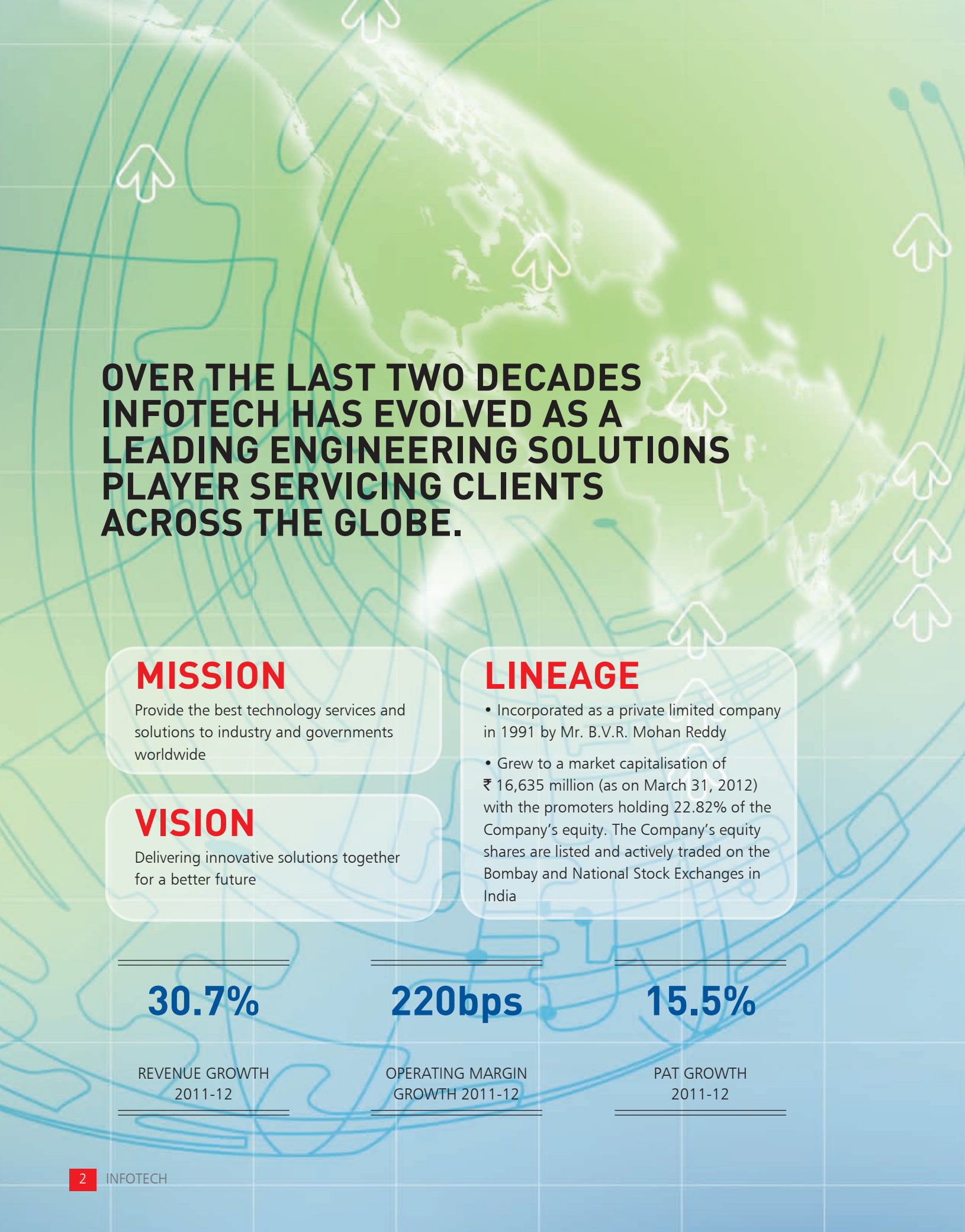
Widened its presence across 16 countries.

Serviced the demanding needs of 20+ Fortune 500 companies.

Employed more than 9,300 associates.

For good reason.





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

## MISSION

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

## VISION

Delivering innovative solutions together for a better future

## LINEAGE

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

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**30.7%**

REVENUE GROWTH  
2011-12

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**220bps**

OPERATING MARGIN  
GROWTH 2011-12

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**15.5%**

PAT GROWTH  
2011-12

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## PRESENCE

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

## SERVICES

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

## CLIENTELE

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

## ACCOLADES

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

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623

NET ASSOCIATE ADDITION  
2011-12

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45

NEW CUSTOMERS  
2011-12

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₹ 16,635

MARKET CAPITALISATION\*  
(IN MILLION)

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\*As on 31 March 2012

## BOARD OF DIRECTORS

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

## KEY EXECUTIVES

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



# CORPORATE INFORMATION

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## Auditors

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

## Internal Auditors

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

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

## Tax Advisors

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

## Bankers

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

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

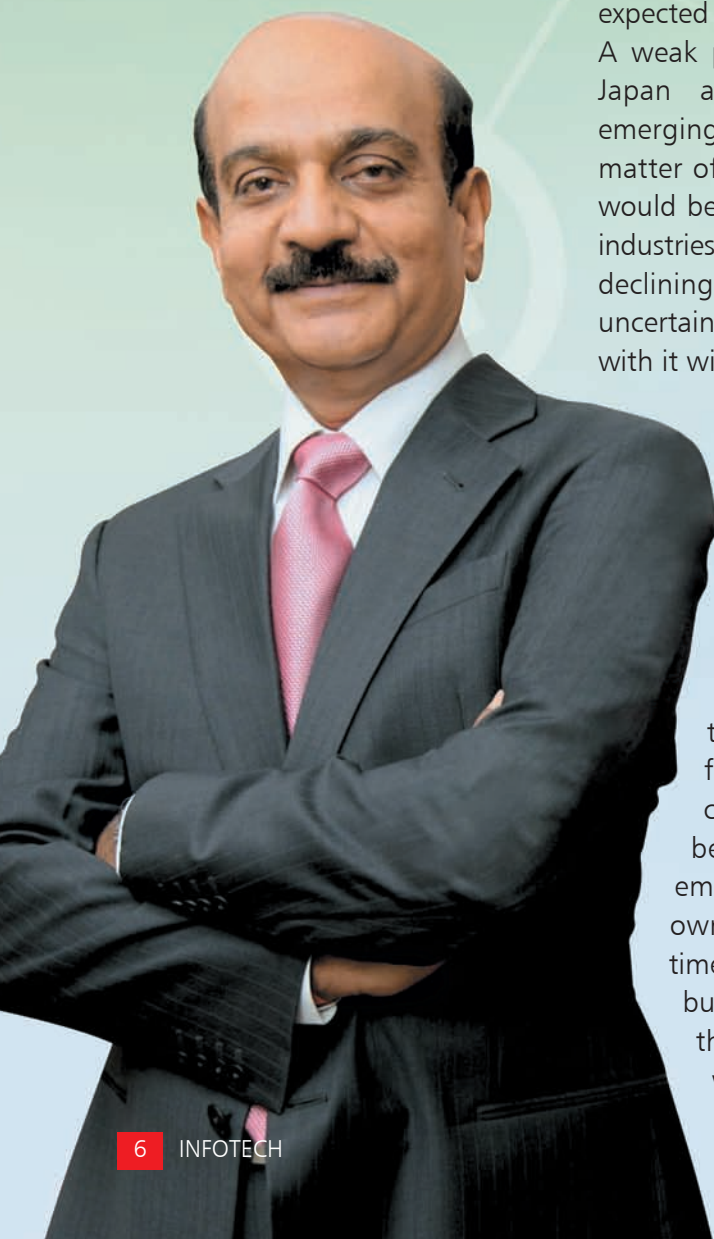
## Registrar & Share Transfer Agents

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

## Company Secretary & Compliance Officer

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

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



## Dear Shareholders,

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

### Macroeconomic Environment and Industry Overview

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

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

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

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

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

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



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

## **Your Company**

### **Financial Performance**

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

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

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

### **People**

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

## **Building Robust Scalable Systems**

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

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

## **Future Directions**

### **Organization Restructuring and Leadership Development**

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

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

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

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

### Quality and Innovation

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

### Strategy

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

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

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

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

### Business Risks

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



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

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

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

*Warm regards,*

**B.V.R. Mohan Reddy**

Chairman & Managing Director

## Values FIRST

### FAIRNESS

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

### INTEGRITY

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

### RESPECT

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

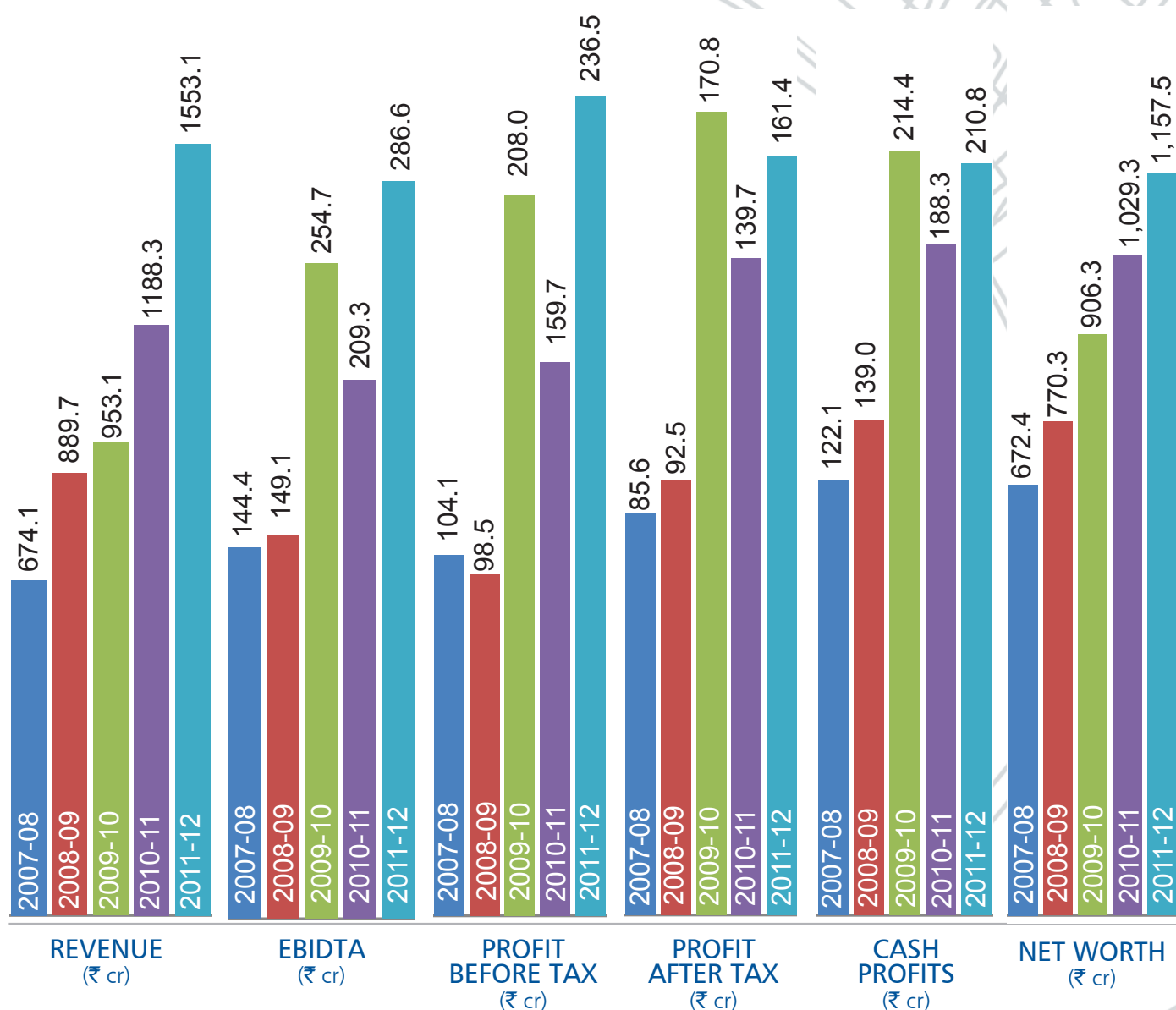
### SINCERITY

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

### TRANSPARENCY

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

# INSPIRED BY THE RICH ACHIEVEMENTS OF THE PAST.





## MOTIVATED BY THE PERFORMANCE OF THE PRESENT.

PERCENTAGE OF REVENUE FROM EXPORTS (%)

**81.5%**

2011-12

TOTAL CUSTOMER BASE

**215**

2011-12

NUMBER OF NEW CUSTOMERS ADDED

**45**

2011-12

REPEAT BUSINESS AS A PERCENTAGE OF TOTAL REVENUE

**98.9%**

2011-12

TURNOVER FROM THE TOP 5 CUSTOMERS (%)

**37.1%**

2011-12



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

## VALUES-DRIVEN

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

## BRAND

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

## PRESENCE

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

## ENDURING RELATIONSHIPS

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

## INFRASTRUCTURE

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

## INTELLECTUAL CAPITAL

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

## ABILITY

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

## BUSINESS MODEL

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

## HIGH UTILISATION

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

## AVERAGE AGE

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

## ENGINEERING SKILLS

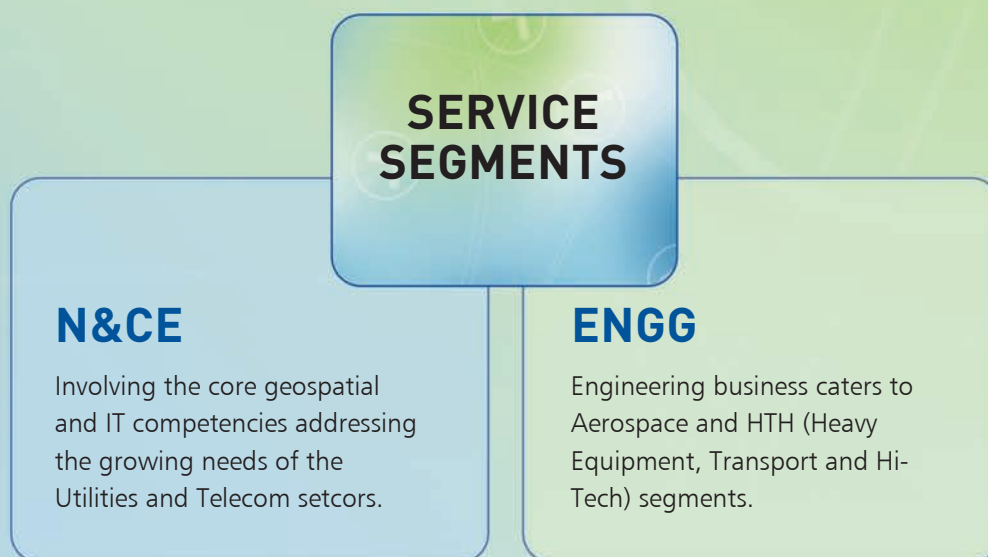
Over 60% of the Company's resources are engineers who possess domain and business specialisation.

## FINANCE

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



# BUSINESS SEGMENTS



## NETWORK AND CONTENT ENGINEERING (N&CE) SEGMENT

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

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

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

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

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

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

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

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

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

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

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

## Segmental overview

### North America

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

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

### Asia Pacific

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

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

### Highlights 2011-12

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



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

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

#### Europe, Middle East and Africa (EMEA)

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

#### Middle East and Europe

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

#### Partnership with Software Engineering Institute (SEI)

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

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

#### Outlook

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

## ENGINEERING (ENGG) SEGMENT

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

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

There is a need to offer advice or

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

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

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

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

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

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

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

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

## Segment review

### North America

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

### Europe, Middle East and Africa (EMEA)

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

### Awards and recognition

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

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

### Highlights 2011-12

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



*The Aerospace knowledge centre facilitates the training of fresh engineers*



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



# INDUSTRY OVERVIEW

## Global economy

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

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

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

## Indian economy

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

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

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

## Industry segments

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

## GDP growth %

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

(Source: IMF)

## Economic snapshot

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

\*AE – advanced estimates

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# HUMAN RESOURCE OVERVIEW

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

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

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

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

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

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

## Associate engagement

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

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

## Internal communication and branding

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

### INFOTOUCH – An innovative award winning framework

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

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

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

## New adventures

- Several outbound activities were conducted to enhance bonding

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

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

## Fun with work

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

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

- A programme called *Spoorti* helped empower women associates

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



## Outperform

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

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

## Talent development

- A structured succession plan helped reinforce the leadership pipeline

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

## Opportunity

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

## The intangibles

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

### Growth

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

### Efficiency

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

### Stability

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

## NET RESOURCE ADDITION

<b>1,074</b>	<b>623</b>
2010-11	2011-12

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

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

### Unique work place practice

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

### Connect

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

### Health and well-being

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

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

### Results Speak

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

### Leadership development

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

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

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

## ATTRITION RATE (%)

<b>16.6</b>	<b>17.5</b>
2010-11	2011-12

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

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

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

### Awards and accolades

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

# ANALYSIS OF FINANCIAL STATEMENTS

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

## Financial snapshot

(₹ million)

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

## Revenue analysis

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

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

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

## Expenditure analysis

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

## Margins analysis

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

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

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

## Capital employed

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

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

### Fixed assets

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

### Investments

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

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

### Working capital

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

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

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

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

### Taxation

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

### Forex management

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



# CORPORATE SOCIAL RESPONSIBILITY

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

## VISION

To improve quality of education imparted to underprivileged children

## MISSION

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

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

### Highlights , 2011-12

#### Improving quality of education

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

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

#### Improving health and safety

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

#### Contribution by others

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

#### Other activities

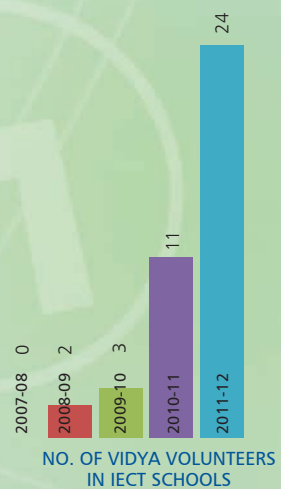
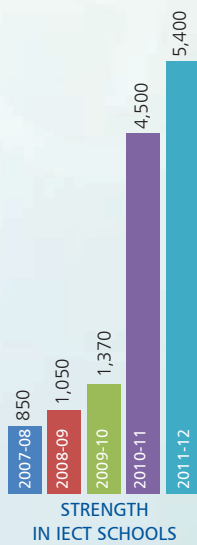
- Added 529 associates to CSR volunteers from within the organisation
- Conducted meetings with parents of school children
- Distributed school bags and uniforms to all school children
- Encouraged employees to volunteer in CSR activities

#### Local community and government involvement in IECT CSR activities

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

These initiatives were recognized with Global CSR Awards by Star News

## IENT CSR progress report



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

## DE-RISKING THE BUSINESS

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

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

### **Risk mitigation**

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

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

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

### **Risk mitigation**

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

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

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

### **Risk mitigation**

- The Company is present across 35 locations in 16 countries

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

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

**Risk mitigation**

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

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

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

**Attrition in this knowledge-driven business could affect competitiveness**

**Risk mitigation**

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

issues; a culture of reward and recognition enhances motivation

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



## Notice of Annual General Meeting

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

### Ordinary Business:

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

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

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

### Special Business:

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

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

By Order of the Board

Place : Hyderabad  
Date : April 18, 2012

**Sudheendhra Putty**  
Company Secretary

### Notes

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



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

By Order of the Board

Place : Hyderabad  
Date : April 18, 2012

**Sudheendhra Putty**  
Company Secretary

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

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

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

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

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

Your Directors recommend the resolution for your approval.

By Order of the Board

Place : Hyderabad  
Date : April 18, 2012

**Sudheendhra Putty**  
Company Secretary

## Annexure to the Notice to the Shareholders

### BRIEF PROFILE OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

Mr. Sehgal is currently based in London.

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



## Directors' Report

Dear Members,

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

### FINANCIAL HIGHLIGHTS ON STANDALONE BASIS

(Amount in ₹ Million)

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

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

### BUSINESS PERFORMANCE

#### Revenues

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

#### Profits

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

### APPROPRIATIONS

#### Dividend

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

#### Transfer to Reserves

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

### SHARE CAPITAL

#### Allotment of Shares

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

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

### VERTICAL WISE PERFORMANCE

#### Network & Content Engineering

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

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



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

### ***Engineering***

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

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

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

## **INFRASTRUCTURE**

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

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

## **SUBSIDIARIES**

### ***Infotech Enterprises Europe Limited (IEEL)***

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

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

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

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

### ***Infotech Enterprises America, Inc. (IEAI)***

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

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


### ***Infotech Enterprises GmbH (IEG)***

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

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

### ***Infotech Enterprises Japan KK (IEJ)***

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



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

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

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

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

#### ***Infotech Geospatial (India) Limited (IGIL)***

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

#### ***Infotech Enterprises Information Technology Services Private Limited (IEITSPL)***

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

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

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

## **JOINT VENTURES**

### ***Infotech Aerospace Services Inc (IASI)***

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

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

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

### ***Infotech HAL Limited (IHL)***

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

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

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

## **PARTICULARS PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956**

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



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

## **LIQUIDITY**

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

## **FIXED DEPOSITS**

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

## **DIRECTORS**

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

### ***Appointments***

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

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

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

### ***Cessations***

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

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

## **AUDITORS**

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

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

## **SECRETARIAL AUDIT**

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

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

## **EMPLOYEE STOCK OPTION PLANS**

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

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

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

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



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

### **PARTICULARS OF EMPLOYEES**

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

### **MANAGEMENT DISCUSSION & ANALYSIS**

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

### **DIRECTORS RESPONSIBILITY STATEMENT**

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

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

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

### **CORPORATE GOVERNANCE**

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

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

### **CEO's DECLARATION**

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

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

### **ACKNOWLEDGMENTS**

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

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

For and on behalf of the Board

Place : Hyderabad  
Date : April 18, 2012

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

## Secretarial Auditors' Report

## Annexure-A

The Board of Directors  
Infotech Enterprises Limited  
Hyderabad - 500 081

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

The Companies Act, 1956;

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

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

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

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

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

I report the following

### 1. The Company :

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

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

### 2. I further report that:

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



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

**4. I further report that:**

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

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

Place: Hyderabad  
Date : April 13, 2012

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



## Details of Stock Options pursuant to SEBI guidelines

### Annexure-B

#### Infotech Associate Stock Option Plans (Infotech ASOPs)

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



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

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

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

On behalf of the Board of Directors

Place : Hyderabad  
Date : April 18, 2012

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

## Annexure to the Directors' Report

## Annexure-C

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

#### 1. Conservation of Energy

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

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

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

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

We believe that energy saved is energy produced.

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

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

#### 2. Research & Development and Benefits thereon

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

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

##### *Action Manager*

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

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

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

##### *Solution Lab:*

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

#### *Mobile Application for Field Survey:*

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

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

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

### **3. Technology Absorption, Adaptation and Innovation**

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

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

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

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

### **4. Foreign Exchange Earnings and Outgo**

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

Details of Foreign Exchange Earnings and Outgo are as follows:

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

On behalf of the Board of Directors

Place : Hyderabad  
Date : April 18, 2012

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

# Management Discussion & Analysis Report

## Annexure-D

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

#### SYNOPSIS

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

#### INDUSTRY STRUCTURE AND DEVELOPMENTS

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

#### Product Engineering

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

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

#### Process Engineering

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

#### Network Engineering

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

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

#### Content Engineering

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

The industries catered to include:

#### Aerospace

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

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

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

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

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

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

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





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

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

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

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

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

## **Utilities & Telecom**

### **Smart Solutions for Converging Information and Grid Infrastructure**

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

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

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

### **Speed to Market and Operational Efficiency for Telecom Service Providers Worldwide**

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

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

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

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

## **OPPORTUNITIES AND THREATS**

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

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



## Opportunities

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

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

## Threats

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

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

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

## FORECAST

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

## FINANCIAL OVERVIEW

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

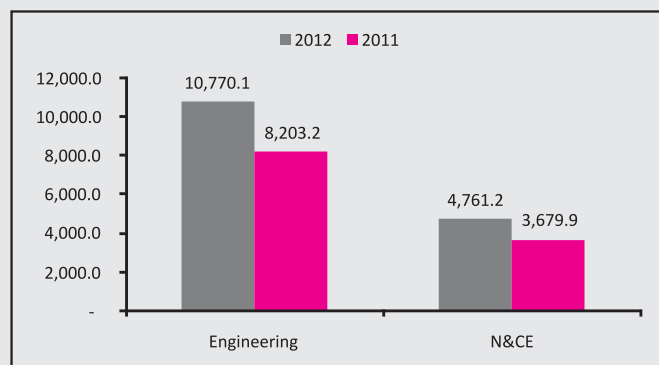
## RESULTS OF OPERATIONS

### Total Income

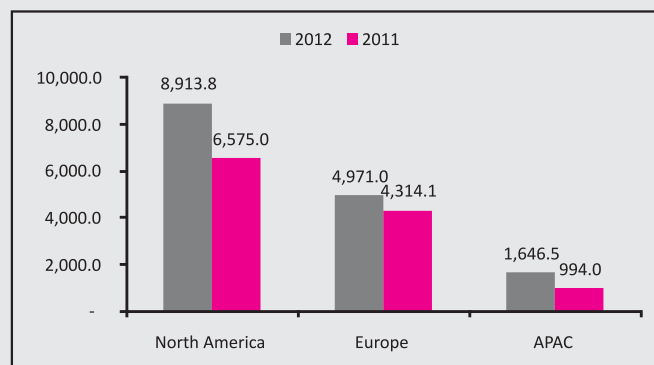
Particulars	Year ended March 31			(In ₹ million)	
	2012		2011	Growth	
		%		%	%
Income from Export sales	15,471.3	98.5%	11,810.5	97.2%	31.0%
Income from Domestic sales	60.0	0.4%	72.6	0.6%	-17.4%
Other Income	175.3	1.1%	271.7	2.2%	-35.5%
<b>Total Income</b>	<b>15,706.6</b>	<b>100.0%</b>	12,154.8	100.0%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

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

### Segment wise Performance



### Geographical Mix



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

### Customer Concentration

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

The support from top 10 customers has been extremely encouraging.

### Offshore/Onsite Revenue Mix

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

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

### Expenditure

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




**Profitability**

(In ₹ million)

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

\* Including share of profit from associate and minority interest

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

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

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

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

- **Financial Expenses**

Financial Expenses decreased by 24%

- **Depreciation**

Depreciation increased by 1.7%

- **Provision for Taxation**

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

**Liquidity**


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

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

**Internal Control**

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





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

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

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

### **MATERIAL DEVELOPMENTS IN HUMAN RESOURCES (HR)**

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

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

### **CAUTIONARY STATEMENT**

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

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

## Annexure-E

### Auditors' Certificate regarding compliance of conditions of Corporate Governance

To  
The Members of  
**Infotech Enterprises Limited**  
Hyderabad

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

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

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

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

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

**Ganesh Balakrishnan**  
Partner  
(Membership No. : 201193)

Place : Secunderabad  
Date : April 18, 2012

## Annexure-F

### CEO's Declaration

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

Place : Hyderabad  
Date : April 12, 2012

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

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

The Board of Directors  
Infotech Enterprises Limited  
Hyderabad.

April 18, 2012

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

This is to certify that

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

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

**(Ajay Aggarwal)**  
Chief Financial Officer

# Report on Corporate Governance

## 1. Company's Philosophy on Corporate Governance:

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

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

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

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

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

### Best corporate governance practices

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

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

## 2. Board of Directors:

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



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

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

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

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

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

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

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

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



c) Meetings held during the year 2011-12:

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

### 3. Board Effectiveness:

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

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

### 4. Board meetings, processes and procedures:

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

#### *Annual Calendar*

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

#### *Meeting location*


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

#### *Frequency of meetings*

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

#### *Board agenda*

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



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

### ***Briefing papers***

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

### ***Decision making process***

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

### ***Directors' participation***

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

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

### **Availability of information to the Directors**

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

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

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

### **Action Taken Report**

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

### **Secretarial Standards**

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

## **5. Board Committees:**

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

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

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

Presently, the company has the following committees:

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



## 6. Audit Committee:

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

a) Brief description of terms of reference

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

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

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

The company secretary acts as secretary of the committee.

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

## 7. Remuneration Committee:

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

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

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

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

b) Remuneration Policy:

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

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

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



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

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

c) Details of remuneration to the Directors:

(Amount in ₹)

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

\*not claimed the sitting fee

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

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

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

## 8. Shareholders/Investors Grievance Committee:

a) Terms of reference:

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

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

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

- c) Name and Designation of Compliance Officer:

Mr. Sudheendhra Putty - Company Secretary

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

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

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

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

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

- f) No. of pending share transfers:

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

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

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

## 9. Shareholder Satisfaction Survey:

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



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

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

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

#### 10. Data Privacy Policy:

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

#### 11. General Body Meetings:

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

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

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

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

#### 12. Disclosures:

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

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

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

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

### **13. Means of Communication:**

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

### **14. Management Discussion and Analysis Report:**

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

### **15. Compliance of Insider Trading Norms:**

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





## 16. General Shareholder Information:

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

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

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

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

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

i) Share Transfer System

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

j) Distribution of Shareholding

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

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

Shareholding pattern

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

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



Shareholders holding more than 1% of shares:

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

### Reconciliation of Share Capital

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

#### k) Dematerialization of shares and liquidity

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

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

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

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

- m) Development Facilities

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

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

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

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

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

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

**Karvy Computershare Private Limited**

Unit: Infotech Enterprises Limited

Plot No. 17 to 24, Vithalrao Nagar,

Madhapur, Hyderabad-500081

Contact Person: Mr. M.S.Madhusudhan

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

Email: [mailmanager@karvy.com](mailto:mailmanager@karvy.com)/[mohsin@karvy.com](mailto:mohsin@karvy.com), Web: [www.karvy.com](http://www.karvy.com)

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

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

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

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

**a. Whistle Blower Policy**

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

**b. Secretarial Audit**

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



## Report on Risk Management

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

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

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

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

The company has classified its business into 2 major verticals:

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

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

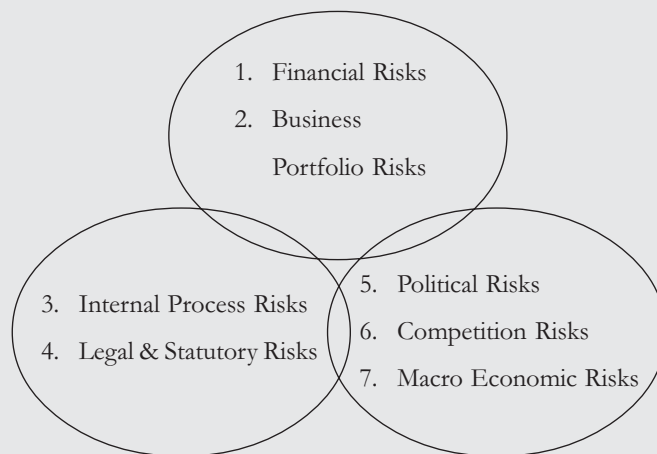
The company operates in a rapidly changing environment that involves a number of risks, some of which are beyond its control. This discussion highlights some of the risks which may affect future operating results. Our operating results and financial conditions have varied in the past and may vary significantly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

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

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

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

### RISK FRAME WORK OF THE COMPANY



#### 1. Financial Risks

- Foreign currency rate fluctuations
- Liquidity

##### 1.1 Foreign currency rate fluctuations

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

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



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

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

## 1.2 Liquidity

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

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

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

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

## 2. Business Portfolio Risks

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

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

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

A number of factors affect our utilization rate, including:

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

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

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

## 2.1 Vertical domain concentration

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

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

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

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

## 2.2 Service concentration

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

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

## 2.3 Client concentration

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

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

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

## 2.4 Geographical concentration

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

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

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

## 3. Internal Process Risks

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

### 3.1 Internal control systems

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



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

### 3.2 Project execution

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

### 3.3 Human Resource Management

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

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

### 3.4 Technological obsolescence

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

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

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

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

### 3.5 Disaster prevention and recovery

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

### 3.6 Growth through Acquisitions

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

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

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

#### **4. Legal and Statutory Risks**

- Contractual Liabilities
- Statutory Compliance

##### **4.1 Contractual liabilities**

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

##### **4.2 Statutory compliance**

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

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

#### **5. Competition Risks**

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

#### **6. Political Risks**

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

#### **7. Macro Economic Risks**

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





## **AUDITORS' REPORT ON ABRIDGED FINANCIAL STATEMENTS**

### **TO THE MEMBERS OF INFOTECH ENTERPRISES LIMITED**

- (i) We have examined the abridged Balance Sheet of **INFOTECH ENTERPRISES LIMITED** ("the Company") as at March 31, 2012, the abridged Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, together with the notes thereon. These financial statements are the responsibility of the Company's Management.
- (ii) These abridged financial statements have been prepared by the Company pursuant to Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 and are based on the audited financial statements of the Company for the year ended March 31, 2012 prepared in

accordance with the provisions of sub-section 3(C) of Section 212 of the Companies Act, 1956 and covered by our report dated April 18, 2012 to the members of the Company, which report is attached hereto.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Registration No. 008072S)

**GANESH BALAKRISHNAN**

Partner

Secunderabad, April 18, 2012

(Membership No. 201193)

# AUDITORS' REPORT

## TO THE MEMBERS OF INFOTECH ENTERPRISES LIMITED

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

For **DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Registration No. 008072S)

**GANESH BALAKRISHNAN**

Partner

Secunderabad, April 18, 2012

(Membership No. 201193)



## Annexure to the Auditors' Report

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

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

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

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

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

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

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

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

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Registration No. 008072S)

**GANESH BALAKRISHNAN**  
Partner  
(Membership No. 201193)

Secunderabad, April 18, 2012



Statement containing salient features of Balance Sheet as per section 219(1)(b)(iv) of the Companies Act, 1956

## Abridged Balance Sheet as at March 31, 2012

(Amount in ₹)

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

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Ganesh Balakrishnan**  
Partner

Place : Secunderabad  
Date : April 18, 2012

For and on behalf of the Board of Directors

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

**Ajay Aggarwal**  
Chief Financial Officer

Place : Hyderabad  
Date : April 18, 2012

**B. Sucharitha**  
Whole-time Director

**Sudheendhra Putty**  
Company Secretary



Statement containing salient features of Statement of Profit and Loss as per section 219(1)(b)(iv) of the Companies Act, 1956

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

(Amount in ₹)

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

In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**  
Chartered Accountants

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

**B. Sucharitha**  
Whole-time Director

**Ganesh Balakrishnan**  
Partner

**Ajay Aggarwal**  
Chief Financial Officer

**Sudheendhra Putty**  
Company Secretary

Place : Secunderabad  
Date : April 18, 2012

Place : Hyderabad  
Date : April 18, 2012



## Cash Flow Statement for the year ended March 31, 2012

(Amount in ₹)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	2,228,395,983	1,314,342,989
<i>Adjustments for:</i>		
Depreciation and amortisation expense	411,592,046	375,480,215
Loss/ (profit) on sale of fixed assets sold / written-off (net)	(5,024,405)	52,884
Finance costs	5,648,805	802,623
Interest income	(258,114,406)	(134,253,136)
Dividend income	(429,565,621)	(42,213,064)
Gain on sale of current investments	(113,924)	(480,754)
Loss on sale of non current investments	9,182,829	—
Rental income from operating leases	(1,646,250)	(2,866,875)
Liabilities / provisions no longer required written back	(1,043,558)	(4,815,581)
Bad debts / advances written off	984,307	—
Provision for doubtful trade receivables	9,028,864	7,431,968
Other miscellaneous income	(14,616,270)	(7,864,791)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(138,905,511)	(48,325,756)
<b>Operating profit before working capital changes</b>	<b>1,815,802,889</b>	<b>1,457,290,722</b>
<i>Changes in working capital:</i>		
Adjustments for (increase) / decrease in operating assets:		
Trade receivables	(398,469,997)	(611,296,720)
Short-term loans and advances	78,497,925	(31,590,407)
Long-term loans and advances	(261,916,211)	(13,731,074)
Other current assets	(119,502,828)	1,636,952
Other non-current assets	6,947,572	(6,947,572)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	178,153,087	(62,432,524)
Other current liabilities	45,696,755	96,023,300
Long-term liabilities	(4,241,680)	4,241,680
Short-term provisions	187,176,382	(59,405,191)
Long-term provisions	63,055,374	82,473,107
<b>Cash generated from operations</b>	<b>1,591,199,268</b>	<b>856,262,273</b>
Net income tax paid	(475,661,385)	(288,720,708)
<b>Net cash flow from operating activities (A)</b>	<b>1,115,537,883</b>	<b>567,541,565</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on fixed assets, including capital advances (Refer Note (iii) below)	(721,710,463)	(539,942,124)
Proceeds from sale of fixed assets	5,024,405	573,001
Current investments		
- Purchased	(777,531,901)	(1,868,762,651)
- Proceeds from sale	889,269,600	3,038,253,512
Purchase of long-term investments		
- Subsidiary	(14,000,000)	(198,815,000)
Proceeds from sale of long-term investments		
- Others	16,882,171	—
Interest received	193,405,462	84,072,048
Dividend income received		
- Associate	408,711,450	11,034,800
- Others - dividend from mutual funds	20,854,171	31,178,264
Rental income from operating leases	1,646,250	2,866,875
Other non-operating income	14,616,270	7,864,791
Bank balances not considered as cash and cash equivalents	(16,598,900)	(13,480,421)
TIIT amalgamation adjustment (Refer Note 8)	(9,633,033)	—
<b>Net cash flow from investing activities (B)</b>	<b>10,935,482</b>	<b>554,843,095</b>

## Cash Flow Statement for the year ended March 31, 2012 (Contd.)

(Amount in ₹)

	For the year ended March 31, 2012	For the year ended March 31, 2011
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity shares	17,039,004	24,118,086
Proceeds from short-term borrowings from banks	500,325,000	—
Repayment of short term borrowings	(500,325,000)	—
Finance costs	(5,648,805)	(802,623)
Dividend paid out	(278,792,037)	(111,787,856)
Tax on dividend paid out	(45,336,782)	(17,752,133)
<b>Net cash flow used in financing activities (C)</b>	<b>(312,738,620)</b>	<b>(106,224,526)</b>
<b>Net increase in cash and cash equivalents (A + B + C)</b>	<b>813,734,745</b>	<b>1,016,160,134</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>2,923,389,070</b>	<b>1,858,903,180</b>
Effect of exchange differences on translation of foreign currency Cash and cash equivalents	138,905,511	48,325,756
<b>Cash and cash equivalents at the end of the year (Refer Note (i) below)</b>	<b>3,876,029,326</b>	<b>2,923,389,070</b>
<b>Notes:</b>		
<b>(i) Reconciliation of Cash and cash equivalents with the Balance sheet</b>		
Cash and cash equivalents as per Balance Sheet (Refer Note 9)	3,908,312,643	2,938,627,127
Less: In earmarked accounts (refer note (ii) below)		
- Unpaid dividend accounts	2,203,994	1,757,634
- Balances held as margin money/security for bank guarantees	30,079,323	13,480,423
<b>Cash and cash equivalents at the end of the year*</b>	<b>3,876,029,326</b>	<b>2,923,389,070</b>
* Comprises:		
(a) Cash on hand	295,856	595,908
(b) Balances with banks		
(i) In current accounts	169,524,670	288,880,465
(ii) In EEFC accounts	140,921,587	441,910,200
(iii) In deposit accounts	3,480,011,126	2,192,002,497
(c) Remittances in transit	85,276,087	—
	<b>3,876,029,326</b>	<b>2,923,389,070</b>

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

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

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Ganesh Balakrishnan**  
Partner

Place : Secunderabad  
Date : April 18, 2012

For and on behalf of the Board of Directors

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

**Ajay Aggarwal**  
Chief Financial Officer

Place : Hyderabad  
Date : April 18, 2012

**B. Sucharitha**  
Whole-time Director

**Sudheendhra Putty**  
Company Secretary



# Notes to the abridged financial statements for the year ended March 31, 2012

## 1. Corporate Information

(Refer to Note No. 1 of the annual standalone financial statements)

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

## 2. Related Party Transactions

(Refer to Note No. 33 of the annual standalone financial statements)

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

### a) Subsidiaries

#### Name of the Subsidiary Companies

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

#### Notes:

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

### b) Associate

#### Name of the Associate Company

Infotech Aerospace Services Inc., Puerto Rico, USA

### c) Joint Venture

#### Name of the Joint Venture Company

Infotech HAL Limited, India

## Notes to the abridged financial statements

### d) Key Management Personnel

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

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

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

The transactions with the related parties are summarised below:

(Amount in ₹)

Nature of Transactions	Transactions for the year ended		Closing Balance as on	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
<b>Transactions with Subsidiary Companies:</b>				
<b>Revenue/Receivables</b>				
Infotech Enterprises Europe Limited, UK	349,238,588	375,931,459	68,993,577	29,958,751
Infotech Enterprises America Inc., USA	1,209,350,384	915,621,150	273,089,329	250,364,913
Infotech Enterprises GmbH, Germany	1,712,089,171	1,243,418,490	190,635,238	150,606,412
Infotech Software Solutions Canada Inc, Canada	9,962,144	21,011,588	877,976	7,460,272
Infotech Geospatial (India) Limited, India	26,224,514	29,807,400	5,132,185	8,569,017
Infotech Enterprises Japan KK, Japan	17,760,362	7,706,247	3,413,775	3,493,954
Infotech Enterprises Electronic Design Services Inc, USA	271,537,832	199,912,994	49,421,942	86,958,170
Infotech Enterprises Information Technology Services Private Limited, India	—	10,673,610	—	—
<b>Consultancy Charges/Payable</b>				
Infotech Enterprises America Inc., USA	327,184,248	205,088,996	29,648,193	20,997,800
Infotech Enterprises GmbH, Germany	24,545,367	45,196,125	2,620,068	3,887,498
Infotech Enterprises Europe Limited, UK	6,324,105	6,569,058	2,533,848	—
Infotech Geospatial (India) Limited, India	17,529,738	18,583,942	512,834	3,230,480
Infotech Enterprises Japan KK, Japan	—	2,256,908	—	—
Infotech Software Services Canada Inc., Canada	28,064,748	14,755,825	1,515,219	4,743,119





## Notes to the abridged financial statements

The transactions with the related parties are summarised (Contd.)

(Amount in ₹)

Nature of Transactions	Transactions for the year ended		Closing Balance as on	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
<b>Reimbursement of Expenses (net)/payable (receivable)</b>				
Infotech Enterprises America Inc., USA	36,337,710	39,660,649	(10,500,886)	8,537,793
Infotech Enterprises GmbH, Germany	29,795,339	25,577,379	2,429,850	2,318,770
Infotech Enterprises Europe Limited, UK	14,504,129	10,069,817	(168,288)	1,743,831
Infotech Geospatial (India) Limited, India	1,385,562	1,039,270	253,089	12,679
<b>Fixed Assets / payable</b>				
Infotech Enterprises America Inc., USA	67,220	—	66,856	—
Infotech Enterprises Europe Limited, UK	87,442	—	—	—
<b>Investments</b>				
Infotech Enterprises Europe Limited, UK	—	—	303,747,950	303,747,950
Infotech Enterprises America Inc., USA	—	198,815,000	992,873,272	992,873,272
Infotech Enterprises GmbH, Germany	—	—	70,762,244	70,762,244
Infotech Geospatial (India) Limited, India	14,000,000	—	43,600,000	29,600,000
Infotech Enterprises Japan KK, Japan	—	—	4,787,622	4,787,622
Infotech Enterprises Information Technology Services Private Limited, India	—	—	99,900	99,900
<b>Corporate Guarantee given to subsidiary's bankers (Overseas)</b>				
Infotech Enterprises America Inc	255,800,000	—	255,800,000	—
Infotech Enterprises Europe Limited, UK	—	—	130,880,000	101,184,000
<b>Corporate Guarantee given/(released) to subsidiary's bankers (Domestic)</b>				
Infotech Geospatial (India) Limited, India	—	—	40,000,000	40,000,000
<b>Advance/(recovered) given to subsidiary</b>				
Infotech Geospatial (India) Limited, India				
Maximum outstanding ₹ 23,923,144 (March 31, 2011: ₹ 24,505,789)	9,591,668	(10,174,314)	23,923,144	14,331,476
Infotech Enterprises Japan KK, Japan				
Maximum outstanding ₹ 72,672,911 (March 31, 2011: ₹ 50,809,784)	21,863,127	19,225,270	72,672,911	50,809,784
Infotech Enterprises Information Technology Services Private Limited				
Maximum outstanding ₹ 27,753,748 (March 31, 2011: ₹ 25,451,553)	2,302,194	25,451,553	27,753,748	25,451,553
<b>Transactions with Associate Company:</b>				
Investments	—	—	11,172,000	11,172,000
Dividend from associate/Receivable	408,711,450	11,034,800	—	—
<b>Transactions with Joint Venture:</b>				
Investments	—	—	20,000,000	20,000,000
Rent Received/Receivable	1,370,250	2,590,875	2,188,440	49,604

## Notes to the abridged financial statements

The transactions with the related parties are summarised (Contd.)

(Amount in ₹)

Nature of Transactions	Transactions for the year ended		Closing Balance as on	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
<b>Transactions with key managerial personnel:</b>				
Remuneration to Managing director/payable #	37,460,999	23,361,674	33,595,147	19,551,674
Remuneration to Whole time director/payable #	2,371,467	2,286,000	—	—
Remuneration to other KMP's	18,147,165	21,593,530	—	—
Rent paid/payable to Whole time director	—	42,518	—	—
Rent deposit given(recovered) to/from Whole time director	—	(2,476,800)	—	—
Loan given to KMP	1,000,000	—	—	—
Interest received from loan to KMP	84,264	—	—	—
Loan recovered/recoverable from KMP	322,749	107,564	1,507,000	829,749
<b>Transaction with Relative of Chairman &amp; Managing director and Whole time director:</b>				
Remuneration to B. Ashok Reddy	6,216,266	4,720,161	—	—
Remuneration to Krishna Bodanapu	7,121,746	5,110,571	—	—

# Does not include provision for compensated absences.

### 3. Earnings Per Share (EPS)

(Refer to Note No. 35 of the annual standalone financial statements)

(Amount in ₹)

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

### 4. Quantitative details

(Refer to Note No. 42 of the annual standalone financial statements)

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.

### 5. Segmental Information

(Refer to Note No. 32 of the annual standalone financial statements)

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.

### 6. Stock Option Plans

(Refer to Note No. 39 of the annual standalone financial statements)

#### Infotech Employee Stock Offer Scheme 1999 (ESOP Plan)

In 1998-99, the Company set up ESOP plan and allotted 80,900 equity shares of ₹ 10 each at a premium of ₹ 100 per share to the Infotech ESOP trust. The trust on recommendation of management and upon receipt of full consideration transfers the



## Notes to the abridged financial statements

equity shares in the name of the 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 and 2006-07 respectively.

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

### Associate Stock Option Plans (ASOP Plan)

The company currently has three ASOP plans - ASOP 2002, ASOP 2004 and ASOP 2008. Under each of these schemes, options will be issued to employees at an exercise price which shall not be less than the market price on the date of the 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 the 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 the third year.

### Options Outstanding:

Plan	As at March 31, 2012	As at March 31, 2011
ASOP 2002	170,840	197,915
ASOP 2004	1,618,618	1,867,611
ASOP 2008	1,208,835	1,336,685

## 7. Contingent Liabilities and Commitments

(Refer to Note No. 24 of the annual standalone financial statements)

### 7.1 Contingent liabilities

(Amount in ₹)

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

- (i) a. The Company has disputed various demands raised by Income Tax authorities for the assessment years 1997-98 to 2008-09. The orders are pending at various stages of appeals. The aggregate amount of disputed tax not provided for is ₹ 409,671,422 (March 31, 2011 - ₹ 178,022,384). The Company is confident that these appeals will be decided in its favour, based on professional advice.

- b. The Company has disputed various demands raised by the Sales Tax authorities for the financial years 2004-05 to 2009-10. The Company has filed appeals, which are pending with the appropriate authorities. The aggregate amount of disputed tax not provided for is ₹ 20,096,061 (March 31, 2011 - ₹ 20,221,861). The Company is confident that these appeals will be decided in its favour, based on professional advice.

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

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

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

- (ii) Corporate guarantee given to subsidiary's bankers to obtain line of credit ₹ 426,680,000 (March 31, 2011 - ₹ 141,184,000)

- (iii) a. The Company has offered a Fixed Deposit of ₹ 14,081,214 with Oriental Bank of Commerce as lien for the overdraft facility of ₹ 10,000,000 (March 31, 2011 - ₹ 10,000,000) availed by its wholly owned subsidiary, Infotech Geospatial (India) Limited.

- b. The Company has offered a Fixed Deposit of ₹ 15,648,109 with Corporation Bank as lien for the Cash Credit Facility of ₹ 10,000,000 (March 31, 2011 - ₹ Nil) availed by its wholly owned subsidiary, Infotech Geospatial (India) Limited.

## Notes to the abridged financial statements

### 7.2 Commitments

(Amount in ₹)

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

### 8. Amalgamation:

(Refer to Note No. 30 of the annual standalone financial statements)

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

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

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

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

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

### 9. Cash & Cash Equivalents:

(Refer to Note No. 17 of the annual standalone financial statements)

The details of cash and cash equivalents as the year end are as follows:

(Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Cash on hand	295,856	595,908
Balances with banks		
In current accounts	169,524,670	288,880,465
In EEFC Accounts	140,921,587	441,910,200
In deposit accounts (Refer Note i below)	3,480,011,126	2,192,002,497
In deposits held as margin money/security for bank guarantees	30,079,323	13,480,423
In earmarked accounts		
Unpaid dividend account	2,203,994	1,757,634
Remittance in transit	85,276,087	-
<b>TOTAL</b>	<b>3,908,312,643</b>	<b>2,938,627,127</b>



## Notes to the abridged financial statements

### Note:

- (i) Balances with banks include deposits amounting to ₹ 88,417,869 (March 31, 2011 - ₹ 200,469,258) and margin monies amounting to ₹ 379,000 (March 31, 2011 - ₹ 379,000) which have an original maturity of more than 12 months.

Balances with banks include deposits amounting to ₹ Nil (March 31, 2011- ₹ 3,095,569) and margin monies amounting to ₹ 379,000 (March 31, 2011- ₹ 379,000) which have a maturity of more than 12 months from the Balance Sheet Date

### 10. Book value and Market Value of Quoted Investments:

(Refer to Note No. 15 of the annual standalone financial statements)

(Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Aggregate cost of quoted investments	222,493,714	334,117,469
Aggregate market value of quoted investments	223,111,317	334,135,697

### 11. Regrouping/Reclassification

The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. The abridged financial statements are prepared based on the financial statements prepared as per the revised schedule VI. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

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

**B. Sucharitha**  
Whole-time Director

**Ajay Aggarwal**  
Chief Financial Officer

**Sudheendhra Putty**  
Company Secretary

Place : Hyderabad  
Date : April 18, 2012



# AUDITORS' REPORT

## TO THE BOARD OF DIRECTORS OF INFOTECH ENTERPRISES LIMITED

1. We have audited the attached Consolidated Balance Sheet of **INFOTECH ENTERPRISES LIMITED** ("the Company"), its subsidiaries, associate and jointly controlled entity (the Company, its subsidiaries, associate and jointly controlled entity constitute "the Group") as at March 31, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) and the jointly controlled entities accounted in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006. These Consolidated Financial Statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of ₹ 1,752,386,756 as at March 31, 2012, total revenues of ₹ 4,278,750,025 and net cash outflows aggregating ₹ 56,982,559 for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of the other auditors.
4. The financial statements of the jointly controlled entity, whose financial statements reflect total assets of ₹ 8,026,197 as at March 31, 2012, total revenues of ₹ 11,120,096 and net cash inflows of ₹ 430,617 for the year ended on that date have not been audited. The financial statements of an associate which reflect the group's share of net profit of ₹ 100,092,712 for the year ended March 31, 2012 have not been audited.
5. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006.
6. Based on our audit and on consideration of the separate audit reports on the individual financial statements of the Company, and the aforesaid subsidiaries, joint venture and associate, and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012;
  - (ii) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date and
  - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Registration No. 008072S)

**GANESH BALAKRISHNAN**  
Partner  
Secunderabad, April 18, 2012 (Membership No. 201193)



## Consolidated Balance Sheet as at March 31, 2012

(Amount in ₹)

	Note	As at March 31, 2012		As at March 31, 2011	
<b>EQUITY &amp; LIABILITIES</b>					
<b>Shareholders' funds</b>					
Share capital	3	557,076,310		556,381,345	
Reserves and surplus	4	11,017,736,835	11,574,813,145	9,736,737,859	10,293,119,204
<b>Non-current liabilities</b>					
Long-term liabilities	5		—		19,869,180
Long-term provisions	6		493,139,627		420,015,884
Deferred tax liability (net)	37.2		33,062,747		10,658,923
<b>Current liabilities</b>					
Short-term borrowings	7	34,298,431		13,375,153	
Trade payables	8	847,110,032		459,143,128	
Other current liabilities	9	364,893,468		363,783,584	
Short-term provisions	10	689,136,324	1,935,438,255	273,076,455	1,109,378,320
<b>TOTAL</b>			14,036,453,774		11,853,041,511
<b>ASSETS</b>					
<b>Non-current assets</b>					
Fixed Assets					
Tangible assets	11A	2,795,670,169		2,636,523,869	
Intangible assets	11B	262,892,487		211,957,878	
Intangible assets under development	42	89,508,676		61,033,277	
Capital work in progress	11C	108,376,061	3,256,447,393	12,885,820	2,922,400,844
Goodwill (on consolidation)			209,025,451		471,056,708
Non-current investments	12		243,938,614		578,622,352
Deferred tax assets (net)	37.2		63,220,322		25,305,762
Long term loans and advances	13		734,704,383		634,977,729
Other non-current assets	14		—		24,977,824
<b>Current assets</b>					
Current investments	15	222,493,714		334,117,469	
Trade receivables	16	3,674,965,623		2,567,028,404	
Cash and cash equivalents	17	4,559,850,365		3,507,487,544	
Short-term loans and advances	18	352,570,916		372,761,739	
Other current assets	19	719,236,993	9,529,117,611	414,305,136	7,195,700,292
<b>TOTAL</b>			14,036,453,774		11,853,041,511
Group information and Significant accounting policies	1 and 2				
See accompanying notes forming part of the Consolidated financial statements					

In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**  
Chartered Accountants

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

**B. Sucharitha**  
Whole-time Director

**Ganesh Balakrishnan**  
Partner

**Ajay Aggarwal**  
Chief Financial Officer

**Sudheendhra Putty**  
Company Secretary

Place : Secunderabad  
Date : April 18, 2012

Place : Hyderabad  
Date : April 18, 2012

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

(Amount in ₹)

	Note	For the year ended March 31, 2012	For the year ended March 31, 2011
<b>INCOME</b>			
Revenue from operation			
Sale of services		15,501,651,688	11,761,478,661
Product sales		28,097,702	118,662,913
Other operating revenue		1,584,006	2,974,816
Other income (net)	20	175,300,794	271,701,473
<b>TOTAL REVENUE</b>		<b>15,706,634,190</b>	<b>12,154,817,863</b>
<b>EXPENSES</b>			
Employee benefits expenses	21	9,525,695,292	7,413,105,012
Operating, administration and other expenses	22	3,314,564,416	2,671,453,280
Finance costs	23	7,340,837	9,570,832
Depreciation and amortisation expense	11D	494,134,632	485,911,577
<b>TOTAL EXPENSES</b>		<b>13,341,735,177</b>	<b>10,580,040,701</b>
<b>Profit before exceptional items and tax</b>		<b>2,364,899,013</b>	<b>1,574,777,162</b>
<b>Exceptional items (net)</b>		<b>15,916,183</b>	<b>(22,893,768)</b>
<b>Profit after exceptional items, tax, share of profit in associate company &amp; minority interest</b>		<b>2,348,982,830</b>	<b>1,597,670,930</b>
<b>Tax expense:</b>			
(a) Current tax	37.1	628,703,563	387,917,193
(b) Earlier years tax		2,625,209	336,600
(c) MAT credit	37.4	234,666,597	(124,764,138)
(d) Deferred tax	37.2	(30,674,528)	6,313,670
<b>Profit after tax, before share of profit in associate company and minority interest</b>		<b>1,513,661,989</b>	<b>1,327,867,605</b>
Share of profit in associate company		100,092,712	70,048,973
Share of minority interest		-	(1,026,156)
<b>Profit for the period</b>		<b>1,613,754,701</b>	<b>1,396,890,422</b>
<b>Earnings per share</b>	36		
(Equity shares, par value of ₹ 5 each)			
- Basic		14.49	12.56
- Diluted		14.49	12.54
<b>Weighted average number of shares</b>			
- Basic		111,382,222	111,178,498
- Diluted		111,406,165	111,380,808
<b>Group information and Significant accounting policies</b>	1 and 2		
<b>See accompanying notes forming part of the Consolidated financial statements</b>			

In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**  
Chartered Accountants

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

**B. Sucharitha**  
Whole-time Director

**Ganesh Balakrishnan**  
Partner

**Ajay Aggarwal**  
Chief Financial Officer

**Sudheendhra Putty**  
Company Secretary

Place : Secunderabad  
Date : April 18, 2012

Place : Hyderabad  
Date : April 18, 2012



## Consolidated Cash Flow Statement for the year ended March 31, 2012

(Amount in ₹)

	For the year ended March 31, 2012	For the year ended March 31, 2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	2,348,982,830	1,597,670,930
<i>Adjustments for:</i>		
Depreciation and amortisation expense	494,134,632	485,911,577
Loss/ (profit) on sale of fixed assets sold/ written-off (net)	(5,024,405)	56,828
Finance costs	7,340,837	9,570,832
Interest income	(266,386,978)	(135,476,312)
Dividend income from current investments	(20,854,171)	(31,178,264)
Gain on sale of current investments	(113,924)	(480,754)
Loss on sale of non current investments	9,182,829	-
Rental income from operating leases	(2,287,683)	(2,867,554)
Liabilities / provisions no longer required written back	(1,043,559)	(4,815,581)
Bad debts / advances written off	26,061,020	18,076,499
Unrealised gain on translation differences	228,766,684	239,635,141
Other miscellaneous income	(19,314,989)	(7,632,200)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(138,905,511)	(48,325,756)
<b>Operating profit before working capital changes</b>	<b>2,660,537,612</b>	<b>2,120,145,386</b>
<i>Changes in working capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Trade receivables	(1,137,473,383)	(477,550,213)
Short-term loans and advances	20,190,824	55,321,855
Long-term loans and advances	(260,291,216)	(76,180,888)
Other current assets	(240,288,729)	(97,894,098)
Other non-current assets	24,977,824	(24,977,824)
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	389,010,462	(332,720,862)
Other current liabilities	1,109,884	64,536,380
Long-term liabilities	(19,869,180)	19,869,180
Short-term provisions	416,395,198	(81,367,722)
Long-term provisions	73,123,743	262,203,325
<b>Cash generated from operations</b>	<b>1,927,423,039</b>	<b>1,431,384,519</b>
Net income tax paid	(688,519,687)	(413,484,747)
<b>Net cash flow from operating activities (A)</b>	<b>1,238,903,352</b>	<b>1,017,899,772</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on fixed assets, including capital advances (Refer Note (iii) below)	(804,079,022)	(647,868,352)
Proceeds from sale of fixed assets	13,795,014	1,241,717
Current investments		
- Purchased	(777,531,901)	(1,868,762,651)
- Proceeds from sale	889,269,600	3,038,253,512
Purchase of long-term investments		
- Subsidiary	(14,000,000)	(416,301,765)
Proceeds from sale of long-term investments		
- Others	16,882,171	-
Interest received	201,743,850	85,315,997
Dividend income received		
- Associate	408,711,450	11,034,800
- Others - dividend from mutual funds	20,854,171	31,178,264
Rental income from operating leases	2,287,683	2,867,554
Other non operating income	19,314,989	7,632,200
Bank balances not considered as cash and cash equivalents	(16,598,900)	(13,480,423)
TIIT Amalgamation adjustment (Refer Note 29.1)	(9,633,033)	-
<b>Net cash flow (used in) / from investing activities (B)</b>	<b>(48,983,928)</b>	<b>231,110,853</b>

## Consolidated Cash Flow (Contd.)

(Amount in ₹)

	For the year ended March 31, 2012	For the year ended March 31, 2011
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity shares	17,039,004	24,118,086
Proceeds from short-term borrowings from banks	500,325,000	-
Outflow on settlement of short-term borrowings	(500,325,000)	-
Finance costs	(7,340,837)	(9,570,832)
Movement in short-term borrowings (net)	20,923,278	(30,618,100)
Dividend paid out	(278,792,037)	(111,787,856)
Tax on dividend paid out	(45,336,782)	(17,752,133)
<b>Net cash flow used in financing activities (C)</b>	<b>(293,507,374)</b>	<b>(145,610,835)</b>
<b>Net increase in cash and cash equivalents (A + B + C)</b>	<b>896,412,050</b>	<b>1,103,399,790</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>3,492,249,487</b>	<b>2,335,575,637</b>
Effect of exchange differences on translation of foreign currency cash and cash equivalents	138,905,511	48,325,756
Cash acquired on acquisition of Wellsco	-	4,948,304
<b>Cash and cash equivalents at the end of the year (Refer Note (i) below)</b>	<b>4,527,567,048</b>	<b>3,492,249,487</b>
<b>Notes:</b>		
<b>(i) Reconciliation of Cash and cash equivalents with the Balance sheet</b>		
Cash and cash equivalents as per Balance Sheet (Refer Note 17)	4,559,850,365	3,507,487,544
Less: In earmarked accounts (Refer Note (ii) below)		
- Unpaid dividend accounts	2,203,994	1,757,634
- Balances held as margin money/security for bank guarantees	30,079,323	13,480,423
<b>Cash and cash equivalents at the end of the year*</b>	<b>4,527,567,048</b>	<b>3,492,249,487</b>
* Comprises:		
(a) Cash on hand	398,150	679,620
(b) Balances with banks		
(i) In current accounts	815,962,071	853,861,594
(ii) In EEFC accounts	140,921,587	441,910,200
(iii) In deposit accounts	3,485,009,153	2,195,798,073
(c) Remittances in transit	85,276,087	-
	<b>4,527,567,048</b>	<b>3,492,249,487</b>

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

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

See accompanying notes forming part of the Consolidated financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Ganesh Balakrishnan**  
Partner

Place : Secunderabad  
Date : April 18, 2012

For and on behalf of the Board of Directors

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

**Ajay Aggarwal**  
Chief Financial Officer

Place : Hyderabad  
Date : April 18, 2012

**B. Sucharitha**  
Whole-time Director

**Sudheendhra Putty**  
Company Secretary





# Notes forming part of the Consolidated financial statements

## 1. Group Information

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

### 1.2 Basis of preparation of financial statements

The Consolidated Financial Statements include the accounts of Infotech Enterprises Limited ('Infotech') and its subsidiary companies, associate company and joint venture ('the Group'). Subsidiary companies are those in which Infotech, directly or indirectly, have an interest of more than one half of the voting power or otherwise have power to exercise control over the operations. Subsidiaries are consolidated from the date on which effective control is transferred to Infotech and are no longer consolidated from the date of disposal. Investment in associate company is accounted for using the equity method. Investment in joint venture is accounted for as per proportionate consolidation method.

These consolidated financial statements of Infotech Group are prepared under historical cost convention in accordance with generally accepted accounting principles ("GAAP") applicable in India and the Accounting Standard 21 on Consolidated Financial Statements, Accounting Standard 23 on Accounting for Associates and Accounting Standard 27 on Financial Reporting of Investment in Joint Ventures, notified under Section 211(3C) and other relevant

provisions of the Companies Act, 1956 to the extent possible in the same format as that adopted by Infotech for its separate financial statements.

All Inter Company transactions, balances and unrealised surpluses and deficits on transactions within Infotech Group are eliminated. Consistency in adoption of accounting policies among all group companies is ensured to the extent practicable.

Minority interest in Subsidiary represents the Minority Share Holder's proportionate share of net assets and the net income of Infotech's minority owned subsidiaries.

## 2. Significant accounting policies

### 2.1 Use of estimates

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

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

### 2.2 Revenue recognition

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

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

The Group also performs work under "Time bound fixed-price" arrangements, under which customers are billed, based on completion of specified milestones

## Notes forming part of the Consolidated financial statements

and/or on the basis of man-days/man hours spent as per terms of the contracts. Revenue from such arrangements is recognised over the life of the contract using the percentage of completion method. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the year in which the change becomes known. Provision for estimated losses on such engagements is made in the year in which such loss becomes probable and can be reasonably estimated.

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

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

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

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

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

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

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

### 2.3 Fixed assets, intangible assets and capital work-in-progress

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

The cost and the accumulated depreciation for fixed assets sold, retired or otherwise disposed off are removed

from the stated values and the resulting gains and losses are included in the Statement of profit and loss.

Capital work-in-progress comprises outstanding advances paid to acquire fixed assets, and the cost of fixed assets that are not yet ready for their intended use at the reporting date.

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

### 2.4 Depreciation and amortisation

Depreciation on fixed assets is provided on the straight-line method over their estimated useful lives on the following basis:

The estimated useful lives are as follows:

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

Intangible assets are amortised over their useful life as follows:

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

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

### 2.5 Goodwill and other intangible assets

Goodwill represents excess cost paid for investment in subsidiary over the parent's portion of equity in that subsidiary at the date on which investment in such subsidiary is made. Goodwill is amortised on a straight-



## Notes forming part of the Consolidated financial statements

line basis principally over a period of 5-10 years. The goodwill is reviewed for impairment whenever events or changes in business circumstances indicate the carrying amount of assets may not be fully recoverable. If impairment is indicated, the asset is written down to its fair value.

### 2.6 Investments

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

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

### 2.7 Research and development

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

### 2.8 Foreign currency transactions

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

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

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

In case of forward exchange contract or any other financial instruments that is in substance a forward exchange contract to hedge the foreign currency risk, the premium or discount arising at the inception of the contract is amortised as expense or income over the life of the contract. Exchange differences on such forward exchange contract are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change.

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

All other derivative exchange contracts are valued on a mark to market basis and any loss on mark to market changes as at the end of the reporting period is recognized in the Statement of Profit and Loss.

For translating financial statement of subsidiaries, they are classified as non-integral foreign operations. In respect of non-integral operations, assets and liabilities are translated at the exchange rate prevailing at the date of the balance sheet. The items in the Statement of Profit and Loss are translated at the average exchange rate during the period. The differences arising out of the translation are carried in the Currency Translation Reserve Account.

### 2.9 Employee benefits

#### Provident fund

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

The subsidiaries of Infotech operate through defined contribution pension scheme. The assets of the scheme are held separately from those of the subsidiaries in an independent administered fund. The subsidiaries have no further obligations under the scheme beyond its monthly contributions.

#### Superannuation

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

## Notes forming part of the Consolidated financial statements

### Compensated absences

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

### Gratuity

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

### Other short term employee benefits

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

### 401(K) plan

Infotech Enterprises America Inc (IEAI) provides a defined contribution plan benefit through the Infotech Enterprises America, Inc. 401(K) Retirement Plan to all of its eligible employees. The plan is administered by IEAI while the trustee for the plan is an external agency. The contribution from the Company is at the discretion of the Board of Directors of IEAI.

## 2.10 Income taxes

Income taxes are accrued in the same period that the related revenue and expense arise. Infotech operates as Export Oriented Unit ("EOU") and out of "Special Economic Zones". It enjoys certain tax exemptions in accordance with the Income Tax Act, 1961. For subsidiaries the current charge for income tax is calculated in accordance with the relevant tax regulations. A provision is made for income tax annually, based on tax liability computed, after considering tax allowances and exemptions. Tax

expense for a year comprises of current tax and deferred tax.

Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961. Tax expense relating to foreign operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.

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

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

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

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset, in accordance with the provisions contained in the Guidance Note on Accounting for Credit Available under Minimum Alternate Tax, issued by the ICAI, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement'. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

## 2.11 Operating Lease

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.



## Notes forming part of the Consolidated financial statements

### 2.12 Warranty cost

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

### 2.13 Earnings per share (EPS)

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

### 2.14 Employee Stock Options

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

The exercise price is the market price as defined in the SEBI Guidelines from time to time. i.e. market price equals the latest available closing price, prior to the date of the meeting of the Board of Directors in which options are granted/ shares are issued, on the stock exchange on which the shares of the Company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

This method results in following of Intrinsic Value

method under which no deferred employee compensation is charged to the Statement of Profit and Loss.

### 2.15 Impairment of assets

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

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

### 2.16 Provisions and contingencies

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

### 2.17 Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from the date of purchase, to be cash equivalents.

### 2.18 Service tax input credit

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



## Notes forming part of the Consolidated financial statements

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

### Notes:

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

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

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

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

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

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

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

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

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

#### d. Details of shares allotted under Associate Stock Option Plans

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


**Notes forming part of the Consolidated financial statements**
**(Amount in ₹)**

Note	As at March 31, 2012	As at March 31, 2011
<b>4. Reserves and Surplus</b>		
<b>a) Securities premium account</b>		
Balance at the beginning of the year	3,650,963,799	3,627,967,698
Add: Premium on shares issued during the year	16,344,039	22,996,101
Balance at end of the year	3,667,307,838	3,650,963,799
<b>b) General reserve</b>		
Balance at the beginning of the year	4,165,983,530	3,689,630,749
Add/(Less): Adjustment of minority interest	445,468	(76,553,219)
Less: TIIT India (P) Ltd amalgamation adjustment (Refer note 29.1)	9,733,033	-
Less: Utilised for bonus shares	-	(277,761,740)
Add: Transferred from surplus	158,596,100	830,667,740
Balance at end of the year	4,315,292,065	4,165,983,530
<b>c) Contingency reserve (Refer Note (i) below)</b>		
Balance at the beginning of the year	161,000,000	161,000,000
Additions/(Deletions) during the year	-	-
Balance at end of the year	161,000,000	161,000,000
<b>d) Surplus in the statement of Profit and Loss</b>		
Balance at the beginning of the year	1,783,627,042	1,379,172,959
Add: TIIT India (P) Ltd amalgamation adjustment (Refer Note 29.1)	9,665,397	-
Add: Acquisition of interest in Infotech Geospatial (India) Limited	17,494,554	-
Less: Amalgamation of Daxcon Engineering Services Inc (Refer Note 29.2)	195,154,184	-
Add: Deferred tax credit on amalgamation	77,372,083	-
Add: Profit for the current period	1,613,754,701	1,396,890,422
	3,306,759,593	2,776,063,381
Less: IHAL Profit adjustment	3,100,522	-
Less: Interim dividend to be distributed to equity shareholders	139,250,341	-
Less: Tax on interim dividend	22,591,163	-
Less: Proposed dividend to be distributed to equity shareholders	139,269,078	139,095,336
Less: Tax on dividend	22,592,926	23,101,997
Less: Residual dividend and dividend tax paid	(356,378)	(428,734)
Less: Transfer to general reserve	158,596,100	830,667,740
Balance at end of the year	2,821,715,841	1,783,627,042
<b>e) Currency translation reserve</b>		
Balance at the beginning of the year	(27,450,779)	(74,432,373)
Additions / (deletions) during the year	77,257,603	46,981,594
Balance at end of the year	49,806,824	(27,450,779)
<b>f) Capital reserve</b>		
Balance at the beginning of the year	2,614,267	2,614,267
Additions/(deletions) during the year	-	-
Balance at end of the year	2,614,267	2,614,267
<b>TOTAL</b>	<b>11,017,736,835</b>	<b>9,736,737,859</b>

**Note:**

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

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

## Notes forming part of the Consolidated financial statements

		(Amount in ₹)	
Note	As at March 31, 2012	As at March 31, 2011	
<b>5. Long-term liabilities</b>			
Others			
Advance from Customers	-		4,241,680
Other Long-term liabilities	-		15,627,500
<b>TOTAL</b>	-		19,869,180
<b>6. Long-term Provisions</b>			
Provision for employee benefits			
Provision for gratuity (net) (Refer Note 31.2 (i))	253,921,938		232,568,224
Provision for compensated absences (Refer Note 31.2 (ii))	218,256,538	472,178,476	187,447,660
Provision for estimated losses on derivative contracts (Refer Note 27.1)		20,961,151	-
<b>TOTAL</b>		493,139,627	420,015,884
<b>7. Short-term borrowings</b>			
Secured			
Working capital loans	3,759,677		10,575,153
Unsecured			
Other loans	30,538,754		2,800,000
<b>TOTAL</b>		34,298,431	13,375,153

### Note:

#### Loans repayable on demand :

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

		(Amount in ₹)	
	As at March 31, 2012	As at March 31, 2011	
<b>8. Trade payables</b>			
Other than acceptances (Refer Note 26)	847,110,032		459,143,128
<b>TOTAL</b>	847,110,032		459,143,128



## Notes forming part of the Consolidated financial statements

(Amount in ₹)

Note	As at March 31, 2012	As at March 31, 2011
<b>9. Other current liabilities</b>		
Unearned revenue	83,719,945	22,243,257
Unpaid dividends	2,203,995	1,757,635
Forward contracts payables (net)	17,300,672	-
Other payables		
- Statutory remittances and others (net)	175,743,582	145,284,483
- Advance from customers	2,173,334	18,601,702
- Payables on purchase of fixed assets	54,276,805	43,714,148
- Deferred premium/discount on forward contracts	11,766,250	46,056,049
- Other liabilities	17,708,885	86,126,310
<b>TOTAL</b>	<b>364,893,468</b>	<b>363,783,584</b>
<b>10. Short-term provisions</b>		
Provision for employee benefits		
Bonus	276,306	731,560
Provision for gratuity (net) (Refer Note 31.2(i))	18,240,080	29,147,226
Provision for compensated absences (Refer Note 31.2(ii))	39,199,471	56,794,303
	<b>57,715,857</b>	<b>86,673,089</b>
Provision - others:		
Provision for estimated losses on derivative contracts (Refer Note 27.1)	194,624,042	-
Provision for warranty (Refer Note 40)	2,325,197	2,804,079
Provision for proposed equity dividend	139,269,078	139,095,336
Provision for tax on proposed equity dividend	22,592,926	23,101,997
Provisions others	272,609,224	21,401,954
<b>TOTAL</b>	<b>689,136,324</b>	<b>273,076,455</b>

## Notes forming part of the Consolidated financial statements

### 11. FIXED ASSETS

(Amount in ₹)

DESCRIPTION	GROSS BLOCK				ACCUMULATED DEPRECIATION / AMORTISATION				NET BLOCK		
	As at April 1, 2011	Additions during the year	Deductions	Translation exchange difference	As at March 31, 2012	As at April 1, 2011	For the year	Deductions	Translation exchange difference	As at March 31, 2012	As at March 31, 2011
<b>A. Tangible Assets</b>											
a. Land (Refer Note (i) below)											
– Freehold	15,571,954	–	–	–	15,571,954	–	–	–	–	–	15,571,954
– Leasehold (Refer Note (ii) below)	149,219,020	–	–	–	149,219,020	18,273,385	4,433,528	–	–	22,706,913	130,945,635
b. Buildings (Refer Note (iii) below)	1,632,857,961	79,327,731	245,270	–	1,711,940,422	159,539,574	60,007,926	245,270	–	219,302,230	1,473,318,387
c. Leasehold improvements	52,557,695	20,264,463	1,861,001	9,041,795	80,002,952	27,253,198	7,928,499	1,841,493	3,560,933	36,901,137	25,304,497
d. Computers	1,422,021,685	181,959,848	90,530,732	35,098,309	1,548,549,110	1,170,368,756	137,765,177	89,788,614	29,560,434	1,247,905,753	251,652,929
e. Plant and equipment	551,410,423	77,386,470	–	–	628,796,893	214,233,894	53,073,461	–	–	267,307,355	337,176,529
f. Office equipment	116,873,759	42,037,924	–	1,852,840	160,764,523	50,104,071	14,311,065	–	839,804	65,254,940	66,769,688
g. Furniture and fixtures (Including interior work)	298,146,136	33,904,324	5,645,325	6,873,538	333,278,673	155,588,502	31,718,219	5,636,362	4,553,440	186,223,799	142,557,634
h. Electrical installations	276,335,781	50,691,890	–	–	327,027,671	88,847,583	28,758,312	–	–	117,605,895	187,488,198
i. Vehicles	11,316,649	–	–	–	11,316,649	5,578,231	2,011,445	–	–	7,589,676	5,738,418
Total	4,526,311,063	485,572,650	98,282,328	52,866,482	4,966,467,867	1,889,787,194	340,007,632	97,511,739	38,514,611	2,170,797,698	2,636,523,869
<b>B. Intangible Assets</b>											
a. Computer software	1,209,588,447	175,967,864	8,659,305	14,530,437	1,391,427,443	1,038,931,939	105,656,382	659,283	10,907,288	1,154,836,326	170,656,508
b. Other intangible assets (Refer Note 43)	45,826,350	–	–	–	45,826,350	4,524,980	15,000,000	–	–	19,524,980	41,301,370
TOTAL	1,255,414,797	175,967,864	8,659,305	14,530,437	1,437,253,793	1,043,456,919	120,656,382	659,283	10,907,288	1,174,361,306	211,957,878
<b>Grand Total</b>	5,781,725,860	661,540,514	106,941,633	67,396,919	6,403,721,660	2,933,244,113	460,664,014	98,171,022	49,421,899	3,345,159,004	2,848,481,747
Previous year	4,635,145,322	1,147,634,465	24,689,241	23,635,314	5,781,725,860	2,521,527,114	424,634,618	23,390,696	10,473,077	2,933,244,113	2,848,481,747

Notes: (i) Includes ₹ 3,947,700 (March 31, 2011: ₹ 3,947,700) in respect of which land allocation letters have been received, pending execution of conveyance deed.

(ii) Includes ₹ 23,283,720 (March 31, 2011: ₹ 26,266,500) in respect of which land allocation letter has been received, pending the lease deed execution.

(iii) Includes ₹ 600,273,588 (March 31, 2011: ₹ 557,286,791) Building constructed on leasehold land.

	As at March 31, 2012	As at March 31, 2011
<b>C. Capital work-in-progress :</b>		
Construction related contracts	55,526,716	12,857,006
Other fixed assets	52,849,345	28,814
<b>TOTAL</b>	108,376,061	12,885,820
<b>D Depreciation and amortisation expense:</b>		
- Depreciation and amortisation on Tangible assets and Intangible assets	460,664,014	424,634,618
- Amortisation of goodwill on consolidation	33,470,618	61,276,959
<b>Total</b>	494,134,632	485,911,577





## Notes forming part of the Consolidated financial statements

(Amount in ₹)

Note	As at March 31, 2012	As at March 31, 2011
<b>12. Non-Current Investments-Trade</b>		
<b>Unquoted Investments</b>		
<b>(a) Investment in Associate Company</b>		
<b>Infotech Aerospace Services Inc., USA</b>	552,352,136	493,337,963
490 shares of \$0.01 par value fully paid-up		
Add : Share of profit	100,092,712	70,048,973
Less: Dividend received	(408,711,450)	(11,034,800)
	<u>243,733,398</u>	<u>552,352,136</u>
<b>(b) Other Entities</b>		
<b>(i) Teleatlas Kalyani Private Limited</b>	—	26,065,000
NIL (March 31, 2011 : 781,582 shares of ₹1 each fully paid up)		
<b>(ii) Canesta, Inc (a California Corporation)</b>	98,206	98,206
10,000 shares of \$ 0.19275 par value each fully paid-up		
<b>(iii) Trafficmaster Plc, United Kingdom</b>		
35,088 ordinary shares of GBP 1 each fully paid-up	6,659,000	6,659,000
Less: Provision for diminution in value of investment	(6,551,990)	(6,551,990)
	<u>107,010</u>	<u>107,010</u>
<b>TOTAL</b>	<u>243,938,614</u>	<u>578,622,352</u>
<b>Note:</b>		
Aggregate cost of unquoted investments	243,938,614	578,622,352
<b>13. Long-term loans and advances</b>		
<b>(Unsecured)</b>		
a) Capital advances, considered good	21,387,600	4,476,481
b) Security deposits		
Considered good	83,745,135	52,358,185
Considered doubtful	16,200,000	16,200,000
	<u>99,945,135</u>	<u>68,558,185</u>
Less: Provision for doubtful deposits	16,200,000	16,200,000
	<u>83,745,135</u>	<u>52,358,185</u>
c) Loans and advances to employees, considered good	—	2,280,907
d) Prepaid expenses, considered good	63,991,760	4,275,523
e) Advance income taxes (net of provisions)	291,778,465	234,587,549
f) MAT credit entitlement, considered good	—	234,666,597
g) Forward contract receivables (net)	9,827,371	—
h) Balances with Government authorities	263,974,052	102,332,487
	<u>734,704,383</u>	<u>634,977,729</u>
<b>TOTAL</b>	<u>734,704,383</u>	<u>634,977,729</u>

## Notes forming part of the Consolidated financial statements

(Amount in ₹)

Note	As at March 31, 2012	As at March 31, 2011
<b>14. Other non-current assets</b>		
(Unsecured)		
Long-term trade receivables, considered good		
Considered good	—	24,977,824
Considered doubtful	—	1,911
	<u>—</u>	<u>24,979,735</u>
Less: Provision for doubtful advances	—	1,911
<b>TOTAL</b>	<u>—</u>	<u>24,977,824</u>
<b>15. Current Investments</b>		
<b>Quoted non trade investments</b>		
<b>(at lower of cost and realisable value)</b>		
<b>Investment in mutual funds:</b>		
5,652,900 units of Religare Short Term Plan A - Weekly Dividend Reinvestment	57,606,785	—
83,522 units of Baroda Pioneer Liquid Fund - Institutional Plan - Daily Dividend Reinvestment	83,574,409	—
4,080,494 units of Reliance Quarterly Interval Plan - Series II- Institutional Plan - Dividend Payout	40,940,000	—
1,999,540 units of UTI- Fixed Income Interval Series II - Quarterly Interval Plan V - Dividend Payout	20,000,000	—
20,371 units of Taurus Liquid Fund - Institutional Plan Daily Dividend Reinvestment	20,372,520	—
Nil (As at March 31, 2011 - 3,498,950) units Birla Sun Life Cash Manager - Institutional Plan - Daily Dividend Reinvestment	—	35,000,000
Nil (As at March 31, 2011 - 4,456,418) Birla Sun Life Ultra Short Term Fund- Institutional Daily Dividend	—	44,588,693
Nil (As at March 31, 2011 - 53,445) IDFC Savings Advantage Fund - Plan A - Daily Dividend	—	53,453,416
Nil (As at March 31, 2011 - 6,400,893) JM Money Manager Fund Super Plan-Daily Dividend	—	64,084,461
Nil (As at March 31, 2011 - 1,196,651) Reliance Monthly Interval Fund-Series II - Institutional Dividend Plan	—	11,968,524
Nil (As at March 31, 2011 - 14,974) Religare Ultra Short Term Fund - Institutional Daily Dividend	—	15,000,000
Nil (As at March 31, 2011 - 5,476,355) Templeton Floating Rate Income Fund Long Term Plan Super Institutional- Daily Dividend Reinvestment	—	54,854,237
Nil (As at March 31, 2011 - 55,126) UTI - Floating Rate Fund - Short Term Plan-Institutional Daily Dividend Plan- Re-investment	—	55,168,138
	<u>222,493,714</u>	<u>334,117,469</u>
<b>TOTAL</b>	<u>222,493,714</u>	<u>334,117,469</u>
<b>Note:</b> Aggregate cost of quoted investments	<u>222,493,714</u>	<u>334,117,469</u>
Aggregate market value of quoted investments	<u>223,111,317</u>	<u>334,135,697</u>



## Notes forming part of the Consolidated financial statements

(Amount in ₹)

Note	As at March 31, 2012	As at March 31, 2011
<b>16. Trade receivables</b>		
<b>(Unsecured)</b>		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Considered good	100,244,741	42,086,133
Considered doubtful	91,852,636	62,316,473
	192,097,377	104,402,606
Less: Provision for doubtful trade receivable	91,852,636	62,316,473
Other trade receivables, considered good	3,574,720,882	2,524,942,271
<b>TOTAL</b>	<b>3,674,965,623</b>	<b>2,567,028,404</b>
<b>17. Cash and cash equivalents</b>		
Cash on hand	398,150	679,620
Balances with banks		
In current accounts	815,962,071	853,861,594
In EEFC accounts	140,921,587	441,910,200
In deposit accounts (Refer Note (i) & (ii) below)	3,485,009,153	2,195,798,073
In deposits held as margin money/security for bank guarantees	30,079,323	13,480,423
In earmarked accounts		
Unpaid dividend accounts (Refer Note (iii) below)	2,203,994	1,757,634
Remittance in transit	85,276,087	–
<b>TOTAL</b>	<b>4,559,850,365</b>	<b>3,507,487,544</b>

Notes :

- Balances with banks include deposits amounting to ₹ 88,417,869 (As at March 31, 2011 ₹ 200,469,258) and margin monies amounting to ₹ 379,000 (As at March 31, 2011 ₹ 379,000) which have an original maturity of more than 12 months.
- Balances with banks include deposits amounting to ₹ Nil (As at March 31, 2011 ₹ 3,095,569) and margin monies amounting to ₹ 379,000 (As at March 31, 2011 ₹ 379,000) which have a maturity of more than 12 months from the Balance Sheet Date
- Balances with Banks - in earmarked accounts includes ₹ 2,203,994 (As at 31 March, 2011 ₹ 1,757,634) which have restriction.

(Amount in ₹)

Note	As at March 31, 2012	As at March 31, 2011
<b>18. Short term loans and advances</b>		
<b>(Unsecured)</b>		
Security deposits, considered good	61,300	543,729
Loans and advances to employees, considered good	11,105,327	7,078,026
Prepaid expenses, considered good	211,345,744	203,837,325
Forward contract receivables (net)	–	77,693,544
Other loans and advances		
Considered good	130,058,545	83,609,115
Considered doubtful	709,545	709,545
	130,768,090	84,318,660
Less : Provision for doubtful loans and advances	709,545	709,545
<b>TOTAL</b>	<b>352,570,916</b>	<b>372,761,739</b>
<b>19. Other current assets</b>		
Unbilled revenue (net)	586,934,831	342,674,931
Interest accrued on deposits	132,302,162	67,659,034
Others	–	3,971,171
<b>TOTAL</b>	<b>719,236,993</b>	<b>414,305,136</b>

## Notes forming part of the Consolidated financial statements

Note	(Amount in ₹)	
	For the year ended March 31, 2012	For the year ended March 31, 2011
<b>20. Other Income (net)</b>		
Interest on deposits	266,386,978	135,486,696
Dividend income from current investments	20,854,171	31,178,264
Net gain/(loss) on foreign currency transactions and translations	(130,542,085)	89,240,425
Net gain on sale of investments		
Current	113,924	480,754
Non-current	(9,182,829)	-
Other non-operating income (Refer Note (i) below)	27,670,635	15,315,334
<b>TOTAL</b>	<b>175,300,794</b>	<b>271,701,473</b>
<b>21. Employee benefits expenses</b>		
Salaries and bonus	8,459,862,340	6,577,429,888
Contribution to provident and other funds	470,354,607	412,879,809
Social security and other benefits for overseas employees	38,582,881	20,560,694
Gratuity [Refer Note 31.2 (i)]	53,728,970	91,186,875
Staff welfare expenses	503,166,494	311,047,746
<b>TOTAL</b>	<b>9,525,695,292</b>	<b>7,413,105,012</b>
<b>22. Operating, administration and other expenses</b>		
Sales commission	172,191,709	106,316,728
Rent including lease rentals (Refer Note 35)	112,986,363	97,927,383
Rates and taxes	51,334,765	29,189,680
Insurance	50,442,970	28,766,988
Travelling and conveyance	948,415,287	762,354,922
Sub contracting charges	348,981,072	313,491,124
Communication	128,067,359	112,218,693
Printing and stationery	32,868,071	23,904,219
Power and fuel	129,637,831	115,895,313
Marketing expenses	65,247,653	63,119,707
Advertisement	5,750,471	4,213,620
Repairs and maintenance		
- Buildings	6,358,109	10,033,729
- Machinery	434,509,971	320,141,024
- Others	52,283,113	45,491,965
Directors sitting fees	290,000	290,000
Legal & Professional Charges	383,537,480	270,779,822
Bad debts/advances written off	984,307	-
Provision for doubtful debts	25,076,713	18,076,499
Auditors' remuneration (Refer Note (ii) below)	18,703,430	14,573,427
Recruitment expenses	28,987,788	30,458,327
Training and development	21,288,153	28,734,077
Purchase of computer software	124,747,521	161,840,947
Loss on fixed assets sold/scrapped/written off	-	56,828
Miscellaneous expenses	171,874,280	113,578,258
<b>TOTAL</b>	<b>3,314,564,416</b>	<b>2,671,453,280</b>
<b>23. Financial costs</b>		
Interest expense on packing credit	5,348,620	-
Interest expense on borrowings	727,648	8,176,127
Interest expense others	1,264,569	1,394,705
<b>TOTAL</b>	<b>7,340,837</b>	<b>9,570,832</b>



## Notes forming part of the Consolidated financial statements

		(Amount in ₹)
Notes:	For the year ended March 31, 2012	For the year ended March 31, 2011
<b>i. Other non-operating income comprises of :</b>		
Liabilities / provisions no longer required written back	1,043,559	4,815,581
Miscellaneous income	21,602,671	10,499,753
Profit on sale of fixed assets	5,024,405	—
<b>Total other non-operating income</b>	<b>27,670,635</b>	<b>15,315,334</b>
<b>ii Auditors' remuneration comprises of :</b>		
<b>Company</b>		
As auditors - statutory audit	4,500,000	3,600,000
For other services	4,120,608	2,836,509
Reimbursement of expenses	275,000	-
<b>Subsidiaries</b>		
As auditors - statutory audit	9,807,822	8,136,918
<b>Total Auditors' remuneration</b>	<b>18,703,430</b>	<b>14,573,427</b>



## Notes forming part of the Consolidated financial statements

### 24. List of Subsidiaries, Associate and Joint Venture considered for Consolidation

Sl. No.	Name of the Company	Country of Incorporation	Extent of holding (%) as on March 31, 2012	Extent of holding (%) as on March 31, 2011
<b>Subsidiaries</b>				
1	Infotech Enterprises Europe Limited (IEEL)	U.K	100%	100%
2	Infotech Enterprises Benelux, B.V. @ <sup>1</sup>	Netherlands	100%	100%
3	Infotech Enterprises America, Inc. (IEAI)	U.S.A	100%	100%
4	Infotech Software Solutions Canada Inc. @ <sup>2</sup>	Canada	100%	100%
5	Infotech Enterprises Electronic Design Services Inc. (IEEDS) @ <sup>2</sup>	U.S.A	100%	100%
6	Wellsco Inc @ <sup>2</sup>	U.S.A	100%	100%
7	Infotech Enterprises GmbH (IEG)	Germany	100%	100%
8	Infotech Enterprises AB @ <sup>3</sup>	Sweden	100%	100%
9	Infotech Geospatial (India) Limited (IGIL) @ <sup>4</sup>	India	100%	74%
10	TTM Institute of Information Technology Limited (TIIT) @ <sup>5</sup>	India	-	100%
11	Infotech Enterprises Japan KK (IEJKK)	Japan	100%	100%
12	Infotech Enterprises Information Technology Services Pvt. Ltd (IEITS)	India	100%	100%
<b>Associate</b>				
1	Infotech Aerospace Services Inc. @ <sup>6</sup>	U.S.A	49%	49%
<b>Joint Venture</b>				
1	Infotech HAL Limited @ <sup>7</sup>	India	50%	50%

@<sup>1</sup> Wholly owned by Infotech through its wholly owned subsidiary Infotech Enterprises Europe Limited.

@<sup>2</sup> Wholly owned by Infotech through its wholly owned subsidiary Infotech Enterprises America Inc.

@<sup>3</sup> Wholly owned by Infotech through its wholly owned subsidiary Infotech Enterprises GmbH.

@<sup>4</sup> During the year, the Company acquired the balance 26% shareholding in Infotech Geospatial (India) Limited on November 1, 2011. Pursuant to this acquisition, IGIL became a wholly-owned subsidiary of the Company, effective that date.

@<sup>5</sup> During the year, TTM Institute of Information Technology Limited, merged with Infotech Enterprises Limited, effective April 1, 2011.

@<sup>6</sup> The Company's associate Infotech Aerospace Services Inc follows calendar year as its reporting period and these financial statements include audited figures of the associate for the year ended December 31, 2011 adjusted for the unaudited results from operations for the three months ended March 31, 2011 and the three months ended March 31, 2012.

@<sup>7</sup> The 50% in the Joint Venture i.e., Infotech HAL Limited has been accounted for using proportionate consolidation in accordance with the Accounting Standard 27 "Financial Reporting of Interests in Joint Ventures". Infotech's share in the assets, liabilities, incomes and expenses of the joint venture as adjusted for elimination from transactions with various companies in the group is included in the respective schedules in these consolidated financial statements.



## Notes forming part of the Consolidated financial statements

### 25. Contingent Liabilities and Commitments

#### 25.1 Contingent liabilities

(Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Claims against the Company not acknowledged as debt (Refer Note (i) below)	593,743,144	338,007,858
Guarantees (Refer Note (ii) below)	426,680,000	141,184,000
Other money for which the Group is contingently liable (Refer Note (iii) below)	40,354,236	30,354,236

#### Notes:

- (i) a. The Company has disputed various demands raised by Income Tax authorities for the assessment years 1997-98 to 2008-09. The orders are pending at various stages of appeals. The aggregate amount of disputed tax not provided for is ₹ 409,671,422 (March 31, 2011 - ₹ 178,022,384). The Company is confident that these appeals will be decided in its favour, based on professional advice.
- The Company has disputed various demands raised by the Sales Tax authorities for the financial years 2004-05 to 2009-10. The Company has filed appeals, which are pending with the appropriate authorities. The aggregate amount of disputed tax not provided for is ₹ 20,096,061 (March 31, 2011 - ₹ 20,221,861). The Company is confident that these appeals will be decided in its favour, based on professional advice. The above does not include show cause notices received by the Company.
- The Company has disputed various demands raised by the Service Tax authorities for the financial years 2006-07 to 2009-10. The Company has filed appeals, which are pending with the appropriate authorities. The aggregate amount of disputed tax not provided for is ₹ 163,975,661 (March 31, 2011 - ₹ 139,763,613). The Company is confident that these appeals will be decided in its favour, based on professional advice. The above does not include show cause notices received by the Company.
- (ii) Corporate guarantee given to subsidiary's bankers to obtain line of credit ₹ 426,680,000 (March 31, 2011 - ₹ 141,184,000).
- (iii) a. The Company has offered a Fixed Deposit amounting to ₹ 14,081,214 (March 31, 2011 - ₹ 13,130,423) with Oriental Bank of Commerce as lien for the overdraft facility of ₹ 10,000,000 (March 31, 2011 - ₹ 10,000,000) availed by its wholly-owned subsidiary, Infotech Geospatial (India) Limited.
- b. The Company has offered a Fixed Deposit amounting to ₹ 15,648,109 (March 31, 2011 - ₹ Nil) with Corporation Bank as lien for the Cash Credit Facility of ₹ 10,000,000 (March 31, 2011 - ₹ Nil) availed by its wholly-owned subsidiary, Infotech Geospatial (India) Limited.
- c. The Group has certain obligations towards revenue authorities in a subsidiary company. Pending further evaluation, an amount of ₹ 15,916,183, net of ₹ 23,500,000 retained in an indemnity escrow account by the Escrow Agent under the share purchase agreement and available for adjustment of any liabilities pertaining to pre-acquisition period, has been provided.
- d. During the previous year, in connection with the acquisition of Wellsco Inc, an amount of ₹ 20,354,236 from the purchase consideration was placed in Indemnity Escrow account with a bank for a period of 18 months from the date of acquisition, as an indemnity towards any potential claims that belong prior to the date of acquisition.

#### 25.2 Commitments

(Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Estimated amount of contracts remaining to be executed on capital account and not provided for		
Tangible assets	108,693,798	158,505,654
Intangible assets	12,357,384	1,438,000

## Notes forming part of the Consolidated financial statements

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

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

### 27. Derivative Instruments and Hedging - Company

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

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

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

(Amount in ₹)		
Particulars	As at March 31, 2012	As at March 31, 2011
Current	194,624,042	Nil
Non-current	20,961,151	Nil

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

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

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

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

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

**Note:** Figures in brackets relate to the previous year

## Notes forming part of the Consolidated financial statements

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

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

## Notes forming part of the Consolidated financial statements

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

Particulars	(Amount in ₹)	
	March 31, 2012	March 31, 2011
2,724,000 Compulsorily convertible preference shares (CCPS) of ₹ 360 each to GA Global Investments Limited, Cyprus (Refer Note (i) below)	980,640,000	980,640,000
4,417,277 equity shares of ₹ 5 each at premium of ₹ 355 per share to GA Global Investments Limited, Cyprus	1,590,219,720	1,590,219,720
1,166,420 equity shares of ₹ 5 each at a premium of ₹ 355 per share to Carrier International Mauritius Limited, Mauritius	419,911,200	419,911,200
<b>Total amount received on preferential issue of shares</b>	<b>2,990,770,920</b>	<b>2,990,770,920</b>
<b>Amounts utilised out of the above:</b>		
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
<b>Total amount utilised</b>	<b>1,486,566,772</b>	<b>1,486,566,772</b>
<b>Net Balance</b>	<b>1,504,204,148</b>	<b>1,504,204,148</b>
Sale of Investment in 10% stake in Kalyani Net Ventures Limited	16,882,171	-
Dividend received on investments	212,558,432	193,814,553
Interest received on investments (Net)	470,860,046	316,508,015
Interest accrued but not received, included above	(94,865,373)	(59,592,917)
<b>Total Balance</b>	<b>2,109,639,424</b>	<b>1,954,933,799</b>
<b>Net balance, represented by-</b>		
Short-Term Deposits with various banks	1,887,145,708	1,624,557,062
Investments in Mutual Funds	222,493,716	319,117,470
Balance with bank*	-	11,259,267
<b>Total Balance</b>	<b>2,109,639,424</b>	<b>1,954,933,799</b>

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

#### Note:

- The Company had issued 2,724,000 Compulsorily Convertible Preference Shares ("CCPS") with a face value of ₹ 360 on July 6, 2007 to M/s. GA Global Investments Limited ("GA" or "the Allottee"). The terms and conditions of the issue of these CCPS including the right to convert the CCPS into Equity Shares are subject to the provisions of the Agreement entered into between the Allottee and the Company, dated June 28, 2007, the guidelines issued by SEBI, RBI etc., and the Special Resolution passed in the Extraordinary General Meeting of members of the Company held on June 23, 2007. The CCPS were to be converted into equal number of equity shares within a period of 18 months from the date of allotment at the option of the Allottee and if no option is exercised, the same shall be automatically converted into equity shares at the end of 18 months. GA Global investments have exercised the option to convert the CCPS and in pursuance of this exercise the Company has allotted 2,724,000 equity shares of ₹ 5 each, at a premium of ₹ 355 each on December 9, 2008. As such, there are no preference shares in the Company post the above conversion. The Company altered the capital clause of the Memorandum of Association by deleting the reference the clauses pertaining to Compulsorily Convertible Preference Shares (CCPS). The clauses were no longer relevant as the said CCPS were issued in 2007 and have since been converted into equity shares. Form 5 has been filed with the Registrar of Companies, Andhra Pradesh, notifying the said alteration (as approved by the members through postal ballot) on June 1, 2010.
- The Company does not maintain a separate bank account to manage these funds received on a preferential basis. The above allocation is based on Management information systems.

## Notes forming part of the Consolidated financial statements

### 29. Amalgamation:

#### 29.1 TTM Institute of Information Technology Private Limited

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

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

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

The adjustment made to the Surplus in the statement of profit and loss for ₹ 9,665,397 is net of accumulated goodwill amortised amounting to ₹ 67,636.

Particulars	(Amount in ₹)
Net assets as on April 1, 2011 are as follows:	
Fixed Assets	1,661,339
Current Assets	929,626
Current Liabilities	(12,223,998)
<b>Net Assets</b>	<b>(9,633,033)</b>

#### 29.2 Daxcon Engineering Services Inc.

Daxcon Engineering Services Inc., a wholly owned subsidiary of Infotech Enterprises America Inc., ("IEAI") was merged with IEAI. The amalgamation was in the nature of a merger and the difference between assets and liabilities taken over net of Goodwill was adjusted to the reserves. The Goodwill (net of amortisation) adjusted to reserves on amalgamation is ₹ 195,154,184.

### 30. Goodwill arising on acquisitions

#### 30.1 Infotech Geospatial (India) Limited ('IGIL')

During the year, Infotech acquired the remaining 26% in IGIL at a cost of ₹ 14,000,000. The goodwill on the acquisition has been determined as follows:

Particulars	Amount in ₹
Consideration paid (including existing investment)	43,600,000
Less: 100% of net assets as on November 3, 2011	12,886,493
<b>Goodwill</b>	<b>30,713,507</b>

#### 30.2 Wellsco Inc.

As on August 8, 2010, the Group acquired 100% stake in Wellsco Inc. The total cost of acquisition was ₹ 217,486,765 (including cost of investment of ₹ 16,162,745). The goodwill on the acquisition has been determined as follows:

Particulars	Amount in ₹
Consideration Paid	217,486,765
Less: 100% of net assets as on August 8, 2010	92,398,675
<b>Goodwill</b>	<b>125,088,090</b>



## Notes forming part of the Consolidated financial statements

### 31. Employee Benefits:

The employee benefit schemes are as under:

#### 31.1 Defined contribution plans

##### i. Provident Fund:

The Company and one of its subsidiary makes provident fund contribution to defined contribution retirement benefit plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the Fund administered and managed by the Government of India. The monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. Total expenditure recognised during the year aggregated ₹ 165,419,498 (2010-11 - ₹ 136,613,047).

##### ii. (a) Superannuation fund - India

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

##### (b) Superannuation fund - Australia

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

#### 31.2 Defined Benefit Plans

##### i. Gratuity-Company:

Gratuity expense for the Group for the year ended March 31, 2012 is ₹ 53,728,970 (2010-11 - ₹ 91,186,875).

In accordance with the payment of Gratuity under 'Payment of Gratuity Act, 1972' of India, the Company provides for gratuity, a defined retirement benefit plan (the 'Gratuity Plan') covering eligible employees. Liabilities with regard to such gratuity plan are determined by an independent actuarial valuation and are charged to the Statement of Profit and Loss in the period determined. The gratuity plan is administered by the Company's own trust which has subscribed to the "Group Gratuity Scheme" of Life Insurance Corporation of India.

The following table sets out the Defined Benefit Plan - as per actuarial valuation as at March 31, 2012 and March 31, 2011 for the Company and its subsidiary in India:

Particulars	(Amount in ₹)	
	As at March 31, 2012	As at March 31, 2011
<b>Change in benefit obligation</b>		
Projected benefit obligation at the beginning of the year	258,199,857	182,005,037
Current service cost	46,683,276	37,789,317
Interest cost	23,417,474	17,199,436
Actuarial (gain)/loss	(16,025,745)	7,133,935
Benefits paid	(24,329,416)	(9,602,815)
Past service cost	-	29,093,584
Settlements	-	(5,418,637)
<b>Projected benefit obligation at the end of the year</b>	<b>287,945,446</b>	<b>258,199,857</b>

## Notes forming part of the Consolidated financial statements

(Amount in ₹)

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

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

**Note:** The above table excludes provision for gratuity made at overseas subsidiaries.

### Experience adjustments

(Amount in ₹)

	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
<b>Gratuity</b>					
Fair value of plan assets, end of period	23,268,234	3,233,273	5,530,741	3,799,634	2,358,746
Projected benefit obligation, end of period	287,945,446	258,199,857	182,005,037	142,575,941	135,683,950
(Surplus)/deficit in the plan	264,677,212	254,966,584	176,474,296	138,776,307	133,325,204
Experience adjustments on plan assets	(863,656)	(427,125)	-	-	-
(Gains)/losses due to change in assumptions	(8,319,485)	12,905,568	(8,435,503)	(33,673,245)	17,599,280
Experience (gains)/losses on PBO	(7,706,260)	(5,771,633)	12,842,555	2,725,953	(13,726,752)
<b>Total (gain)/loss</b>	<b>(16,025,745)</b>	<b>7,133,935</b>	<b>4,407,052</b>	<b>(30,947,292)</b>	<b>3,872,528</b>

## Notes forming part of the Consolidated financial statements

### ii. a) Compensated absences - India:

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

### b) Compensated absences - Overseas Branches and Subsidiaries:

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Actuarial assumptions for long-term compensated absences		
Discount rate	8.50%	8.00%
Expected return on plan assets	NA	NA
Salary escalation	3.00% - 4.00%	9.00% - 10.00%
Attrition	5.00% - 15.00%	5.00% - 15.00%

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

### (iii) IEAI 401(K) benefit plan :

The amount payable towards 401(K) benefit plan in IEAI was ₹ 623,385 (March 31, 2011 - ₹ 2,522,904).

## 32. Segmental Information

Management evaluates Infotech Group's performance and allocates resources based on an analysis of various performance indicators by business verticals and geographical segmentation of customers.

The Infotech Group classifies its operations into two vertically oriented business segments: Network & Content Engineering (N&CE) and Engineering, Manufacturing, Industrial Products (EMI). Both businesses cater to the specific requirements of customers in their respective user segments.

Geographic segments of the Infotech Group are India, North America, Europe and Rest of the world.

The Infotech Group has identified business segments as its primary segment and geographic segments as its secondary segment.

### I. Network & Content Engineering (N&CE)

N&CE vertical services customers in industries such as power, gas, telecom, transportation and local government. The Infotech Group service offerings to the N&CE vertical include data conversion, data maintenance, photogrammetry and IT services.

### II. Engineering, Manufacturing, Industrial Products (EMI)

EMI vertical services customers in industries such as aerospace, automotive, off-highway transportation and industrial and commercial products, engineering design, embedded software, IT Solutions, manufacturing support, technical publications and other strategic customers.

Revenue in relation to these verticals is categorized based on items that are individually identifiable to that vertical.

Fixed assets used in the Infotech Group are not identified to any of the reportable segments and management believes that it is currently not practicable to provide segment disclosures relating to total assets and liabilities since a meaningful segregation of the available data is onerous.



## Notes forming part of the Consolidated financial statements

Business Segment				(Amount in ₹)
For the year ended March 31, 2012	N&CE	EMI	Total (Segment)	Total (Company)
External revenue	4,761,266,304	10,775,686,376	15,536,952,680	
Less: inter-segment revenues	45,874	5,573,410	5,619,284	
<b>Total Revenue</b>	<b>4,761,220,430</b>	<b>10,770,112,966</b>	<b>15,531,333,396</b>	<b>15,531,333,396</b>
<b>Segment results</b>	<b>706,787,733</b>	<b>1,999,483,910</b>	<b>2,706,271,643</b>	<b>2,706,271,643</b>
Un-allocable expenses (net of un-allocable income)				(341,372,630)
Exceptional items				(15,916,183)
Profit before tax				2,348,982,830
Income tax (including deferred tax)				835,320,841
Profit after tax before share of profit in associate company and minority interest				1,513,661,989
Share of profit in associate company				100,092,712
Minority interest				-
<b>Profit after taxation and share of profit in associate company</b>				<b>1,613,754,701</b>

				(Amount in ₹)
For the year ended March 31, 2011	N&CE	EMI	Total (Segment)	Total (Company)
External revenue	3,680,479,252	8,210,523,403	11,891,002,655	
Less inter-segment revenues	602,466	7,283,799	7,886,265	
<b>Total Revenue</b>	<b>3,679,876,786</b>	<b>8,203,239,604</b>	<b>11,883,116,390</b>	<b>11,883,116,390</b>
<b>Segment results</b>	<b>479,534,398</b>	<b>1,319,409,091</b>	<b>1,798,943,489</b>	<b>1,798,943,489</b>
Un-allocable expenses (net of un-allocable income)				(224,166,327)
Exceptional items				22,893,768
Profit before tax				1,597,670,930
Income tax (including deferred tax)				269,803,325
Profit after tax before share of profit in associate company and minority interest				<b>1,327,867,605</b>
Share of profit in associate company				70,048,973
Minority interest				(1,026,156)
<b>Profit after taxation, share of profit in associate company and minority interest</b>				<b>1,396,890,422</b>

The segment disclosures for the previous year have been reclassified to conform to the current year's presentation.

## Notes forming part of the Consolidated financial statements

### Geographic Segments

Segment Revenue		(Amount in ₹)
Geographic Location	March 31, 2012	March 31, 2011
India	4,132,884,551	3,171,082,207
North America	6,391,428,972	4,778,938,091
Europe	3,439,924,543	3,438,714,422
Rest of World	1,567,095,330	494,381,670
<b>TOTAL</b>	<b>15,531,333,396</b>	<b>11,883,116,390</b>

Segment Assets		(Amount in ₹)
Geographic Location	March 31, 2012	March 31, 2011
India	9,064,780,182	7,665,728,561
North America	2,136,335,545	1,400,802,054
Europe	1,662,344,755	1,168,189,525
Rest of World	434,315,191	209,219,080
<b>TOTAL</b>	<b>13,297,775,673</b>	<b>10,443,939,220</b>

Segment Capital Expenditure		(Amount in ₹)
Geographic Location	March 31, 2012	March 31, 2011
India	588,882,228	1,086,307,097
North America	58,415,672	205,517,593
Europe	16,855,043	11,461,535
Rest of World	112,953	335,042
<b>TOTAL</b>	<b>664,265,896</b>	<b>1,303,621,267</b>

### 33. Related Party Transactions

Infotech Group has transactions with the following related parties:

#### a) Associate

##### Name of the Associate

Infotech Aerospace Services Inc. Puerto Rico USA

#### b) Joint Venture

##### Name of the Joint Venture Company

Infotech HAL Limited, India

#### c) Other Entity

##### Name of the Other Entity

Key2Data GmbH, Germany

**Note:** Martin Trostel (Managing director of Infotech Enterprises GmbH) holds a 40% stake in Key2Data GmbH and therefore has significant influence on both companies.



## Notes forming part of the Consolidated financial statements

### d) Relative of Chairman & Managing Director and Whole Time Director

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

### e) Key Management Personnel

Name	Designation
B.V.R. Mohan Reddy	Chairman and Managing Director
B. Sucharitha	Whole Time Director
S.A. Lakshminarayanan	Chief Operating Officer - N&CE
Ajay Aggarwal	Chief Financial Officer
Bhanu Cherukuri	Chief Strategy Officer
A. Ramaswami	Chief Information Officer
Rajeev Lal	Chief Operating Officer - IEITS
William K Whitley	President - IEAI USA
Jothi Purushottam	President - IEAI USA (From January 18, 2012 - February 25, 2012)
James B Wells	President - Wellsco Inc
Venkat Simhadri	Director on the Board of IEEDS
John Patrick Renard	Managing Director - IEEL - UK
Martin Trostel	Managing Director - IEG
Chandrasekhar Nori	Managing Director - IGIL (Upto July 25, 2011)
Nobuyuki Kawai	Director on the Board of IEJKK (Upto September 30, 2011)
Ravi Murty	Director on the Board of IEJKK (w.e.f October 1, 2011)



## Notes forming part of the Consolidated financial statements

### 34. The transactions with the related parties are summarized below:

(Amount in ₹)

Nature of Transactions	Transactions for the year ended		Closing Balance as on	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
<b>Transactions with Associate:</b>				
Investment in Infotech Aerospace Services Inc., Puerto Rico.	-	-	243,733,399	552,352,136
Shares of profits from IASI	100,092,712	70,048,973	-	-
Dividend received from IASI	408,711,450	11,034,800	-	-
<b>Transactions with Joint Venture:</b>				
Investments in Infotech HAL Limited, India	-	-	20,000,000	20,000,000
Rent Received/Receivable	1,370,250	2,590,875	2,188,440	49,604
<b>Transaction with Other Entities</b>				
<b>Key2Data GmbH</b>				
Rent & Other Misc receipts	712,511	-	1,485,807	-
<b>Transactions with Key Management Personnel</b>				
Remuneration to Managing Director/Payable	37,460,999	23,361,674	33,595,147	19,551,674
Remuneration to Whole Time Director/Payable	2,371,467	2,286,000	-	-
Remuneration to other KMP's	104,495,052	108,828,892	-	-
Rent/Payable to Whole Time Director	5,201,277	5,463,821	-	-
Loan given to KMP	1,000,000	-	-	-
Interest received from loan to KMP	84,264	-	-	-
Loan Recovered/Recoverable from KMP	322,749	107,564	1,507,000	829,749
<b>Transactions with Relatives of Managing/Whole Time Director:</b>				
B. Ashok Reddy	6,216,266	4,720,161	-	-
Krishna Bodanapu	7,121,746	5,110,571	-	-

35. Lease payments made under operating leases aggregating to ₹ 112,986,363 (2010-11 - ₹ 97,927,383) have been recognised as an expense in the Statement of Profit and Loss. The future minimum lease commitments of Infotech Group under non-cancellable operating leases are as follows:

(Amount in ₹)

Maximum obligations on long-term non-cancellable operating Leases:	March 31, 2012	March 31, 2011
Not later than one year	96,115,490	37,033,103
Later than one year but not later than five years	205,628,442	34,014,212
Later than five years	41,026,542	-
<b>TOTAL</b>	<b>342,770,474</b>	<b>71,047,315</b>

## Notes forming part of the Consolidated financial statements

### 36. Earnings per Share (EPS)

(Amount in ₹)

Particulars	March 31, 2012	March 31, 2011
Profit after taxation	1,613,754,701	1,396,890,422
<b>Basic:</b>		
Number of shares outstanding	111,415,262	111,276,269
Weighted average number of equity shares	111,382,222	111,178,498
Earnings per share (₹)	14.49	12.56
<b>Diluted:</b>		
Effect of potential equity shares on employee stock options outstanding	23,943	202,310
Weighted average number of equity shares outstanding (including dilution)	111,406,165	111,380,808
Earnings per share (₹)	14.49	12.54

### 37. Deferred Taxes

#### 37.1 Current tax

##### *Company:*

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

##### *Subsidiaries:*

An amount of ₹ 151,405,859 (2010-11 - ₹ 137,349,800) has been included under Current tax expense in respect of the subsidiaries of the Company.

#### 37.2 Deferred Taxes

##### *Company:*

(Amount in ₹)

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

## Notes forming part of the Consolidated financial statements

### Subsidiaries:

The breakup of deferred tax assets/liabilities is as follows:

Particulars	(Amount in ₹)	
	As at March 31, 2012	As at March 31, 2011
<b>Deferred tax (liability)</b>		
Depreciation	48,817	2,25,326
Others	33,013,930	10,433,597
<b>TOTAL</b>	<b>33,062,747</b>	<b>10,658,923</b>
<b>Deferred tax asset</b>		
Others	(24,460,748)	11,076,454
Unabsorbed losses and depreciation	99,840	-
Employee benefits	1,197,563	-
<b>TOTAL</b>	<b>(23,163,345)</b>	<b>11,076,454</b>

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

### 37.3 Transfer pricing

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

### 37.4 Minimum Alternate Tax (MAT) credit entitlement

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

## 38. Research and Development Expenses - Company

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

## Notes forming part of the Consolidated financial statements

### 39. Investment in Joint Venture : Infotech HAL Limited

The notes forming part of the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss include the following amounts towards Infotech's share in the Joint Venture:

#### Consolidated Balance Sheet:

Particulars	(Amount in ₹)	
	March 31, 2012	March 31, 2011
Reserves and surplus	17,098,607	8,470,103
Short-term provisions	167,289	49,992
Trade payables	4,596,514	(14,710)
Other current liabilities	361,001	895,259
Fixed assets	197,787	1,496,296
Long-term loans and advances	356,631	386,312
Trade receivables	1,690,137	1,851,455
Cash and cash equivalents	2,555,892	2,125,275
Short-term loans and advances	1,974,592	3,064,179
Other current assets	1,251,158	3,536,921

#### Consolidated Statement of Profit and loss:

Particulars	(Amount in ₹)	
	March 31, 2012	March 31, 2011
Sale of services	11,120,096	8,705,915
Other Income	188,660	11,896
Employee benefits expenses	2,665,908	4,667,452
Other expenses	12,862,563	2,404,171
Finance costs	11,266	3,108
Depreciation and Amortisation expense	1,297,002	1,530,137

### 40. Details of provisions

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

Particulars	(Amount in ₹)				
	As at April 1, 2011	Additions	Utilisation	Reversal (withdrawn as no longer required)	As at March 31, 2012
Provision for warranty	2,804,079	1,402,374	-	1,881,255	2,325,197
	(1,581,255)	(1,222,824)	-	-	(2,804,079)

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

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

Particulars	(Amount in ₹)	
	As at March 31, 2012	As at March 31, 2011
Provision for warranty	2,325,197	1,881,255

## Notes forming part of the Consolidated financial statements

### 41. Associate Stock Option Plans

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

#### Infotech Employee Stock Offer Scheme 1999 (ESOP Plan)

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

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

#### Scheme established after SEBI Guidelines on Stock Options

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

#### Bonus Issue

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

#### Associate Stock Option Plan - 2002 (ASOP 2002)

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

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

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

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

#### Associate Stock Option Plan - 2004 (ASOP 2004)

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

## Notes forming part of the Consolidated financial statements

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

Changes in number of options outstanding were as follows:	March 31, 2012	March 31, 2011
Options outstanding at the beginning of the year	1,867,611	2,373,820
Granted	-	-
Forfeited	(110,000)	(243,573)
Exercised	(138,993)	(262,636)
Options outstanding at the end of year	1,618,618	1,867,611

Out of the total outstanding options, 225,760 (March 31, 2011 - 225,760) options pertain to options granted to the associates of subsidiary companies.

### Associate Stock Option Plan - 2008 (ASOP 2008)

The Company instituted ASOP 2008 in July 2008 and earmarked 1,000,000 equity shares of ₹ 5 each for issue to the employees under ASOP. Under ASOP 2008, options will be issued to employees at an exercise price, which shall not be less than the market price on the date of grant. These options vest over a period ranging from one to three years from the date of grant, starting with 10% at the end of first year, 15% at the end of one and half years, 20% after two years, 25% at the end of two and half years and 30% at the end of third year.

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

Changes in number of options outstanding were as follows:	March 31, 2012	March 31, 2011
Options outstanding at the beginning of the year	1,336,685	-
Granted	39,000	1,343,735
Forfeited	(166,850)	(7050)
Exercised	-	-
Options outstanding at the end of year	1,208,835	1,336,685

Out of the total outstanding options, 55,000 (March 31, 2011 - 50,000) options pertain to options granted to the associates of subsidiary companies.

### Proforma EPS

In accordance with Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, had the compensation cost for Stock Option plans been recognised based on the fair value at the date of grant in accordance with Black Scholes model, the proforma amounts of the Company's net profit and earnings per share would have been as follows:

Particulars	March 31, 2012	March 31, 2011
<b>A. Profit After Tax</b>		
- As reported	1,613,754,701	1,396,890,422
- Proforma	1,603,245,366	1,303,576,379
<b>B. Earnings Per Share</b>		
<b>Basic</b>		
- Weighted average number of shares	111,382,222	111,178,498
- EPS as reported (₹)	14.49	12.56
- Proforma EPS (₹)	14.39	11.73
<b>Diluted</b>		
- Weighted average number of shares	111,406,165	111,380,808
- EPS as reported (₹)	14.49	12.54
- Proforma EPS (₹)	14.39	11.70



## Notes forming part of the Consolidated financial statements

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

Particulars	March 31, 2012	March 31, 2011
	Black-Scholes Model	Black-Scholes Model
Exercise price (₹) (ASOP 2004),(ASOP 2002)	111 - 131	111 - 131
Grant Date share price (₹) (ASOP 2008)	142	161
Dividend yield (%)	1.61	0.62
Expected volatility (%)	53.19 - 60.27	56.16 - 61.55
Risk-free interest (%)	8.24 - 8.42	6.73 - 7.85
Expected term (in years)	3- 4	3- 4

As no grants were made during the year ended March 31, 2012 and March 31, 2011 in respect of ASOP 2002 and ASOP 2004, the assumptions have not been changed.

42. During the year ended March 31, 2010, the Company entered into an agreement with the Government of Karnataka, represented by the Commissioner Survey Settlement and Land records to undertake the Urban Property Ownership Records project. The project would operate on a Public Private Partnership (PPP) model. The Company undertakes to build, develop, construct, commission, operate and maintain the IT solutions for the Urban Property Ownership Records project for a period of 6 years and 270 days. The investment made in the project till March 31, 2012 is ₹ 89,508,676 (March 31, 2011- ₹ 61,033,277) towards hardware / software and other operating costs and this amount is included under "Intangible assets under development". The project is in progress as at the year end and trial run has commenced in March 2012.
43. During the year ended March 31, 2011, the Company acquired the rights to perform rail signalling and interlinking services to a Rail Signalling Company in the UK (customer). The Company paid ₹ 45,000,000 (March 31, 2011 - ₹ 45,000,000) to acquire the rights from another company in the UK which was already providing the services to the customer. The service agreement was effective from January 1, 2011, valid for a period of three years. The Company recognised this as an intangible asset which is being amortised over the period of the contract.
44. Exceptional items for the current year relates to certain obligations towards revenue authorities in a subsidiary company. Pending further evaluation, an amount of ₹ 15,916,183, net of ₹ 23,500,000 retained in an indemnity escrow account by the Escrow Agent under the share purchase agreement and available for adjustment of any liabilities pertaining to pre-acquisition period, has been provided. Exceptional items for the previous year relates to service tax credit aggregating ₹ 22,893,768 availed for earlier periods.

## Notes forming part of the Consolidated financial statements

### 45. (a) Statement pursuant to Section 212(1)(e) of the Companies Act, 1956, relating to the Subsidiary Companies

Name of the Subsidiary Company	Infotech Enterprises Europe Limited	Infotech Enterprises America Inc.	Infotech Enterprises GmbH	Infotech Enterprises Japan KK	Infotech Geospatial (India) Limited	Infotech Enterprises Information Technology Services Private Limited
1. Financial year of the subsidiary ended on	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012
2. Shares of Subsidiary Company held on the above date and extent of holding						
I) Number of Shares held	185,000,000	500,500	12,000	900	4,000,000	9,990
II) Extent of holding	100%	100%	100%	100%	100%	100%
3. Net aggregate amount of profit/(losses) of the subsidiary for the above financial year so far as they concern members of Infotech Enterprises Limited						
I) dealt with in the accounts of Infotech Enterprises Limited Equivalent ₹	NIL NIL	NIL NIL	NIL NIL	NIL NIL	NIL NIL	NIL NIL
II) not dealt with in the accounts of Infotech Enterprises Limited Equivalent ₹	(GBP 841,608) (₹ 64,313,579)	USD 3,712,944 ₹ 178,072,817	EUR 3,652,887 ₹ 241,869,382	(JPY 27,475,671) (₹ 16,482,391)	₹ 7,016,390 ₹ 7,016,390	(₹ 4,853,434) (₹ 4,853,434)
4. Net aggregate amount of profit/(losses) for previous financial years of the subsidiary so far as they concern members of Infotech Enterprises Limited						
I) dealt with in the accounts of Infotech Enterprises Limited Equivalent ₹	GBP 800,648 ₹ 64,840,475	USD 620,000 ₹ 26,712,700	EUR 1,005,556 ₹ 63,814,128	NIL NIL	NIL NIL	NIL NIL
II) not dealt with in the accounts of Infotech Enterprises Limited Equivalent ₹	GBP 2,206,297 ₹ 171,634,358	USD 11,678,445 ₹ 519,505,475	EUR 7,301,844 ₹ 419,729,868	(JPY 68,158,902) (₹ 35,290,124)	(₹ 24,965,615) (₹ 24,965,615)	(₹ 12,882,599) (₹ 12,882,599)

## Notes forming part of the Consolidated financial statements

## 45. (b) Information on Subsidiaries for 2011-12

Name of the Subsidiary Company	Infotech Enterprises Europe Limited	Infotech Enterprises America Inc.	Infotech Enterprises GmbH	Infotech Enterprises Japan KK	Infotech Geospatial (India) Limited	Infotech Enterprises Information Technology Services Private Limited
	₹ March 31, 2012	₹ March 31, 2012	₹ March 31, 2012	₹ March 31, 2012	₹ March 31, 2012	₹ March 31, 2012
Financial year of the subsidiary ended on	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012
(A) Capital	145,442,075	992,873,272	25,427,950	4,787,622	40,000,000	100,000
(B) Reserves	157,839,188	379,364,053	763,265,035	(60,924,366)	(21,323,636)	(17,736,033)
(C) Total Assets	474,602,209	2,261,093,274	1,217,089,407	11,919,739	63,954,448	39,415,906
(D) Total Liabilities	171,320,946	888,855,949	428,396,422	68,056,483	45,278,084	57,051,939
(E) Details of Investment	144,329	98,206	-	-	-	-
(F) Turnover	846,369,892	6,547,364,051	3,308,537,369	35,654,546	65,539,424	122,771,692
(G) Profit Before Taxation	(63,759,782)	287,762,104	325,990,457	(16,439,643)	6,728,421	(6,039,378)
(H) Provision for Taxation	(553,798)	109,689,287	84,121,075	(42,747)	(287,969)	(1,185,944)
(I) Profit After Taxation	(63,205,984)	178,072,817	241,869,382	(16,396,896)	7,016,390	(4,853,434)
(J) Dividends paid	-	-	-	-	-	-



## Notes forming part of the Consolidated financial statements

### 46. Regrouping/Reclassification

The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/disclosure.

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For and on behalf of the Board of Directors

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

**B. Sucharitha**  
Whole-time Director

**Ajay Aggarwal**  
Chief Financial Officer

**Sudheendhra Putty**  
Company Secretary

Place : Hyderabad  
Date : April 18, 2012

## 10 Year Historical Data – Standalone

(₹ Millions except per share data, other information and ratios)											
Particulars	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	
<b>For the year</b>											
<b>Total Revenue</b>	1,253.68	1,257.82	1,573.39	2,150.52	3,549.40	4,540.86	5,438.11	6,079.50	6,774.24	9,173.78	
EBITDA	468.76	307.19	418.32	493.77	988.77	1,091.92	1,123.29	1,960.04	1,667.73	2,645.64	
Financial charges	6.75	2.38	1.11	3.03	3.61	28.70	35.14	4.71	0.80	5.65	
Depreciation & Amortization	151.31	160.36	124.07	139.34	222.69	343.03	426.64	407.07	375.48	411.59	
Provision for Income Tax	57.00	43.00	92.50	65.00	100.08	94.30	110.00	125.70	125.78	714.59	
Deferred Tax	(12.87)	(20.65)	(22.42)	(7.88)	(1.34)	25.02	(174.10)	154.92	9.76	(72.15)	
Fringe Benefit Tax	-	-	-	10.51	13.27	15.29	17.00	-	-	-	
Profit Before Extraordinary item	266.57	122.10	223.06	283.76	650.45	585.57	708.62	1,267.65	1,155.91	1,585.96	
Extraordinary item/Exceptional items	-	-	-	-	-	-	-	-	(22.89)	-	
<b>Profit after tax from ordinary activities</b>	266.57	122.10	223.06	283.76	650.45	585.57	708.62	1,267.65	1,178.80	1,585.96	
Dividend	18.09	18.23	22.09	34.24	51.92	62.55	82.84	222.00	138.97	278.54	
<b>As at the end of the year</b>											
Share capital	144.70	145.81	147.27	152.19	230.77	1,241.28	276.15	277.50	556.38	557.08	
Reserves and surplus	1,279.13	1,384.39	1,591.51	1,963.58	2,504.56	5,014.97	6,622.86	7,760.85	8,523.12	9,792.34	
<b>Net Worth</b>	1,423.83	1,530.20	1,738.78	2,115.78	2,735.33	6,256.25	6,899.01	8,038.35	9,079.50	10,349.42	
Loan funds	2.25	1.52	2.40	2.31	151.74	380.54	186.67	-	-	-	
Gross block	793.54	884.91	1,126.36	1,679.44	2,323.50	3,703.78	4,542.28	4,836.26	5,350.39	5,976.23	
Capital investment	109.45	91.37	241.45	553.09	644.06	1,380.27	838.50	293.99	514.12	625.84	
Net Current assets	709.95	649.80	603.57	757.40	1,046.02	1,766.40	3,203.98	2,651.53	4,495.57	5,438.16	
Debt - equity ratio	0.002	0.001	0.001	0.001	0.055	0.061	0.027	-	-	-	
<b>Per share data</b>											
Bonus/Capital History	1:1	-	-	1:2				1:1			
Basic earnings Per Share (₹) (EPS)	18.47	8.41	15.23	18.80	14.18	11.54	13.30	11.45	10.60	14.24	
Dividend Per Share (₹) (DPS)	1.25	1.25	1.50	2.25	1.13	1.20	1.50	2.00	1.25	2.50	
Dividend (%)	24.0%	12.5%	15.0%	22.5%	22.5%	24.0%	30.0%	40.0%	25.0%	50.0%	
Dividend Pay-out (%)	6.8%	14.9%	9.9%	12.1%	8.0%	10.7%	11.7%	17.5%	11.8%	17.6%	
Book Value (₹)	98	105	118	139	59	120	125	72	82	93	
Face Value(₹)	10	10	10	10	5	5	5	5	5	5	

The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Figures for FY 10-11 have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.



## Financial Analysis – Standalone

### Balance Sheet

(₹ Million and Percentage)

	2011-12	%	2010-11	%	2009-10	%	2008-09	%	2007-08	%
<b>SOURCES OF FUNDS</b>										
Shareholders' Funds										
Share Capital	557.08	5.19	556.38	5.91	277.50	3.45	276.15	3.90	1,241.28	18.70
Reserves and Surplus	9,792.34	91.21	8,523.12	90.60	7,760.85	96.55	6,622.86	93.47	5,014.97	75.56
Net worth	10,349.42	96.40	9,079.50	96.52	8,038.35	100.00	6,899.01	97.37	6,256.25	94.27
Loan Funds										
Secured	-	-	-	-	-	-	186.67	2.63	380.54	5.73
Unsecured	-	-	-	-	-	-	-	-	-	-
<b>Total debt</b>	-	-	-	-	-	-	186.67	2.63	380.54	5.73
Long Term Liabilities	-	-	4.24	0.05	-	-	-	-	-	-
Long Term Provisions	386.41	3.60	323.35	3.44	-	-	-	-	-	-
<b>TOTAL</b>	<b>10,735.83</b>	<b>100.00</b>	<b>9,407.09</b>	<b>100.00</b>	<b>8,038.35</b>	<b>100.00</b>	<b>7,085.68</b>	<b>100.00</b>	<b>6,636.79</b>	<b>100.00</b>
<b>APPLICATION OF FUNDS</b>										
Fixed Assets Gross	5,976.23	55.67	5,350.39	56.88	4,836.26	60.16	4,542.28	64.11	3,703.78	55.81
Depreciation & Amortization	2,924.36	27.24	2,590.40	27.54	2,236.96	27.83	1,866.40	26.34	1,525.17	22.98
Net block	3,051.87	28.43	2,759.99	29.34	2,599.30	32.34	2,675.88	37.76	2,178.61	32.83
Non Current Investments	1,447.04	13.48	1,459.21	15.51	2,763.52	34.38	1,026.91	14.49	2,686.98	40.49
Deferred Tax Assets	86.38	0.80	14.23	0.15	23.99	0.30	178.91	2.52	4.80	0.07
Long Term loans & Advances	712.37	6.64	671.15	7.13	-	-	-	-	-	-
Other Non Current Assets	-	-	6.95	0.07	-	-	-	-	-	-
<b>Current Assets</b>										
Current Investment	222.49	2.07	334.12	3.55	-	-	-	-	-	-
Trade Receivables	1,813.01	16.89	1,424.55	15.14	1,131.06	14.07	1,540.46	21.74	1,261.63	19.01
Cash & Cash Equivalents	3,908.31	36.40	2,938.63	31.24	1,860.56	23.15	2,729.16	38.52	875.35	13.19
Short Term Loans and Advances	251.88	2.35	330.37	3.51	1,304.31	16.23	464.59	6.56	347.55	5.24
Other Current Assets	477.50	4.45	293.29	3.12	-	-	-	-	-	5.24
<b>Total Current assets</b>	<b>6,673.19</b>	<b>62.16</b>	<b>5,320.96</b>	<b>56.56</b>	<b>4,295.92</b>	<b>53.44</b>	<b>4,734.20</b>	<b>66.81</b>	<b>2,484.53</b>	<b>37.44</b>
Less: Current Liabilities	1,235.03	11.50	825.39	8.77	1,644.39	20.46	1,530.21	21.60	718.14	10.82
<b>Net current Assets</b>	<b>5,438.16</b>	<b>50.65</b>	<b>4,495.57</b>	<b>47.79</b>	<b>2,651.53</b>	<b>32.99</b>	<b>3,203.98</b>	<b>45.22</b>	<b>1,766.40</b>	<b>26.62</b>
<b>TOTAL</b>	<b>10,735.83</b>	<b>100.00</b>	<b>9,407.09</b>	<b>100.00</b>	<b>8,038.35</b>	<b>100.00</b>	<b>7,085.68</b>	<b>100.00</b>	<b>6,636.79</b>	<b>100.00</b>

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Figures for FY 10-11 have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.



## Financial Analysis – Standalone

### Profit and Loss Summary

	(₹ Million and Percentage)							
	2011-12	%	2010-11	%	2009-10	%	2008-09	%
<b>INCOME</b>								
Revenue from Operations	8,638.00	94.16	6,476.67	95.61	5,618.00	92.41	5,665.72	104.19
Other Income	535.79	5.84	297.57	4.39	461.50	7.59	(227.61)	-4.19
<b>Total Income</b>	<b>9,173.78</b>	<b>100.00</b>	<b>6,774.24</b>	<b>100.00</b>	<b>6,079.50</b>	<b>100.00</b>	<b>5,438.11</b>	<b>100.00</b>
<b>EXPENDITURE</b>								
Employee Benefits Expenses Operating, Administration And Other Expenses	4,247.76	46.30	3,320.94	49.02	2,786.82	45.84	2,725.33	50.12
Finance Costs	2,280.38	24.86	1,785.56	26.36	1,332.64	21.92	1,589.49	29.23
Depreciation And Amortisation Expenses	5.65	0.06	0.80	0.01	4.71	0.08	35.14	0.65
	411.59	4.49	375.48	5.54	407.07	6.70	426.64	7.85
<b>Total Expenditure</b>	<b>6,945.39</b>	<b>75.71</b>	<b>5,482.79</b>	<b>80.94</b>	<b>4,531.24</b>	<b>74.53</b>	<b>4,776.59</b>	<b>87.84</b>
Profit before exceptional items and tax	2,228.40	24.29	1,291.45	19.06	1,548.26	25.47	661.52	12.16
Exceptional items	-	-	(22.89)	(0.34)	-	-	-	-
Profit after exceptional items and before tax	2,228.40	24.29	1,314.34	19.40	1,548.26	25.47	661.52	12.16
Provision for Income Tax	714.59	7.79	125.78	1.86	125.70	2.07	110.00	2.02
Deferred Tax	(72.15)	(0.79)	9.76	0.14	154.92	2.55	(174.10)	(3.20)
Fringe Benefit Tax	-	-	-	-	-	-	17.00	0.31
Profit Before Extraordinary Item Extraordinary item (OCD's)	1,585.96	17.29	1,178.80	17.40	1,267.65	20.85	708.62	13.03
<b>POST TAX PROFIT</b>	<b>1,585.96</b>	<b>17.29</b>	<b>1,178.80</b>	<b>17.40</b>	<b>1,267.65</b>	<b>20.85</b>	<b>708.62</b>	<b>13.03</b>
							585.57	12.90

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# Financial Analysis – Consolidated

## Balance Sheet

(₹ Million and Percentage)

	2011-12	%	2010-11	%	2009-10	%	2008-09	%	2007-08	%
<b>SOURCES OF FUNDS</b>										
Shareholders' Funds										
Share Capital	557.08	4.60	556.38	5.18	277.50	3.05	276.15	3.49	1,241.28	17.36
Reserves and Surplus	11,017.74	91.05	9,736.74	90.63	8,785.95	96.47	7,427.16	94.00	5,482.81	76.67
Net worth	11,574.81	95.65	10,293.12	95.81	9,063.45	99.52	7,703.31	97.49	6,724.09	94.02
Loan Funds										
Secured	-	-	-	-	43.99	0.48	194.72	2.46	424.03	5.93
Unsecured	-	-	-	-	-	-	-	-	-	-
<b>Total debt</b>	-	-	-	-	43.99	0.48	194.72	2.46	424.03	5.93
Long term liabilities	-	-	19.87	-	-	-	-	-	-	-
Long term Provisions	493.14	4.08	420.02	3.91	-	-	-	-	-	-
Minority Interest	-	-	-	-	-	-	3.31	0.04	3.49	0.05
Deferred Tax Liability	33.06	0.27	10.66	0.10	-	-	-	-	-	-
<b>TOTAL</b>	<b>12,101.02</b>	<b>100.00</b>	<b>10,743.66</b>	<b>100.00</b>	<b>9,107.44</b>	<b>100.00</b>	<b>7,901.33</b>	<b>100.00</b>	<b>7,151.62</b>	<b>100.00</b>
<b>APPLICATION OF FUNDS</b>										
Fixed Assets Gross	6,810.63	56.28	6,326.70	58.89	5,546.62	60.90	5,197.81	65.78	4,088.00	57.16
(Including Goodwill)										
Depreciation & Amortization	3,345.16	27.64	2,933.24	27.30	2,392.22	26.27	2,189.25	27.71	1,793.24	25.07
Net block	3,465.47	28.64	3,393.46	31.59	3,154.40	34.64	3,008.56	38.08	2,294.76	32.09
Non Current Investments	243.94	2.02	578.62	5.39	2,022.74	22.21	402.38	5.09	2,293.40	32.07
Deferred Tax Assets	63.22	0.52	25.31	0.24	29.22	0.32	164.82	2.09	(16.21)	(0.23)
Long term loans and advances	734.70	6.07	634.98	5.91	-	0.00	-	-	-	-
Other non-current assets	-	-	24.98	0.23	-	0.00	-	-	-	-
<b>Current Assets</b>										
Current Investment	222.49	1.84	334.12	3.11	-	-	-	-	-	-
Trade Receivables	3,674.97	30.37	2,567.03	23.89	2,389.06	26.23	2,627.77	33.26	2,170.46	30.35
Cash and cash equivalents	4,559.85	37.68	3,507.49	32.65	2,337.23	25.66	3,333.50	42.19	1,192.99	16.68
Short-term loans and advances	352.57	2.91	372.76	3.47	1,337.46	14.69	602.63	7.63	442.03	6.18
Other current assets	719.24	5.94	414.31	3.86	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>9,529.12</b>	<b>78.75</b>	<b>7,195.70</b>	<b>66.98</b>	<b>6,063.75</b>	<b>66.58</b>	<b>6,563.90</b>	<b>83.07</b>	<b>3,805.48</b>	<b>53.21</b>
Current Liabilities	1,935.44	15.99	1,109.38	10.33	2,162.66	23.75	2,238.32	28.33	1,225.81	17.14
<b>Net current Assets</b>	<b>7,593.68</b>	<b>62.75</b>	<b>6,086.32</b>	<b>56.65</b>	<b>3,901.09</b>	<b>42.83</b>	<b>4,325.58</b>	<b>54.74</b>	<b>2,579.67</b>	<b>36.07</b>
<b>TOTAL</b>	<b>12,101.02</b>	<b>100.00</b>	<b>10,743.66</b>	<b>100.00</b>	<b>9,107.44</b>	<b>100.00</b>	<b>7,901.33</b>	<b>100.00</b>	<b>7,151.62</b>	<b>100.00</b>

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## Financial Analysis – Consolidated

### Profit and Loss Summary

	(₹ Million and Percentage)							
	2011-12	%	2010-11	%	2009-10	%	2008-09	%
<b>INCOME</b>								
Revenues from Operations	15,531.33	98.88	11,883.12	97.76	9531.21	95.36	8,897.50	103.42
Other Income	175.30	1.12	271.70	2.24	463.71	4.64	(294.50)	-3.42
<b>Total Income</b>	<b>15,706.63</b>	<b>100.00</b>	<b>12,154.82</b>	<b>100.00</b>	<b>9,994.91</b>	<b>100.00</b>	<b>8,603.00</b>	<b>100.00</b>
<b>EXPENDITURE</b>								
Employee Benefits Expenses	9,525.70	60.65	7,413.11	60.99	5427.21	54.30	4,894.92	56.90
Operating, Administration And Other Expenses	3,314.56	21.10	2,671.45	21.98	2020.90	20.22	2,217.54	25.78
Finance Costs	7.34	0.05	9.57	0.08	31.24	0.31	40.30	0.47
Depreciation And Amortisation Expenses	494.13	3.15	485.91	4.00	435.69	4.36	465.59	5.41
<b>Total Expenditure</b>	<b>13,341.74</b>	<b>84.94</b>	<b>10,580.04</b>	<b>87.04</b>	<b>7,915.04</b>	<b>79.19</b>	<b>7,618.35</b>	<b>88.55</b>
Profit before exceptional items and tax	2,364.90	15.06	1,574.78	12.96	2,079.87	20.81	984.66	11.45
Exceptional Items	15.92	0.10	(22.89)	-0.19	-	-	-	-
Profit after exceptional items and before tax	2,348.98	14.96	1,597.67	13.14	2,079.87	20.81	984.66	11.45
Provision for Income Tax	866.00	5.51	263.49	2.17	349.66	3.50	303.65	3.53
Deferred Tax	(30.67)	-0.20	6.31	0.05	155.49	1.56	(181.03)	-2.10
Fringe Benefit Tax	-	0.00	-	0.00	(0.08)	0.00	17.54	0.20
Profit Before Extraordinary Item	1,513.66	9.64	1,327.87	10.92	1,574.81	15.76	844.50	9.82
Extraordinary item (OCD's)	-	-	-	-	-	-	-	-
Share of Profit in Associate Company	100.09	0.64	70.05	0.58	129.17	1.29	80.13	0.93
Minority Interest -	-	-	(0.01)	4.78	0.05	0.21	-	2.21
<b>POST TAX PROFIT</b>	<b>1,613.75</b>	<b>10.27</b>	<b>1,396.89</b>	<b>11.49</b>	<b>1,708.76</b>	<b>17.10</b>	<b>924.84</b>	<b>10.75</b>
							855.72	12.28

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## Ratio Analysis - Standalone

Ratio analysis for the year ended March 31	2012	2011	2010	2009	2008
<b>Ratio - Financial Performance</b>					
Revenue from Operations/Total revenue (%)	94.16	95.61	92.41	104.19	93.19
Other Income/Total revenue (%)	5.84	4.39	7.59	(4.19)	4.16
Employee cost/Total revenue (%)	46.30	49.02	45.84	50.12	46.45
Administration expenses/Total revenue (%)	24.86	26.36	21.92	29.23	29.50
Operating expenses/Total revenue (%)	71.16	75.38	67.76	79.34	75.95
Depreciation/Total revenue (%)	4.49	5.54	6.70	7.85	7.55
Financial Charges/Total revenue (%)	0.06	0.01	0.08	0.65	0.63
Tax/Total revenue (%)	7.79	1.86	2.07	2.02	2.08
TAX/PBT (%)	32.07	9.57	8.12	16.63	13.09
EBIDTA/Total revenue (%)	28.84	24.62	32.24	20.66	24.05
Net Profit (PAT)/Total revenues (%)	17.29	17.40	20.85	13.03	12.90
Net Profit (PAT)/Average net worth (%)	16.33	13.77	16.97	10.77	13.02
ROCE (PBIT/Average capital employed) (%)	23.00	15.10	20.79	10.59	16.66
<b>Ratios- Balance sheet</b>					
Debt-equity ratio	-	-	-	0.027	0.061
Debtors turnover (Days)	77	80	87	99	106
Current ratio	5.40	6.45	2.61	3.09	3.46
Cash & cash equivalents/Total assets (%)	34.51	32.01	19.17	31.68	11.90
Cash & cash equivalents/Total revenue (%)	45.03	48.31	30.60	50.19	19.28
Depreciation/Average gross block (%)	7.27	7.37	8.68	10.35	11.38
Total Revenue/Average Net Fixed Assets	3.16	2.53	2.31	2.24	2.74
Total Revenue/Average Total Assets	0.83	0.68	0.65	0.68	0.84
<b>Ratios - Growth</b>					
Revenue from Operations revenue (%)	33.37	15.28	(0.84)	30.19	25.24
Total revenue (%)	35.42	11.43	11.79	19.76	27.93
Operating expenses (%)	27.84	23.96	(4.53)	25.11	34.69
EBIDTA (%)	58.64	(14.91)	74.49	2.87	10.43
Net Profit (%)	34.54	(7.01)	78.89	21.01	(9.98)
<b>Per Share Data</b>					
Basic earnings per share (₹)	14.24	10.60	11.45	13.30	11.54
Cash Earnings per share (₹)	17.93	13.98	15.09	20.56	17.81
Book value (₹) **	92.89	81.67	72.42	124.91	120.02
Price/Earning, end of year	10.49	15.26	16.10	6.39	24.23
Price/Cash Earning, end of year	8.33	11.57	12.22	4.14	15.70
Price /Book value , end of year	1.61	1.98	2.55	0.68	2.33
Share price as on March 31 (National Stock Exchange)	149.30	161.75	184.43	85.00	279.70
No. of Share Outstanding as on March 31, (in Millions)	111.42	111.18	111.00	55.23	52.13
Dividend Per Share (₹)	2.50	1.25	2.00	1.50	1.20
Dividend (%)	50%	25%	40%	30.0%	24.0%

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## Ratio Analysis - Consolidated

Ratio analysis for the year ended March 31	2012	2011	2010	2009	2008
<b>Ratio - Financial Performance</b>					
Other Income/Total Revenue (%)	1.12	2.24	4.64	(3.42)	3.25
Employee cost/ Total Revenue (%)	60.65	60.99	54.30	56.90	51.11
Operating & Administration expenses/ Total Revenue (%)	21.10	21.98	20.22	25.78	28.17
Depreciation & Amortization/ Total Revenue (%)	3.15	3.99	4.36	5.41	5.24
Financial Charges/Total Revenue (%)	0.05	0.08	0.31	0.47	0.53
TAX/PBT (%)	35.56	16.89	24.28	14.23	24.74
EBIDTA/Total Revenue (%)	18.25	17.03	25.48	17.33	20.72
Net Profit/Total Revenue (%)	10.27	11.49	17.10	10.75	12.28
Net Profit/Average Net Worth (%)	14.76	14.43	20.38	12.82	17.71
ROCE (PBIT/Average capital employed)	21.70	16.37	25.18	14.21	22.31
<b>Ratios- Balance sheet</b>					
Debt-equity ratio	-	-	-	0.03	0.06
Debtors turnover (Days)	99	96	96	108	118
Current ratio	4.92	6.49	2.80	2.93	3.10
Cash & Cash Equivalents/Total Assets (%)	34.07	32.41	20.74	32.88	14.24
Cash & Cash Equivalents/Total Revenue (%)	30.45	31.61	23.38	38.75	17.12
Depreciation & Amortization/Average gross block (%)	8.11	9.47	8.11	10.03	11.14
Revenue/Average Net Fixed Assets	4.53	3.63	3.09	3.36	3.79
Revenue/Average Total Assets	1.20	1.03	0.89	0.96	1.08
<b>Ratios - Growth</b>					
Operating Revenue (%)	30.70	24.68	7.12	31.99	24.25
Operating Expenses (%)	27.33	35.40	4.72	28.75	28.75
EBIDTA (%)	38.45	(18.71)	70.86	3.24	20.12
Net Profit (%)	15.52	(18.25)	84.76	8.08	2.28
<b>Per Share Data</b>					
Basic earnings per share (₹)	14.49	12.56	15.44	17.36	16.90
Cash Earnings per share (₹)	18.92	16.93	19.32	25.18	23.43
Book value (₹)	103.89	92.58	81.65	139.48	128.99
Price/Earning, end of year	10.30	12.87	11.95	4.90	16.55
Price/Cash Earning, end of year	7.89	9.55	9.55	3.38	11.94
Price/Book value , end of year	1.44	1.75	2.26	0.61	2.17
Share price as on March 31 (National Stock Exchange)	149.3	161.75	184.43	85.00	279.70
No. of Share Outstanding as on March 31, (in Millions)	111.42	111.18	111.00	55.23	52.13
Bonus Issue		1:1			
Dividend Per Share (₹)	2.50	1.25	2.00	1.50	1.20
Dividend (%)	50.00%	25.00%	40.00%	30.00%	24.00%

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## Significant Milestones in the history of the Company

<b>1991</b>	<b>August</b>	Infotech Enterprises was incorporated as a private limited company
<b>1995</b>	<b>August</b>	The company received its first ISO 9002 certification from BVQi London for its conversion services
<b>1997</b>	<b>March</b>	Re-organized as a public limited company; IPO of Equity shares at ₹ 20 per share and listed in all major stock exchanges in India
	<b>April</b>	Acquisition of SRG Infotech, a 16-year-old local software company providing software services in Oracle and Visual basic client server environments. The acquisition brought into the company the assets, customers, technologies, employees and over 500 person years of expertise
	<b>October</b>	Partner in Development with IBM for developing Enterprise wide Information System. Infotech Enterprises diversifies into Business software development by adding 50 developers, creating an independent profit centre
<b>1998</b>	<b>December</b>	Infotech Enterprises signs a break-through contract to provide GIS conversion, Consulting and Mapping services worth US\$ 5.5 million to Analytical Surveys, Inc. (ASI)
<b>1999</b>	<b>January</b>	Infotech Enterprises enters into an agreement with Navionics Italy the world leader in seamless marine electronic charts for digitization and Conversion services
	<b>June</b>	Infotech and ASI sign a long term contract for ASI to source US\$ 33 million in conversion and software services from Infotech Enterprises
	<b>July</b>	Infotech Enterprises establishes a wholly owned subsidiary Infotech Software Solutions Inc. in the United states of America in the state of California. The Corporation is primarily engaged in the business of supplying computer software and related services
	<b>August</b>	Infotech Enterprises announces acquisition of Europe based GIS software solution company- Dataview Solutions Limited. The company acquired Dataview with an upfront cash payment of US \$ 1.80 million and issue of stock of Infotech for US \$1.80 million over the next two years
	<b>September</b>	Infotech Enterprises acquires Cartographic Sciences Pvt. Mumbai- India from Analytical Surveys Inc. - US
	<b>September</b>	Infotech Enterprises receives an ISO 9001 for its software development services
	<b>September</b>	Infotech Enterprises earned the coveted Fast Track Award from Smallworld Pte. Ltd. U.K. for completion of a prestigious GIS project at Bharti Telenet Limited in a record time of five months
	<b>November</b>	Infotech Enterprises signed a shareholder agreement with Walden Nikko and GE Capital for issue of equity/optionally convertible debentures aggregating to 11,50,000 equity shares of ₹ 10 each at a price of ₹ 350 each
<b>2000</b>	<b>January</b>	Inauguration of the state-of-the-art software development centre spread across 1,30,000 sq.ft. area in Infocity- Hyderabad. The state-of-the-art development centre built at an approximate cost of ₹12 crore and can accommodate 4,000 software engineers
	<b>April</b>	Merger of Cartographic Sciences with the Company



2000	<i>May</i>	Infotech Enterprises enters into a Master Services Agreement with Pratt & Whitney, a division of United Technologies Corporation, a Fortune 100 company
	<i>October</i>	Infotech Enterprises announces the acquisition of a German company, Advanced Graphics Software GmbH (AGS). AGS is nine-year-old mechanical engineering software and services company specializing in 3D CAD/CAM
	<i>November</i>	Infotech Enterprises wins a multimillion dollar GIS project from the Dutch multi-national group, FUGRO
2001	<i>April</i>	Infotech Europe acquires European GIS distributor Map Centric - a leading independent GIS distributor in Europe
	<i>May</i>	Infotech Enterprises bags a contract worth US \$ 7 million to provide Photogrammetry service to Triathlon, a leading full fledged geomatics company in Canada
	<i>May</i>	Infotech Enterprises ranks 5th among Top Ten Exporters from Andhra Pradesh for the Year 2000-2001
	<i>June</i>	Infotech Enterprises acquires 10-acres of land to set up a software development campus at Manikonda, Hyderabad.
	<i>July</i>	Infotech Enterprises achieves the ISO 9001:2000 from BVQi and joins the list of top few companies in India and the first company in the GIS sector
	<i>August</i>	Infotech Enterprises attains the coveted SEI CMM LEVEL 4 certification for its software development centre at Infocity, Hyderabad
	<i>November</i>	Infotech Enterprises receives ISO 9001:2000 for Software and Engineering Services lines of business by BVQi London
	<i>December</i>	Infotech Enterprises announces the opening of the state-of-the-art Engineering services facility in Bangalore, India
2002	<i>February</i>	Infotech Enterprises Announces strategic business relationship with Pratt & Whitney Division of UTC. Pratt & Whitney to participate with up to ~18% equity stake in Infotech, demonstrating long term partnering intent and endorsing Infotech Business competence
	<i>April</i>	Infotech Enterprises achieves SEI CMM Level 5 for its Software Development & Services Division
	<i>April</i>	Infotech Enterprises' Board recommends issue of Bonus Shares at 1:1 ratio
	<i>August</i>	Infotech Enterprises bags a major GIS contract from KPN Telecom, the largest telecommunications company in the Netherlands, to provide spatial data management services.
	<i>September</i>	Company bags the Federation of Andhra Pradesh Chambers of Commerce & Industry (FAPCCI) Award for Best Information Technology (IT) Company in the state of Andhra Pradesh (2001-2002)
2003	<i>April</i>	Infotech Enterprises attains the best process improvement model-"The Level 5 of the CMMi Version 1.1 for the SW/SE/SS disciplines"



<b>2003</b>	<b><i>September</i></b>	Infotech Enterprises announces the inauguration of a new development center in Puerto Rico to provide engineering design services
	<b><i>September</i></b>	Infotech Enterprises signs long term outsourcing contact with Bombardier Transportation to provide Engineering Services in India
<b>2004</b>	<b><i>January</i></b>	Infotech Enterprises acquires VARGIS - a GIS Company in the US
	<b><i>July</i></b>	Change in Business Model. Verticalization brought into place
	<b><i>September</i></b>	Infotech Enterprises divests 51% of its stake in Infotech Aerospace Services Inc. in favour of United Technologies Corporation
	<b><i>September</i></b>	Infotech Enterprises conferred with BS 7799 standards
<b>2005</b>	<b><i>March</i></b>	Infotech Enterprises acquires Tele Atlas India Pvt. Ltd. Tele Atlas (Netherlands) joins as a strategic partner with preferential allotment of shares
	<b><i>March</i></b>	Infotech Enterprises opens branch office in Singapore
	<b><i>April</i></b>	Infotech Enterprises opens branch office in Melbourne, Australia
	<b><i>May</i></b>	Inaugurated Geospatial production facility at Frostburg, Maryland, USA
	<b><i>July</i></b>	Infotech Enterprises opens branch office in Dubai
	<b><i>September</i></b>	Wins a landmark GIS contract from KPN Telecom and also signs a 5-year major Engineering Design Agreement with Alstom Transport
	<b><i>October</i></b>	Completed 5 years of relationship with Pratt & Whitney
<b>2006</b>	<b><i>March</i></b>	Signs a major GIS contract with GE for Swisscom
	<b><i>December</i></b>	Infotech Enterprises opens branch office at Canada
<b>2007</b>	<b><i>June</i></b>	Acquires 74% stake in Geospatial Integra and renamed the company as Infotech Geospatial (India) Limited
	<b><i>July</i></b>	Preferential allotment of shares to GA Global Investments Limited & Carrier International Mauritius Limited
	<b><i>August</i></b>	Set up Infotech HAL Limited, a Joint Venture Company with HAL, a Navaratna PSU under the Ministry of Defence, at Bangalore
<b>2008</b>	<b><i>October</i></b>	Acquired TTM (India) Private Limited and TTM Inc; made foray into Hitech Vertical
	<b><i>December</i></b>	Established wholly owned subsidiary in Japan
<b>2009</b>	<b><i>December</i></b>	Infotech Enterprises opens branch office in Malaysia
<b>2010</b>	<b><i>January</i></b>	Infotech Enterprises signs a long term engineering services contract with Hamilton Sundstrand
	<b><i>January</i></b>	Acquired Daxcon Engineering Inc., USA (Step down subsidiary)
	<b><i>August</i></b>	Acquired Wellsco Inc., USA (Step down subsidiary)
<b>2011</b>	<b><i>May</i></b>	Awarded 'Supplier of the year' by Boeing
	<b><i>November</i></b>	IGIL becomes a wholly owned subsidiary

## FAQs

### When was Infotech Enterprises Limited incorporated?

Infotech Enterprises Limited (the Company) was incorporated as a Private Limited Company on August 28th, 1991 under the Companies Act, 1956.

### When did the Company convert itself into a Public Limited Company?

The Company was converted into a Public Limited Company vide resolution dated 21 April 1995.

### Where is the Registered Office of the Company located?

The Registered Office of the Company is located at

4th Floor, 'A' Wing

Plot No. 11, Software Units Layout,

Infocity, Madhapur, Hyderabad - 500 081, A.P.

### When did the Company have its Initial Public Offer (IPO) and at what price?

The Company made its maiden public offer in March 1997 at a price of ₹ 10 each for cash at a premium of ₹ 10 per share. The issue was lead managed by Industrial Development Bank of India (IDBI), Madras. The issue was oversubscribed by 1.56 times.

### Who are the founder members of the Company?

The founder members of the Company are: Mr. B.V.R. Mohan Reddy, Mrs. B. Sucharitha, and Mr. K. Rajan Babu.

### What is the Vision Statement of the Company?

Delivering Innovative Solutions together for a better future

### What is the Mission Statement of the Company?

Provide the best technology services and solutions to Industry and Government worldwide

### What is the Quality Policy of the Company?

To deliver innovative solutions that delight customers through deployment of robust processes.

### What are the Quality Objectives of the Company?

- Delight customers through delivery excellence.
- Attract, train and retain talented professionals through active employee engagement.
- Deliver solutions / services based on cutting edge tools, technologies and methodologies.
- Continuous process improvement and achieve operational excellence.

### What is the Background of the Company?

The company was promoted by Mr. B.V.R. Mohan Reddy and his associates and was incorporated as a Private Limited Company on August 28, 1991. The Company commenced commercial operations in September 1992. IDBI, the largest Financial Institution in India, sanctioned start-up assistance under the Venture Capital Scheme in 1991 for the Company's original project implementation. The original project envisaged creation of facilities for conversion of paper-based drawings into Computer Aided Design and Drafting (CADD) and Geographic Information Systems (GIS) formats and for developing other software products.

### What is the history of Bonus issue of Shares at the Company?

Year	1994-95	1995-96	1996-97	2002-03	2006-07	2010-11
Bonus issue ratio	7 : 5	1 : 1	1 : 1	1:1	1:2	1:1

### What is the Dividend History of the Company?

Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012*	2012^
Dividend (%)	12.5%	12.5%	15%	22.5%	22.5%	24%	30%	40%	25%	25%	25%

\* On October 27, 2011 the Board of Directors of the Company recommended and paid the interim dividend of 25% for the financial year 2011-12

^ On April 18, 2012, the Board of Directors of the Company recommended final dividend of 25% for the financial year 2011-12.

### **Is nomination facility available to the shareholders?**

Yes. Nomination facility is available to the Shareholders under section 109A of the Companies Act, 1956. Shareholders are advised to make use of the nomination facility. For further details, investors may contact the R&T Agents of the Company.

### **What are the quality certifications that the Company has?**

Infotech is certified by Bureau VERITAS Certification (BVC) for compliance to ISO 9001:2008 (Quality Management Systems) and ISO 27001:2005 (Information Security Management Systems). The Aerospace Business Unit is certified by UL DQS Inc. for compliance to AS 9100 Rev C (Aerospace Quality Management Systems) covering Hyderabad & Bangalore locations. All operating groups in Infotech-UTC Division providing various Engineering Services and IT Software Development have been assessed at ACE Gold Level (highest level) by the Customer. ACE which stands for Achieving Competitive Excellence and forms the Quality Operating System of United Technology Corporation.

During financial year 2011-12, the company's medical and rail practice groups have sustained and improved its compliance with respect to ISO 13485:2003 (Medical Devices Quality Management System) and IRIS Rev 2 (International Railway Industry Standards) respectively. Infotech also awarded the CII EXIM Bank Business Excellence Commendation Certificate for Strong Commitment to Excel for the year 2011.

### **How does a Shareholder go about transferring his shares/having related correspondence?**

To transfer shares in physical form and general correspondence regarding shares, shareholders may write to the Company's Registrars/the Company -

#### **Karvy Computershare Private Limited**

Unit: Infotech Enterprises Limited  
Plot No. 17 to 24, Vithalrao Nagar,  
Madhapur, Hyderabad-500 081.  
Tel : +91-40-23420818 & 23420828  
Fax: +91-40-2342-0814  
E-mail: madhusudhan@karvy.com /  
mohsin@karvy.com  
Web: www.karvy.com

#### **Mr. N. Ravi Kumar**

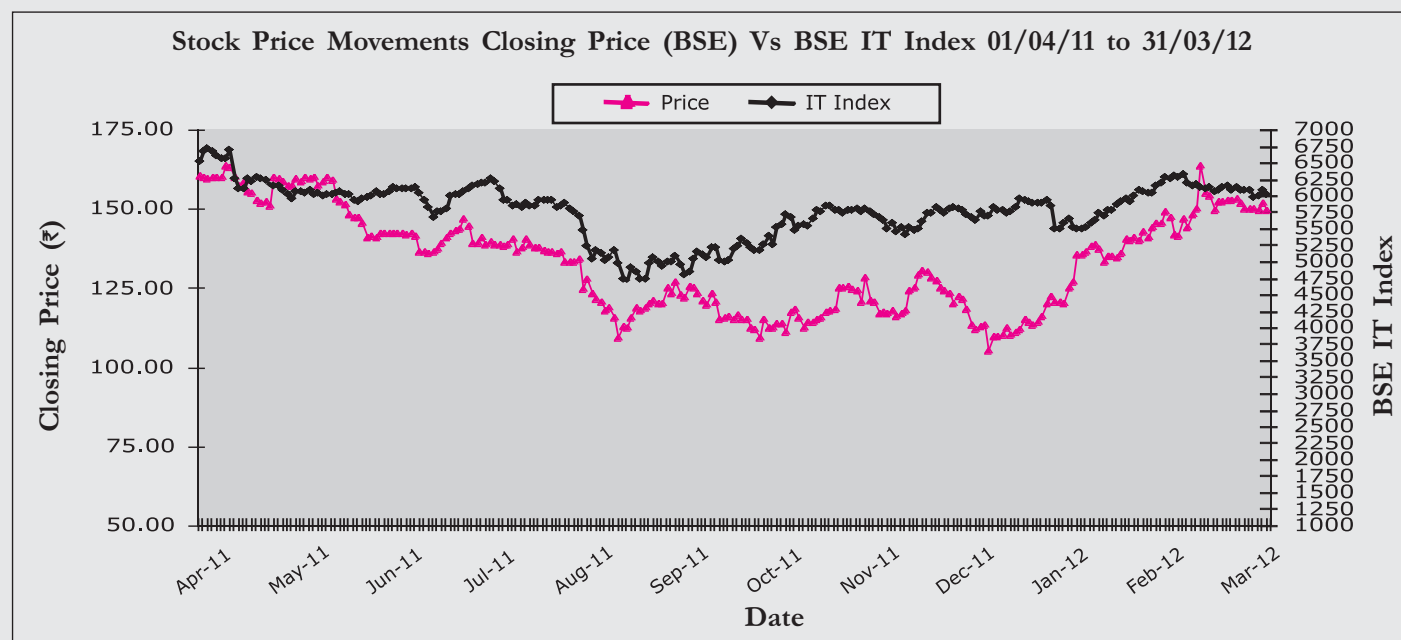
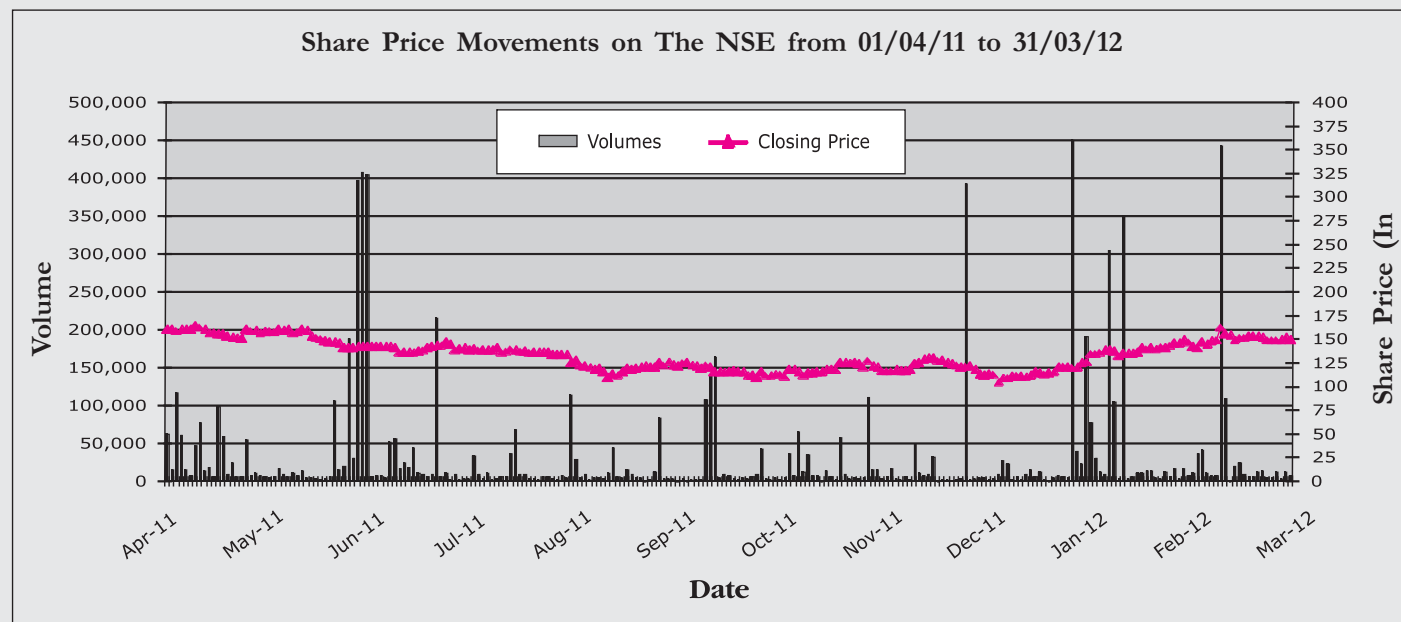
Deputy Company Secretary  
Infotech Enterprises Limited  
4th Floor, A-wing, Plot No: 11  
Software Units Layout, Infocity  
Madhapur, Hyderabad - 500 081  
Tel: +91-40 23124006  
Fax: +91-40 66624368  
E-mail: ravikumar.nukala@infotech-enterprises.com

Transfer of shares in electronic form are effected through your depository participant. Please note that the Securities and Exchange Board of India has issued directives that trading in the scrip of the Company would be in compulsory demat form by all investors w.e.f. August 28, 2000.

### **How does a shareholder claim shares/physical share certificates that were not claimed in the past?**

The shareholder may correspond with the Dy. Company Secretary and/or the R&T agents to prove his/her credentials and claim the share certificates. In terms of clause 5A of the Listing Agreement, the Company has already sent the necessary reminders to the shareholders. There are 119 cases (aggregating to 1,46,578 shares) that are unclaimed. The Company is in the process of opening the demat suspense account.

## Share Price Movements



Infotech Management cautions that the stock price performance shown in the graphs above should not be taken to be indicative of the potential future stock price performance.

**Shareholders/Investors Queries may be addressed to :**

**Mr. Sudheendhra Putty**

Company Secretary

**Infotech Enterprises Limited**

4th Floor, 'A' Wing, Plot No: 11, Software Units Layout,

Infocity, Madhapur

Hyderabad - 500 081, India

Tel: +91-40 2312 4006

Fax: +91-40 6662 4368

E-mail: [Sudheendhra.Putty@infotech-enterprises.com](mailto:Sudheendhra.Putty@infotech-enterprises.com)

**Queries relating to financial statements of the Company may be sent to :**

**Mr. Ajay Aggarwal**

Chief Financial Officer

**Infotech Enterprises Limited**

4th Floor, 'A' Wing, Plot No: 11, Software Units Layout,

Infocity, Madhapur

Hyderabad - 500 081, India

Tel: +91-40 2312 4004

Fax: +91-40 6662 4368

E-mail: [Ajay.Aggarwal@infotech-enterprises.com](mailto:Ajay.Aggarwal@infotech-enterprises.com)



## Electronic Clearing Services (ECS) Mandate Format

To  
Karvy Computershare Limited  
**Unit : Infotech Enterprises Limited**  
Plot No: 17 to 24, Vittal Rao Nagar  
Madhapur, Hyderabad - 500 081.

Dear Sir,

FORM FOR ELECTRONIC CLEARING SERVICES FOR PAYMENT OF DIVIDEND please fill-in the information in CAPITAL LETTERS and in ENGLISH ONLY.

Please TICK ☒ a wherever applicable.

For shares held in physical form

Regd.   
Folio No.

For shares held in electronic form

DP. ID   
Client Id

-----For Office Use Only-----

ECS  
Ref.No.

**Note:** On de-materialization of existing physical shares, for which you have availed ECS facility, this form needs to be re-submitted to your Depository Participant.

Name of  
First Holder:

Bank Name

Branch Name

Branch Code

(9 Digit Code Number appearing on the MICR band of the cheque supplied by the Bank) Please attach a photo copy of a blank cheque of your bank duly cancelled for ensuring accuracy of the banks name, branch name and code number.

Account type	Savings <input type="text"/>	Current <input type="text"/>	Cash Credit <input type="text"/>
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A/c No. (as appearing in the chequebook)

Effective date of this Mandate

I hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness of information supplied as above, Karvy Computershare Limited, will not be held responsible. I agree to avail the ECS facility provided by RBI, as and when implemented by RBI/Company.

I further undertake to inform the Company any change in my Bank/branch and account number.

Date:

(Signature of First holder)





### Infotech Enterprises Limited

Regd. Office: 4th Floor, 'A' Wing, Plot No: 11, Software Units Layout, Infocity, Madhapur, Hyderabad - 500 081

#### ATTENDANCE SLIP

I hereby state that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the Annual General Meeting of the Company held on Wednesday, the 18th day of July, 2012 at 2:30 p.m. at Bhaskara Auditorium, B.M. Birla Museum, Adarsh Nagar, Hyderabad - 500 063, India, or/any adjournment thereof.

Name of the attending shareholder: \_\_\_\_\_  
(in block letters)

Name of the proxy: \_\_\_\_\_  
(to be filled in if proxy attends)

Signature of shareholder: \_\_\_\_\_

Signature of proxy: \_\_\_\_\_

Regd. Folio Number:  
Or DP/Client ID No. \_\_\_\_\_

Number of shares held: \_\_\_\_\_

- Note: 1. Shareholders/proxy holders are requested to bring the Attendance Slips with them duly completed when they come to the meeting and hand them over at the gate, affixing their signature on them.  
2. Members are informed that no duplicate attendance slips will be issued at the venue of the meeting.



### Infotech Enterprises Limited

Regd. Office: 4th Floor, 'A' Wing, Plot No: 11, Software Units Layout, Infocity, Madhapur, Hyderabad - 500 081

#### PROXY FORM

Regd. Folio No./DP ID and Client ID: 

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I / We .....  
of ....., being a Member / Members of  
INFOTECH ENTERPRISES LIMITED hereby appoint ..... of .....  
in the district of ..... as my/our proxy to attend and vote for me/us on  
my/our behalf at the Annual General Meeting of the Company to be held on Wednesday, the 18th day of July, 2012 at 2:30 p.m.  
at Bhaskara Auditorium, B.M. Birla Museum, Adarsh Nagar, Hyderabad - 500 063, India, or/any adjournment thereof.

Signed this..... day of ..... 2012

Member's Folio Number/Client ID No.....

Number of shares held.....

Name & address.....

.....

Affix  
Fifteen  
Paise  
Revenue  
Stamp

NOTE: The proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.



## Global Presence

### Technology Centres

#### India

**Infotech Enterprises Ltd.**  
11, Software Units Layout,  
Infocity, Madhapur,  
Hyderabad - 500 081.  
Tel: +91-40-23110357

**Infotech Enterprises Ltd.**  
Plot No. 2, IT Park,  
Nanakramguda, Manikonda,  
Hyderabad - 500 032.  
Tel: +91-40-23139100

**Infotech Enterprises Ltd.**  
Katyayani Hi-Tech Complex,  
13-1-61/64, Surya Rao Peta,  
Main Road, Opp. Apollo  
Hospital,  
Kakinada - 533 001.  
Tel: +91-884-6661847

**Infotech Enterprises Ltd.**  
Survey No. 410, Plot No. 14,  
SEZ Units, Hill No.3,  
Rushikonda, Madhuravada  
(V), Visakhapatnam-530 007

**Infotech Enterprises Ltd.**  
'Infotech IT Park,  
Plot No. 110 A & 110 B,  
Phase 1, Electronics City,  
Hosur Road,  
Bangalore - 560 100.  
Tel: +91-80-28522341

**Infotech Enterprises Ltd.**  
B-11, Sector 63,  
Noida - 201 301.  
Tel: +91-120-4161000

#### USA

**Infotech Enterprises America, Inc.**  
(A Subsidiary of Infotech Enterprises Ltd.)  
330 Roberts Street, Suite 102,  
East Hartford, CT 06108.  
Tel: +1-860-5285430

**Infotech Enterprises America, Inc.**  
1190 Saratoga Avenue,  
Suite 110, San Jose, CA  
95129.  
Tel: +1-408-213-0370

**Infotech Enterprises America, Inc.**  
1707 Linwood Drive  
Paragould, AR 72450  
Tel: +1-870-236-1080

**Infotech Enterprises America, Inc.**  
8001, N.University Street,  
Peoria, IL-61607  
Tel: +1-309-697-5975  
Offices & Subsidiaries

#### India

**Infotech Geospatial (India) Ltd.**  
11, Software Units Layout,  
Infocity, Madhapur,  
Hyderabad - 500 081.  
Tel: +91-40-23110357

**Infotech Enterprises Information Technology Services Pvt. Ltd.**  
Plot No.42, Nagarjuna Hills,  
Punjagutta,  
Hyderabad-500 082.  
Tel: +91-40-23350932

#### USA

**Infotech Enterprises America, Inc.**  
100 Carpenter Drive,  
Suite 200,  
Sterling, VA 20164.  
Tel: +1-571-313-1065

#### Europe

**Infotech Enterprises Europe Ltd.**  
First Floor West,  
High Holborn House,  
52-54 High Holborn, London,  
WC1V 6RL, UK.  
Tel: +44-20-74040640

**Infotech Enterprises GmbH**  
Dorfstrasse 12  
3032 Hinterkappelen  
Switzerland

**Infotech Enterprises GmbH**  
Mollenbachstrasse 37,  
71229 Leonberg, Germany,  
Tel: +49-7152-9452-0

**Infotech Enterprises Göteborg AB**  
Biblioteksgatan 4B  
435 30 Mölnlycke  
SWEDEN

**Infotech Enterprises GmbH**  
Unit 20, Apex Court,  
Almondsbury Business Park,  
Bristol, BS32 4JT, UK.  
Tel: +44-1454-205030

**Infotech Enterprises Benelux Ltd.**  
(A Subsidiary of IEEL)  
Benelux / Germany region,  
Minervum7491, 4817 ZP,  
Breda,  
The Netherlands.  
Tel: +31-76-5722-966

**Infotech Enterprises GmbH**  
France  
18, Rue Saint Vincent 78100,  
Saint-Germain-en-Laye,  
France.  
Tel: +33-130-611673

**Infotech Enterprises Ltd.**  
Kirkegata 42,  
4006, Stavanger,  
1103 Stavanger, Norway

Australia  
**Infotech Enterprises Ltd.**  
Level 14, 350 Collins Street,  
Melbourne, Victoria - 3000,  
Australia.  
Tel: +61-386054815

**Infotech Enterprises Ltd.**  
Level 3, 11-13,  
Aird Street, Parramatta,  
New South Wales, Sydney,  
Australia.  
Tel: +61-296339389

**Infotech Enterprises Ltd.**  
45 Ventnor Avenue  
West Perth, WA, 6005  
Ph: + 61 8 9429 8812

#### New Zealand

**Infotech Enterprises Ltd.**  
Level 27, PWC Towers,  
188 Quay Street,  
Auckland, New Zealand.

#### Dubai

**Infotech Enterprises Ltd.**  
Dubai Airport Free Zone  
Authority  
(DAFZA),  
P.O.Box 54713, Dubai.  
Mobile: +971-50-6867045

#### Japan

**Infotech Enterprises Japan KK**  
Level 11,  
Aoyama Palacio Tower,  
3-6-7 Kita-Aoyama,  
Minato-ku Tokyo,  
Japan. Postal code: 107-0061  
Tel: +81-3-57787686

#### Singapore

**Infotech Enterprises Ltd.**  
1 North Bridge Road,  
#19-04/05,  
High Street Centre,  
Singapore - 179 094.  
Tel: +0065-63372472

#### Canada

**Infotech Software Solutions Canada Inc.**  
3333 Cavendish Blvd.  
Suite 340, Montreal,  
QC. H4B 2M5.  
Tel: +514-4890370

#### Malaysia

**Infotech Enterprises Ltd.**  
Level 28,  
The Gardens South Tower,  
Mid Valley City,  
Lingkaran Syed  
Putra,  
59200, Kuala Lumpur



Global Headquarters : Infotech Enterprises Ltd., Plot No. 11, Software Units Layout, Infocity, Madhapur, Hyderabad - 500 081, India.

Tel : +91-40-2311 0357/2312 4006 Fax: +91-40-6662 4368

[www.infotech-enterprises.com](http://www.infotech-enterprises.com)