

TO THE  
NEXT LEVEL 

22<sup>nd</sup> ANNUAL REPORT 2012-13

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In a challenging 2012-13, Infotech Enterprises reported a 21 percent increase in revenues and 43 percent growth in its bottomline.

We can always claim a pat on the back for having braved a global slowdown and avoided complacency.

We would rather focus on growing the size of our business on the one hand and its quality on the other – with the objective of enhancing profitability and sustainability.

AND THEREBY CLIMBING  
TO THE NEXT LEVEL.



INFOTECH ENTERPRISES IS A  
NICHE PLAYER.

SPECIALISING IN BUSINESS-  
STRENGTHENING SERVICES  
BASED ON DEEP CAPABILITIES IN  
ENGINEERING AND IT.

RECOGNISED AS ONE OF THE  
TOP SOLUTION OUTSOURCING  
COMPANIES IN THE WORLD.

## Background

Infotech Enterprises (incorporated 1991) was founded by Mr. B.V.R. Mohan Reddy. We are headquartered in Hyderabad with more than 10,000 associates in 36 global locations and best-in-class delivery centres in North America, Europe, the Middle East and the Asia Pacific.

Infotech Enterprises' equity shares are listed on the Bombay Stock Exchange and National Stock Exchange. Market capitalisation was Rs. 18,989 Million as of March 31, 2013; promoter holding accounted for 22.35 percent of the company's equity.

## Client base

We provide a variety of engineering services and solutions in the aerospace, automotive, consumer, energy, heavy equipment and machinery, marine, medical devices, oil and gas, transportation, semiconductor, telecom and utility sectors.

## Offerings

- We provide geospatial services to the utilities and telecom sectors, as well as data transformation and analytics services to the utility and transportation segments, both in the public and private realms.
- We provide engineering services addressing solutions in the engineering, manufacturing and infrastructure verticals.

## Quality certifications

Infotech's solutions are delivered in line with industry-best practices and the following international standards:

- International Standards Organization (ISO) 9001:2008
- Information Security 27001:2005
- Aerospace AS9100 C
- Medical Devices ISO 13485
- International Railway Industry IRIS Rev 2

## Awards

- Selected in the *Leaders* category in the 2012 Global Outsourcing 100 service providers' list.
- Recognised for the second time in three years as *Supplier of the Year* in the international category by the Boeing Company.
- Received *Boeing Performance Excellence Award* (BPEA) for the third consecutive year.
- Received *Top Offshore Engineering Services Provider Award* from Vought Aircraft Co.
- Recognised for excellence in learning at the Third Asia Best Employer Brand Awards.
- Received the prestigious Golden Peacock Award for *Excellence in Corporate Governance*.

### VISION

Delivering innovative solutions together for a better future.

### MISSION

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

#### REVENUE GROWTH (%)

20.6% 2012-13

30.7%, 2011-12

#### PROMOTERS' HOLDING (%)

22.35% MARCH 31, 2013

22.82%, MARCH 31, 2012

#### PROFIT AFTER TAX GROWTH (%)

43.2% 2012-13

15.5%, 2011-12

#### TEAM SIZE

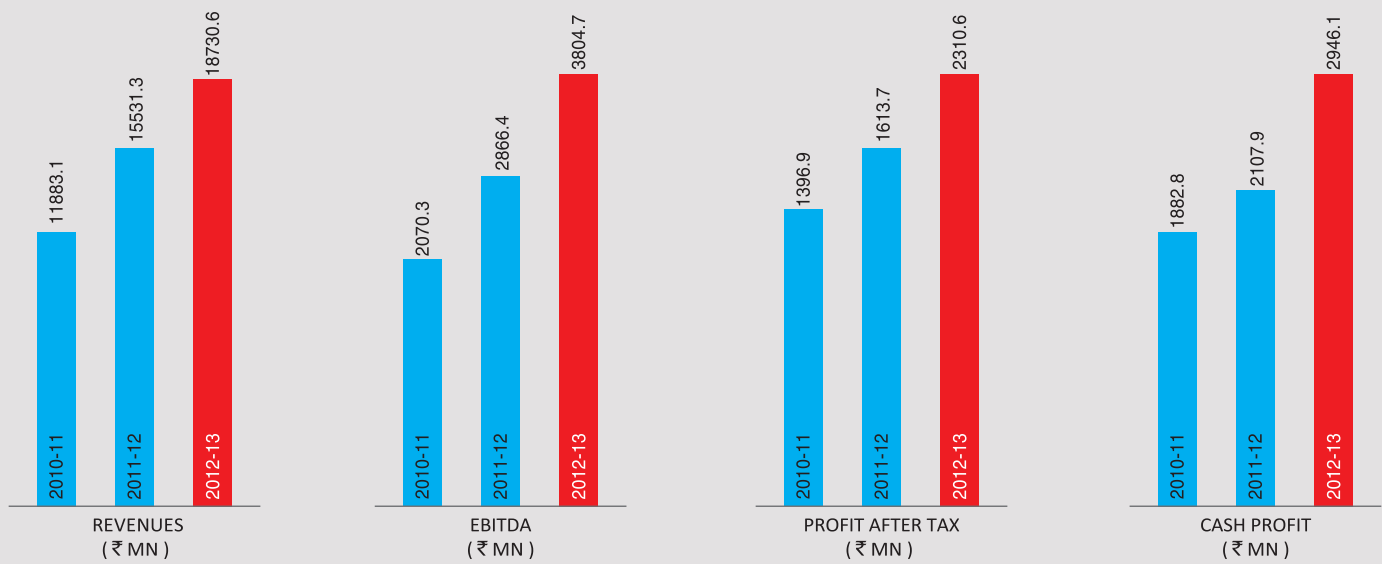
10,517 2012-13

9,334, 2011-12

# HOW WE HAVE GROWN OVER THE YEARS

## Operational highlights, 2012-13

- Added 64 customers (34 in the Engineering and 30 in the UT&C division)
- Utilities, Telecom & Content (UT&C) (earlier known as Network and Content Engineering) division of the Company exceeded US\$100 million in revenues
- Opened an office in the Silicon Valley in Santa Clara, California (USA), to address growth opportunities
- New SEZ facility inaugurated in Kakinada (Andhra Pradesh), Infotech's seventh in India which employs 850 people
- Added 3,092 employees(gross), the highest ever in a single year



20+

Number of years of experience in delivering engineering solutions

10,000+

Number of associates

22

Number of Fortune 500 customers

18,731

Revenues (₹ MN), 2012-13

36

Global locations

17

Presence in number of Countries

2,311

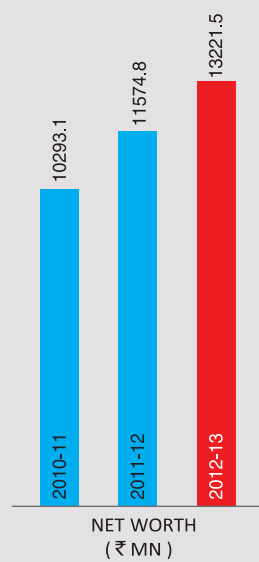
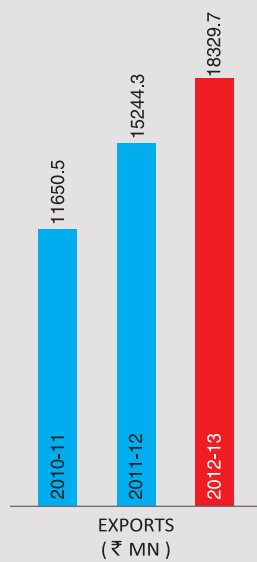
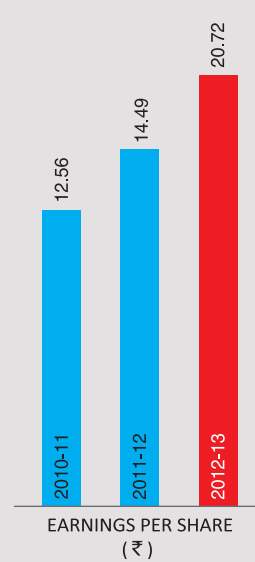
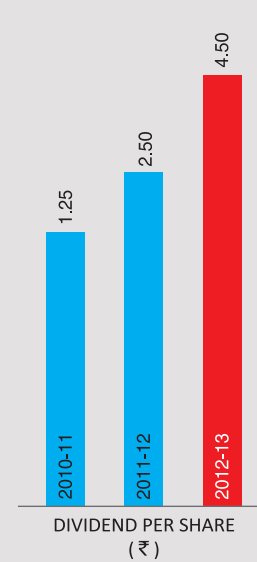
PAT (₹ MN), 2012-13

299

Number of active customers

18,989

Market Capitalisation, (₹ MN) as on 31 March 2013



## Board of Directors

---

|                    |   |                                                      |
|--------------------|---|------------------------------------------------------|
| B.V.R. Mohan Reddy | - | Chairman & Managing Director                         |
| B. Sucharitha      | - | Whole Time Director                                  |
| M.M. Murugappan    | - | Independent Director                                 |
| G.V. Prasad        | - | Independent Director                                 |
| K. Ramachandran    | - | Independent Director                                 |
| Alain De Taeye     | - | Independent Director (Nominee of Tom Tom)            |
| Vikas Sehgal       | - | Independent Director                                 |
| Harsh Manglik      | - | Independent Director                                 |
| Allan J. Brockett  | - | Non-Executive Director (Nominee of Pratt & Whitney)  |
| Abhay Havaladar    | - | Non-Executive Director (Nominee of General Atlantic) |
| Shankar Narayanan  | - | Non-Executive Director                               |

## Key Executives

---

|                      |   |                                            |
|----------------------|---|--------------------------------------------|
| B.V.R. Mohan Reddy   | - | Chairman & Managing Director               |
| Krishna Bodanapu     | - | President & Chief Operating Officer        |
| Ajay Aggarwal        | - | Chief Financial Officer                    |
| B. Ashok Reddy       | - | President – Global HR & CA                 |
| John Renard          | - | President & Head UT & C                    |
| Ramaswami Anantharam | - | Chief Information Officer                  |
| Martin Trostel       | - | Managing Director, IEEL, UK & IEG, Germany |
| Thomas Edwards       | - | President, IEAI, USA                       |

# Corporate Information

## Auditors

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

## Internal Auditors

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

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

## Tax Advisors

G.P. Associates,  
Flat No. 603, 6th Floor,  
'Cyber Heights', Plot No. 13,  
HUDA Layout, Road No. 2,  
Banjara Hills,  
Hyderabad – 500 033  
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

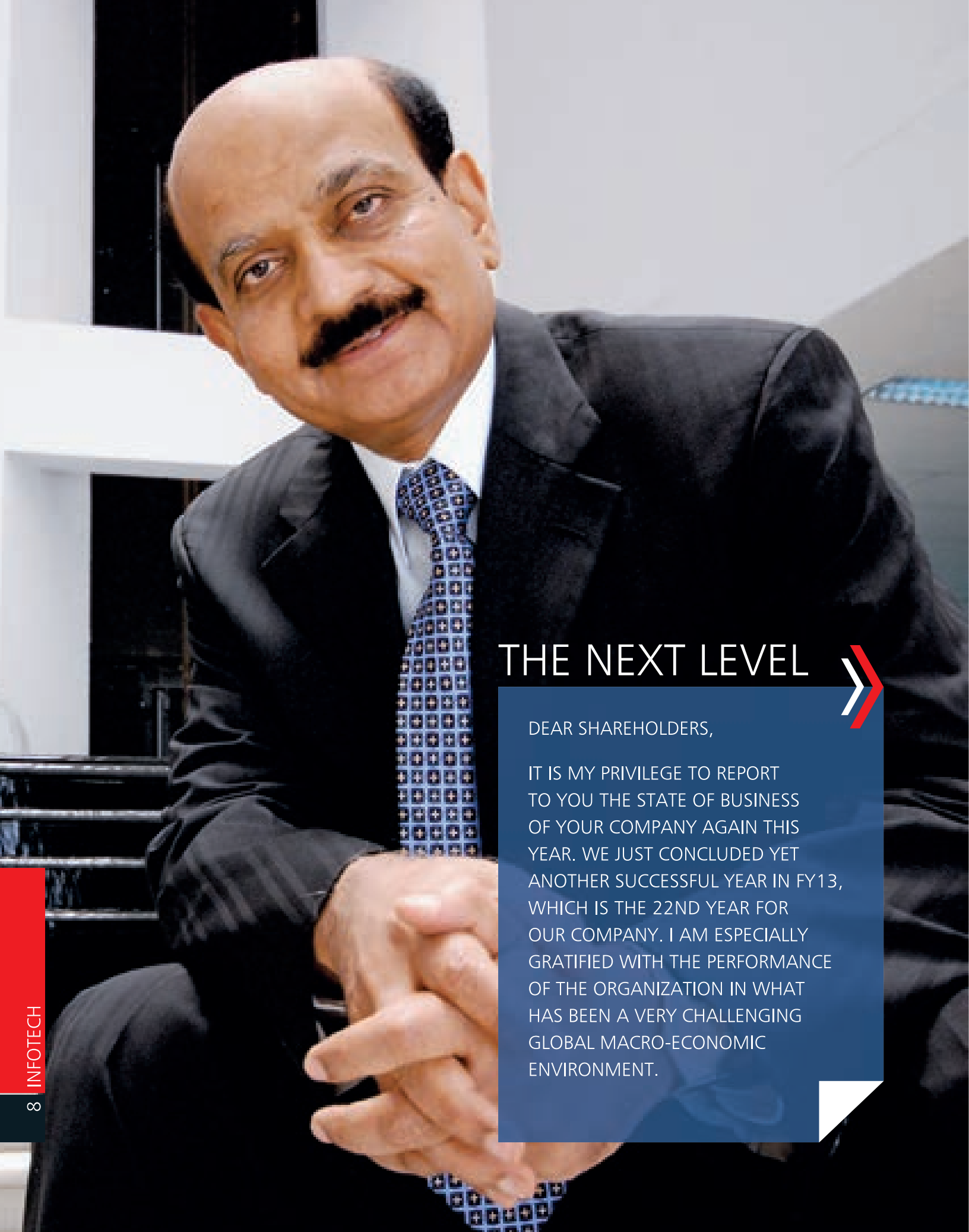
Citibank N.A.,  
'Queens Plaza', 1st Floor,  
Sardar Patel Road,  
Secunderabad – 500 003  
Tel.: +91 40 40005720

## Registrar & Share Transfer Agents

Karvy Computershare Private Limited,  
Unit: Infotech Enterprises Limited,  
Plot No. 17 to 24, Vithal Rao Nagar,  
Madhapur, Hyderabad – 500 081  
Tel.: +91 40 44655000

## Company Secretary & Compliance Officer

Sudheendhra Putty  
4th Floor, 'A' Wing, Plot No. 11,  
Software Units Layout, Infocity,  
Madhapur, Hyderabad – 500 081  
Tel.: +91 40 23124006



## THE NEXT LEVEL



DEAR SHAREHOLDERS,

IT IS MY PRIVILEGE TO REPORT TO YOU THE STATE OF BUSINESS OF YOUR COMPANY AGAIN THIS YEAR. WE JUST CONCLUDED YET ANOTHER SUCCESSFUL YEAR IN FY13, WHICH IS THE 22ND YEAR FOR OUR COMPANY. I AM ESPECIALLY GRATIFIED WITH THE PERFORMANCE OF THE ORGANIZATION IN WHAT HAS BEEN A VERY CHALLENGING GLOBAL MACRO-ECONOMIC ENVIRONMENT.

With a relentless focus on balancing the needs of the three key stakeholders - shareholders, associates and customers, we have been able to deliver significant improvement in the value we create for each of these groups. At the same time, we are focusing on building a sustainable and scalable organization that will continue to flourish and grow for many more years to come. I will take this opportunity to present the performance of your company and comment on the initiatives we have taken in FY 13.

While there are a number of challenges in the global macro-economic environment, there are also a number of opportunities that emerged. Some mature markets, especially in Europe, are seeing de-growth but we are seeing many opportunities in other markets, especially in US, Japan and Australia. The growth in these markets has translated into a number of opportunities for us. This, coupled with the growth we are seeing in emerging markets like China, Brazil and India, has meant that spend in our focus industries continues to be strong. This has translated into the growth that we demonstrated in FY 13.

Your company's revenue grew from ₹ 15,531 mn to ₹ 18,731 mn, which represents a 20.6% increase over the previous fiscal year. While your Company benefited because of the depreciation in rupee, I am pleased to report that in constant currency – which is a real reflection of growth – we grew 9.2% year on year. Our net profit grew from Rs. 1,614 mn to ₹ 2,311 mn which represents a growth of 43% year on year. The cash generated by your company increased 120% to ₹ 1,126 mn from ₹ 50.5 mn last year and as of March 31st your company has cash and cash equivalents of ₹ 5,593 mn. This

represented the best cash generation and cash position in the history of the company and return on capital employed (which is a measure of how effectively we are utilizing your money) increased to 25.6%, which is the best figure in the last 5 years. Due to this performance, we are able to significantly increase the dividends paid out to shareholders. Upon approval of the final dividend, we would have distributed 26% of the company's profits this year back to you, which represents a payout approximately ₹ 500 mn. Therefore, I am very happy to report that we delivered increased value to our shareholders (demonstrated by increase in returns and dividend), our customers (demonstrated by the growth in revenue) and our associates (demonstrated by a significant salary increase).

In addition, there is another key stakeholder which is the society. As you are aware, your company has always taken a very pragmatic approach to corporate social responsibility (CSR) and for the last five years it has been our stated policy that 1% of our net profits will be used towards CSR activities. I am pleased to report to you that as a part of this, we have adopted 13 schools in various locations and we now touch the lives of over 7,000 young children. Our customers and associates have supported us in this endeavour and it is heartening to see the difference we are making in young lives. I thank you for your support.

While we delivered robust financial performance last year, I am equally excited to report that we made significant progress in building the foundations for a scalable and sustainable organization of the future. Over the last two years, we clearly articulated the focus areas for the organization. These are providing engineering design to manufacturing and

technology industries, network design and operations to utilities and telecoms and geo-scientific data and analytics to publishing, mining and energy organizations. We estimate that the addressable market in these industries for us is approximately USD 150 Billion. Last year, our revenue was USD 345 Million, which means that the opportunity for growth for us is substantial. We are excited that we have a differentiated value proposition in a very large market, which will translate into continued and sustainable growth for your organization. To address this opportunity, we have put in place a set of key initiatives over the course of FY 13 that I would like to present to you.

#### **Increased rigour on customer acquisition and account management**

– Over the last year, we continued to scale our sales and marketing team. We now have over one hundred seasoned professionals in our sales team who focus on acquiring, managing and scaling our relationships. Our customer acquisition strategy is built around acquiring must have customers. These are the largest spenders in the industries that we focus on and represent the opportunity for the organization to generate sustainable revenue and profitability. Last year we added 15 new customers in this category, which is the highest in the history of the company. To grow these relationships we put in place a robust key account planning (KAP) process. This process allows us to pragmatically identify needs of our customers and build competencies and capabilities that address these needs. My management team spends a significant amount of their time in reviewing and enhancing the KAPs. I am pleased to report that customer satisfaction index

(CSAT) has increased to 51% and is now comparable to the best in class in our peer group. I am also pleased to report that we were awarded the Supplier of the Year award by The Boeing Company. This recognition was awarded to 16 companies out of over 11,000 companies that work with the world's largest aerospace company and is a testament to the value addition that your company provides its customers. It is a matter of great pride that we were awarded this recognition for the second time in three years.

#### **Progress in Associate Satisfaction**

**(ASAT)** – I am also pleased to report that we have made significant progress in our engagement with our associates. Associate satisfaction index increased to 55% from 53% last year. Voluntary attrition decreased from 17.5% to 14.4%, which is a significant testament to the initiatives we have put in place to improve engagement. This compares favourably with the best in the industry. To address the growth aspirations of our associates, we have budgeted over a million hours towards employee training and skill development. We gave a very competitive salary increase last year to our associates and have done the same this year. The gross additions during the year was in excess of 3,000.

#### **Scalable Systems and Processes –**

As we grow the company in various segments, service lines and geographies, it is imperative that we have scalable and robust processes that are automated using the most appropriate technology. To this end, you may recall that we embarked on a major initiative on upgrading the technology we use in the organization. I am pleased to report to you that many of these systems are coming on stream. We now have a

unified implementation of SAP for our financial systems and salesforce.com for our customer relationship management. Over the course of the year, we will roll out a global HR management system, project management system and the linkages that will ensure that all these systems are in-sync and we get exponential value. I anticipate that we will have all the rollouts completed by Q3 of FY 14. While any system upgrade is a major task fraught with risk, with relentless focus on training and communication we are making the transition with minimal impact on our business.

#### **Addressing the eco-system beyond**

**services** – Over the last many years, we have added significant value to our customers providing services that address their needs. Our customers want to move up the value chain and take up more systems level projects. They are also now looking towards us to realize these services into products or projects. Towards this end, we have articulated a Service, System & Solution (S3) initiative to clearly articulate the progress from services to end-to-end systems to realization of the system (solution) for each industry we address. Our operations team is spending a significant amount of time on articulating this progression and effort on executing initiatives that will enable us to make this progression. I strongly believe that the S3 strategy will put us in a significantly higher growth trajectory for many years to come. Acquisitions are an important part of this strategy and with the resources at our disposal, we are in a unique position to accelerate our growth. I am pleased to report that we have significantly strengthened our diligence process. Last year we evaluated 94 acquisition targets

and some of these have progressed into advanced discussions.

#### **Building a brand that resonates with our stakeholders**

– I strongly believe that it is important for your organization to have a strong brand that resonates with the three stakeholders. There are many elements to the brand such as name, visual identity and most importantly the promise that it delivers. To this end, we have a major initiative in place to articulate various elements of our brand. We have engaged with one of the world's leading branding agencies to support us on this initiative and you will see progress on this starting Q3 of FY 14. I believe a strong brand that resonates with our stakeholders is critical to the long-term sustainability and differentiation of the organization and hence we are putting significant effort into this.

My management team and I have put in significant effort into these initiatives and will continue to do so in the coming years. I believe these initiatives will help us build a scalable and sustainable organization and accelerate growth for the years to come.

It is also my responsibility to highlight some of the key risks in our business and what we are doing to address and mitigate against these risks. I would especially like to highlight three risks.

**Availability of talent** – People are the key to our business and our ability to recruit, engage and retain talent is a very important aspect of our business. While India presents a large talent pool, there are also challenges in readiness of the talent pool and the capability (domain expertise) in some of the industries we operate in. To address this, we are taking a global approach to finding and

building capacity. We have strengthened a number of our global centres and this year opened two new centres in East Hartford (for aerospace) and San Jose (for semiconductor). The right mix of resources in India and globally has helped us put together a model which addresses the availability of resources, domain experience and capability while still leveraging the cost advantage that exists in India. This has also helped us effectively mitigate against the current regulations for VISAs in the US since over 75% of our US employees are either US citizens or green card holders.

**Services business model** – Standalone services as a business model gets commoditized over a period of time. Hence, it is imperative that we move into higher value solutions for our customers. The previously articulated S3 initiative is a significant step in this direction and I am pleased to report that appreciable part of our new revenue comes from higher value systems and solutions.

**Escalating Costs** – We face pressure due to escalating manpower and infrastructure costs. To mitigate manpower costs, we are becoming

more efficient on building talent internally which is also reflected in the million plus hours we are budgeting for training. We have put in place a robust system to manage our computing infrastructure. For example, we were able to save a significant amount of money by centralizing all our software and ensuring the optimal usage of the same. Physical infrastructure (especially power) is escalating in cost and hence we are working on a strategy to deploy new building technologies, such as captive solar power and underground water to cool buildings.

I believe that the most valuable asset we have is the trust that our stakeholders have in the company. My management team and I consider this a privilege and have articulated our values as Values FIRST – Fairness, Integrity, Respect, Sincerity and Transparency. Demonstrating and reiterating our values day in and day out leads to trust. A reflection of this is the recognition that we gained from the Institute of Directors in October 2012 who awarded us the Golden Peacock Award for Excellence in Corporate Governance. We have also engaged a third party organization to

conduct an investor satisfaction survey (ISAT) along the lines of CSAT and ASAT. This will create another avenue for our investors and shareholders to communicate to my management and me. This annual survey will enable us to measure investor satisfaction and put in place initiatives that will significantly increase the same over time and also help focus on issues that are most important to you.

I am pleased to be writing this letter again this year when we have had a robust performance in a difficult environment. More importantly, we have put in place a number of initiatives that will help us build a scalable, sustainable and de-risked business and accelerate growth for many years to come. While I am proud of what we have achieved over the last 22 years, I am more excited about the opportunity that exists ahead for us. I am counting on your continued support in this exciting and rewarding journey.

Thank you,

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



# OUR COMPETITIVE EDGE

**Brand:** We are the largest dedicated engineering services Company in India with a rich domain experience that extends over two decades. A significant percentage of our revenues are derived from long-standing customers, emphasising our enduring relationships.

**Values and principles:** We are driven by our FIRST value system (fairness, integrity, respect, sincerity and transparency) across engagements with customers, associates, shareholders, suppliers and partners.

**Support systems:** We operate through various development centres and offices (cumulative 13 Lakh sq. ft.). This comprises sprawling facilities in Hyderabad, Bengaluru, Noida, Vizag and Kakinada. We also work out of SEZs to leverage tax benefits.

**Strong team:** Our intellectual capital comprises rich domain knowledge marked by a high retention of managerial talent and average employee age of 29(India) years, providing a mix of energy and experience.

**Coverage:** Infotech is present across 36

locations in 17 countries. Operations in North America, Europe and the Asia Pacific contributed 60.1%, 26.2% and 13.7% respectively of our revenues in 2012-13.

**Quality:** We demonstrated an ability to deliver projects in line with complete customer requirements. Our resource utilisation was 83.5 % for UT&C and 70.5 % for the engineering segments, indicating growth over the previous year.

**Financials:** Infotech remained debt-free with ₹ 5,593 mn cash on its books in 2012-13.

**Client base:** Our marquee clients include UTC, Bombardier and Alstom in the engineering segment and Tele-Atlas, BT, TomTom, AT&T, HIS and Swisscom in the UT&C segment. In 2002, we entered into a strategic business alliance with Pratt & Whitney, a division of US-based United Technologies Corporation. 64 customers were added across both verticals in 2012-13.

## Strategic focus

- Acquire and nurture the right customers.
- Integrate key account planning and customer satisfaction improvement programme
- Build a portfolio of differentiated services, solutions and systems.

Focus on systems and processes for improved efficiency and profitability.

Emphasize on talent development and enhanced engagement with associates.

Stronger and relevant brand – objective measurement of brand effectiveness.

Maximise return to investors through prudent investments.

Cautious acquisitions to achieve non-linear growth.

# BUSINESS UNITS ANALYSIS

Infotech addresses the growth from two business segments – UT&C (Utilities & Telecom and Content, earlier called Network & Content Engineering or N&CE) and Engineering Services. In FY12, we realigned ourselves into four business units:

- Aerospace (Aero), providing product

engineering solutions to aerospace customers

- Heavy equipment, transportation, hi-tech (HTH), providing product and process engineering solutions to non-aerospace customers in manufacturing, high technology and process engineering industries

- Utilities and telecom (UT), providing network engineering and related solutions to telecom and utility customers, and

- Content (C), providing spatial solutions to a range of industries including mining, oil and gas and content publishing.

## Business units

| Aero                                                           | Heavy equipment, transportation & Hi-tech (HTH)                                                                                            | Utilities & Telecom (UT)                                                                                 | Content                                                                                                                     |
|----------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| Providing product engineering solutions to aerospace customers | Providing product and process engineering solutions to non-aerospace customers in manufacturing Hi-tech and process engineering industries | Providing network engineering and related solutions to Telecom and Utility customers and their suppliers | Providing end-to-end content engineering solutions to a range of industries including mining, energy and content publishing |

# UTILITIES, TELECOM AND CONTENT (UT&C) SEGMENT

31.0 %

REVENUE CONTRIBUTION FROM UTILITIES

37.5 %

REVENUE CONTRIBUTION FROM TELECOM

31.5 %

REVENUE CONTRIBUTION FROM CONTENT

REVENUE  
(MILLION)

₹ 6,199.7 2012-13

₹ 4,761.2, 2011-12

EBIDTA  
(MILLION)

₹ 1078.2 2012-13

₹ 713.1, 2011-12

EBIDTA MARGIN  
(%)

17.4 % 2012-13

15.0 %, 2011-12

RESOURCE UTILISATION  
(%)

83.5 % 2012-13

86 %, 2011-12

NEW CUSTOMER  
ADDITIONS

30 2012-13

21, 2011-12

## Utilities and Telecom (UT)

Following the convergence of energy, telecommunications and information technology markets, there is an increased demand for intelligent network engineering solutions. Infotech has empowered leading utilities and telecom service providers to achieve the highest operational efficiency in the deployment of next-generation networks.

Our utilities and telecom business provides engineering, geospatial and technology services as well as solutions to utilities and telecom customers. We offer speed-to-market and operational efficiency in the design, deployment and management of next-generation networks (including fibre networks and smartgrid solutions). We help customers implement and integrate systems that enhance service reliability.

We work with electricity and gas distribution companies and communication service providers (CSPs) as well as OEMs and technology vendors who provide equipment, product and related services to both customer segments.

Over the years, we have strengthened our competitive advantage through a globally-distributed presence near our largest customers. This has made it possible to provide timely onsite support, enhanced by back-end engineers in India. We have made selective acquisitions with strategic and synergic competencies, strengthening our brand as a specialist solutions provider.

Our extensive knowledge in design and management has translated into enduring customer relationships, reflected in a significant percentage of

our revenues being derived from long-standing clients.

Utilities: Our utilities business offers services and solutions related to IT assets and systems as well as operational technology. We possess competencies in providing geospatial data services that support distribution network asset management and smartgrid readiness for utilities. Infotech also provides solutions related to smart metering, home energy monitoring and new initiatives in the smartgrid space by improving quality and productivity:

- Our outage management systems improve service quality and reliability by managing power outages efficiently while reducing technical and commercial losses.
- We develop mobile workforce

management solutions that improve field crew productivity, reduce costs and improve cycle time.

- We implement distribution management systems (DMS) that facilitate real-time monitoring and control of electricity and gas distribution networks.

Telecom: Our telecom business offers services and solutions related to telecom infrastructure and operations. We have an extensive global track record woven around infrastructure services, specifically network inventory management and network design, engineering and field services. From an inventory standpoint, customers benefit from a synchronised infrastructure perspective that supports reliable network planning and service provisioning. From an engineering standpoint, Infotech provides customers the basis for sustainable construction, operation and asset management of their next-generation networks.

In the area of telecom operations, we help implement and integrate operation support systems (OSS) that support the customer's business processes around plan-to-provision, order-to-cash and trouble-to-repair. Our customers benefit from a quicker rollout of new services, reduced cost of operations and better insight into how operational changes impact services and customers.

### Optimism and outlook

Based on a detailed market study, the UT business unit identified two key areas that can accelerate growth over the next three years: the IT/operational technology convergence trend in the utilities space, service fulfillment and assurance in the telecoms space. As a natural extension, we will capitalise on

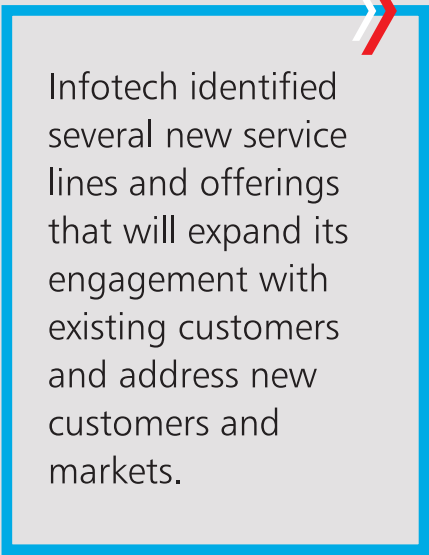
emerging areas, building on our deep knowledge of electric and gas networks and telecommunication networks.

This business is expected to generate around 40% of UT revenues and increased annuity business over a three-year period. We expect to develop new commercial and engagement models and assure outcomes for our customers.

- The UT business was restructured to enhance focus on telecom operations, utilities operational technology and smartgrid opportunities.
- Infotech identified several new service lines and offerings that will expand its engagement with existing customers and address new customers and markets.
- We made fresh investments in sales, consulting and subject matter resources to support the sales and delivery of more complex services and solutions.
- There was a focus on the emerging markets of the Middle East, Africa, Southeast Asia and India, where ongoing investments in telecommunications and utility infrastructure are increasing opportunities.
- Our Smartgrid Centre of Excellence and Network Operations Centre provide professional technology and R&D environments to demonstrate competencies and develop proofs-of-concept in areas like smart metering, intelligent distribution grid and telecom trouble-to-repair managed services.
- We focus on acquiring skills and capabilities that reinforce technological and operational capabilities, making it possible to tap emerging markets.

### Content business

As more of the world's earth data is



Infotech identified several new service lines and offerings that will expand its engagement with existing customers and address new customers and markets.

collected, digitised and stored in private, corporate and public databases, the emerging challenge is the management of this digital, geo-scientific data explosion.

Infotech is uniquely positioned to help its clients improve their efficiency and effectiveness in regard to how they manage their data, information and other content.

We have been a leader in content engineering for 20 years, backed by over 2,500 trained content specialists and a long record of successful engagements. The contents business unit assists customers in converting disparate, unstructured data from multiple sources into maps and structured databases. These data are typically geo-scientific, geo-technical, geo-matic or navigational. Our customers span various industries: energy, natural resources, government (for land records), content publishing and geospatial mapping.

The content business unit helps customers address challenges with data interpretation, including diversity of data types, complex data structures, large

volumes, a huge range of feature sizes and exponential code base growth. The unit offers the following:

- Expertise in GIS, remote sensing and image processing
- Understanding of navigational and geo-scientific databases
- Management of large volumes of data, creating operational scale
- Regimented processes, timely and predictable outputs

Our services support all stages of the content life cycle, as a result of which it ensures that content and data are created, managed, analysed, delivered, and refreshed to address specific client needs.

We leveraged our rich set of next-generation services to optimise content and facilitate superior decision-making.

### Highlights, 2012-13

- We added 21 customers.
- A significant part of the Content unit's revenues were derived from existing customers.

### Initiatives, 2012-13

- The content business unit strengthened its service for large existing accounts (TomTom, IHS and Rio Tinto), which matured with increased customer satisfaction.
- We focused on delivering on time, every time, on the requirements of all large customers, which resulted in increased orders.
- We entered the data mining segment, ramping delivery team capabilities, delivering engagements from key mining industry customers in Australia in line with required customer needs.
- We undertook thought-leadership activities – including webinars, articles and event-based marketing campaigns – to enhance visibility.

### Outlook

Our delivery capabilities translated into large, strategic, multi-year customer partnerships.

- We focused on the energy, natural resources and content publishing areas.
- We realigned our field sales team, creating a new global presales unit at our headquarters and strengthening field presales support.
- We strengthened our focus on account mining from key customer relationships.
- We improved account qualification and higher contract due diligence with customers.
- We made plans to add sales capacity in the energy market of the US and other regions.



Mayor of London, Boris Johnson, Visits Infotech Enterprises

# ENGINEERING SEGMENT

54.9 %

REVENUE CONTRIBUTION FROM AERO

45.1 %

REVENUE CONTRIBUTION FROM HTH

REVENUE  
(MILLION)

₹ 12,531.0 2012-13

₹ 10,770.1, 2011-12

EBIDTA  
(MILLION)

₹ 2,284.3 2012-13

₹ 2,022.2, 2011-12

EBIDTA MARGIN  
(%)

18.2 % 2012-13

18.8 %, 2011-12

RESOURCE UTILISATION  
(%)

70.5 % 2012-13

73 %, 2011-12

NEW CUSTOMER  
ADDITIONS

34 2012-13

24, 2011-12

Infotech entered the engineering outsourcing space in 2000 with Pratt & Whitney, a division of United Technologies Corporation (UTC). The services offered comprise engineering design, analysis, embedded software, IT solutions, manufacturing support, technical publications and aftermarket support. The segment provides solutions in the aerospace, rail transportation, off-the-road heavy vehicles, and high-tech and consumer electronics segments, among others.

Process engineering: Our clients represent key areas in the energy industry, including

thermal and nuclear power plants, oil and gas, and processing plants, among others. It provides these organisations with a range of offerings, including basic and detailed design, installation support, system engineering, and complex programme management.

Our professionals employ mature processes and proven business models across diverse functions (process to civil and mechanical, piping, electrical and instrumentation) to deliver projects on schedule. Infotech's process engineering solutions have reduced engineering cycle times, contained costs and increased

efficiencies at multiple levels.

Product engineering: We provide effective solutions in the areas of mechanical and electrical engineering, electronics and technical publications. Our cross-functional expertise extends across the range of new product development and product life-cycle management services.

Our engineering teams develop an informed understanding of business requirements and engineering issues related to product development, resulting in a quicker time-to-market, cost-effective development and proven life-cycle management models.

Infotech provides complete engineering service solutions for the aerospace industry, backed by a deep knowledge in aerospace engines, aerostructures, aircraft systems, interiors and avionics. This competence makes us a shared-innovation partner for leading global aerospace manufacturers.

We deliver complete product life-cycle engineering solutions to leading global aerospace and defence companies. Our system-level engineering ownership ranges from concept to qualification to aftermarket services. We deliver best-in-class engineering services and solutions combining 24 million-hours of experience, domain knowledge and global collaborative engineering models.

We are competently placed to address the growing needs of aerospace suppliers, specifically large Tier-I suppliers, who are creating virtual, centralised engineering teams to address their global engineering requirements, and who need complex collaborative engineering models to deliver innovative engineering solutions.

- Infotech strengthened global

collaborative engineering model through a recruitment of the best engineering talent in India and abroad.

- We achieved scalability by leveraging a global flexible engineering base, round-the-clock engineering, emerging markets and work standardisation processes, providing a significant cost arbitrage and lead-time reduction.
- We delivered productivity savings year-on-year through innovation.
- Our ability to co-create intellectual property, enhance operational excellence and nurture long-term partnerships transformed our dedicated teams to become an extended engineering arm of our customers.

We possess a complement of the right people, processes and tools to manage complex customer needs. We deliver innovative solutions at every level of the engineering value chain, the effectiveness of which is reflected in our five-year compounded annual growth rate. We serve clients through best-in-class delivery centres in North America, Europe, the Middle East and Asia -Pacific.

### Highlights, 2012-13

- Acquired six new customers, of which three were must-have accounts.
- Recognised for the second consecutive year as a leader in R&D services for aerospace and defence (A&D) in a study by Zinnov Management Consulting, a leading advisory firm.

### Initiatives, 2012-13

- We acquired three must-have accounts despite the downturn in Europe and market reorganisation.
- We focused on key account planning for mining existing accounts and enhancing the value proposition through enhanced synergy between global teams.

### Outlook

- As a result of declining budgets, defence companies are facing cost, time and regulatory pressures. Infotech is positioned as an Indian offset partner with leading OEMs and Tier-I suppliers due to its ability to deliver suitable engineering solutions that address cost-reduction and schedule-compression initiatives.

China, India and the Middle East represent the fastest-growing civil aviation markets of the global aerospace industry. The global aerospace and defense market is expected to grow at a CAGR of over 5.3% in 2009-2014 to reach \$937 billion by 2014. In India, much of this growth is being derived

from 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 \$24 billion by 2016 based on a CAGR of 15%, which is higher than the global average.

India is emerging as one of the top

two countries for defense companies worldwide with a budgeted defense spend of \$37 billion in 2013. It is estimated to increase to \$65 billion in 2020. There is an increased focus on services revenue from aircraft and aero engine OEMs. Aero engines are expected to achieve 50% of revenues from services.

- We are responding to requests from aerospace and defence customers to deliver system-level engineering ownership in their risk-sharing programmes. We expect growth from the execution of the concept-to-qualification product development of sub-systems in aircraft engines and aero systems.
- Our ability to collaborate on design-to-build programmes in aero structures and avionics will enable us to exploit new opportunities.
- We invested in risk-sharing

programmes; our capabilities surpass safety-critical standards necessary for the qualification of commercial aircraft sub-systems; we are positioned to scale to the next level of partnerships, integrated with the global aerospace supply chain.

- We made plans to invest in dedicated test lab infrastructure and strengthening our expertise to manage complex concept-to-qualification product development.
- We will sustain relationships with universities through collaborative industry and academics R&D projects, leading to

innovative engineering.

- Our end-to-end product development is expected to complement our entry into product manufacturing while our expansions in Europe and the Asia Pacific are leveraging organic and inorganic approaches.

## HEAVY EQUIPMENT, TRANSPORTATION AND HIGH-TECH (HTH)

The HTH business segment addresses the engineering needs of companies in three practices comprising seven industry segments – heavy engineering, oil and gas, mining and energy (HOME); rail transportation and high-tech, consumer and medical (HCM).

The HTH segment provides services across several engineering disciplines – mechanical, electrical, electronics and embedded software, plant engineering, instrumentation and controls, railway signaling engineering, as well as aftermarket services (technical publications, reliability and warranty management, among others).

The key benefits to customers include the following:

- Delivering products and projects to customers on time. Our teams possess cross-functional skills and work in an integrated manner with customer teams (with a robust process backbone that has been refined over many years) to extend customer capabilities.

- Providing best-in-class services at optimal cost with the right team mix in low-cost countries close to customer teams.
- Stringent protection of customer's intellectual property as well as adherence to necessary regulatory and legal requirements (ITAR, DoE among others).

### Highlights, 2012-13

- Acquired three must-have customers and signed a multi-year contract with an existing customer in a new services area (technical publications).
- The off-highway equipment (mining) market slowed down as two customers ramped down their engagements significantly. However, we focused on ramping engagements in segments such as construction, forestry and agricultural equipment.
- In the semiconductor segment, we engaged with other companies providing services in the same area. We identified new areas of engagements to

offset ramp-downs and expanded our geographical presence to Europe and Japan.

### Outlook

- The rail signaling business is expected to turn around, and we foresee augmented growth.
- The off-highway market is stabilising, and customers are expected to ramp up towards the end of 2013.
- We expect traction in the Asia Pacific market across multiple business segments (energy, semiconductor and rail transportation).

## Embedded software and electronics (ESE)

The global electronics market exceeded US \$1 trillion for the first time by the end of 2012, with continued gains for smartphones, tablets and internet and LED TVs. In the contemporary world, excelling in the marketplace requires global electronics companies to bring better products to market ahead of the competition. In order to differentiate, OEMs are developing intelligent products by leveraging advanced electronics and embedded software.

Our ESE practice is a horizontal organisation within Infotech, which was specifically formed to address these market trends across the industries. With over two decades of experience, we offer end-to-end electronics solutions across a wide range of industries, including consumer, medical, industrial, transportation, automotive, avionics, energy and utilities. It enables the hardware/software co-development environment that supports early integration and accelerates innovation. We cross-pollinated best practices and capabilities across all industries by bringing all electronics and embedded software-related projects under one roof, i.e. ESE.

### Product offering

Our product engineering services span the complete product development cycle, starting from ideation through design to sustenance and value-engineering, across industry verticals. The key aspects of our positioning include managing global design development centres,

co-creating patents in the engineering segment, delivering multimillion dollar savings through value engineering, bringing about process improvements through deployment of six sigma, and participating in exploration of new technologies and compliance with new standards and regulations.

As an authority in such domains as Android, Linux, multimedia, connectivity, touch screens, telematics, power electronics and remote monitoring, we brought to the fore 'thought leadership' through various programmes including FTF and DAC. In addition, we launched and promoted solutions based on NFC, Bluetooth and touch screen technologies that helped our customers reduce the time to market.

What differentiates Infotech from our competitors is our unique expertise in developing integrated solutions for electromechanical systems, including safety-critical aspects across all industry verticals with well-equipped, advanced electronics labs. Our product engineering services helps our customer deliver a unique user experience across multiple products segments, including smartphones, tablets, car IVI, POS terminals, medical devices, home appliances, and industrial and transportation HMI's.

From freezer control systems for critical medical applications to complete Android smartphone reference platforms, and from small industrial tools to large passenger information systems for the transport industry, we have proven our end-to-end product engineering capabilities.

## Customer benefit

Infotech's scalable and expert services have helped its clients solve challenges such as increased complexity, low power and failure tolerance. Our thorough expertise in high-level OS and embedded software development domains for mobile and consumer devices has helped our customers improve efficiency and performance while complying with industry standards.

Our strength in value-engineering has resulted in cost reduction, performance and functional enhancement, design optimisation, and product optimisation. With our state-of-the-art electronics labs, our customers have access to complete product verification and validation, which ensures that their product meets critical compliance parameters.

## Outlook

It is our constant endeavour to build relevant scale, capability and breadth to meet clients' current and future business needs. New technologies often pose the biggest challenge in boosting market development of compliant devices for our customers. Through our internal programmes dealing with various technologies, we have increased the applicability of customer products. This has helped foster close partnerships with customers and consequently retention. With programmes like NFC solutions, Bluetooth low-energy profiles, DVR for home security and touch screen solutions, we continue to be at the forefront of the latest technology advancements, which aim for maximum efficiency with minimum power consumption.



# HUMAN RESOURCE MANAGEMENT

At Infotech, the HR team continues to endeavour to nurture a highly engaged and talented workforce that not only challenges but redefines the limits. The sole focus being to enable the employees achieve their aspirations along with the objectives of business.

The last year has been a challenging one for the HR team; some of our accomplishments being:

## Recruitment

The Company invested in a robust system to support lateral hiring since lateral hiring provides an efficient and quick way to build expertise by optimizing overall cost. Lateral hiring also strengthened the relationships with key institutes of excellence for quality recruitment. Overall during 2012-13, the Company recruited 3,092 diversified employees emphasizing on equal employment opportunities.

## Engagement & Retention

The Company's retention rate of skilled manpower enhanced during 2012-13 and reflected in an overall increase in engagement levels. During 2012-13, retention rate was 85.68%, which was best-in-class (82.50% in 2011-12) in the industry.

## Diversity & Inclusion

Today Infotech is proud to encompass a unique & diverse workforce that has:

- Associates from 21 nationalities
- An average age of 29 years (in India)
- Gender ratio of 77:23 (male:female) emphasizing equal employment opportunities.

## Global Initiatives

At Infotech, HR department made significant impact by transforming itself from a transactional role to a strategic, value-added one. The new initiatives taken by HR team as part of the transformation in the company are:

- 25 associate engagement workshops (with 700 participants) were conducted across the globe to identify areas of improvement.
- Leadership development programs were launched globally; 125 leaders went through the High Performers Club program.
- Accelerated Leadership Program (ALP) was launched to build and develop leaders internally.
- Human Resource Information System (HRIS) was implemented globally to

facilitate the efficient delivery of HR services.

- INFOTOUCH, an innovative award winning framework (an engagement model created to engage mind, body and soul of the associates) was implemented.
- HR team developed and implemented organization wide initiatives in innovation and continuous improvement, which in turn encouraged self learning among associates and challenging the existing status quo.

## Associate Career Progression Tool~ IGNITE

In a unique initiative in 2012-13, Infotech has taken an initiative for implementing IGNITE, a cloud based tool which enables our associates to choose and determine their career paths and 'Empowers' them to find their place in the organizational framework. It creates an action plan for each associate, captures their ILQ (Infotech Leadership Qualities) scores and measures the development.

## HR Metrics & Dashboard

Based on a philosophy of measuring and improving process performance, we introduced a HR dashboard that aligns all the HR critical deliveries to business

in the form of performance metrics / measures. This HR process measurement dashboard, *myEdge* aims to measure the performance of HR processes, set the targets for the HR team, creating action plan and also giving feedback on the performance which will help to achieve organization goals.

## Values First Institutionalization

In our endeavour to institutionalize our Values in a manner that they become a 'way of life' for our associates, we have embarked on the 'Values First' journey. This initiative familiarizes and equips our leaders and associates so that they breathe 'Values First'; a part of the initiative being the launch of "Values First eBook", running a series of Workshops and distribution of affirmation cards. We shall continue these efforts in coming year too.

## Awards & Recognitions

- Infotech's HR Management received Special Recognition Award from National HRD Network.
- Received National Award in Quality Excellence for Customer Loyalty Program (CSAT)
- Mr. Ashok Reddy, President, Global HR & CA, was recognized as one of the Most Powerful HR Professionals of India; Mr. Ashok Reddy was elected as the Chairman of AP State Council of Confederation of Indian Industry (CII) for the year 2013-14.
- Increase the hiring of trained entry level resources across skills to optimize costs.
- Developing a career building framework based on competencies for focused training which will result in meeting the organizational and its associate's needs.
- Technical talks are being organized to help associates with the latest developments, which will help in faster deployment of resources, encouraging internal growth of the talent.

## Road ahead

- Complete and stabilize the global HRIS rollout
- Introduce global HR shared services centre to enable scale, efficiency and internal customer satisfaction.



Our associates represent our most valuable assets, enhancing our ability to deliver and achieve our business goals by seeking challenging assignments with global exposure. Infotech encourages high performance

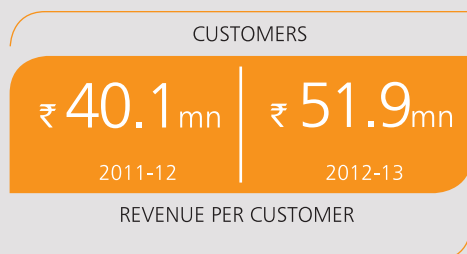
through employee engagement initiatives including reward on creativity. Our leadership development starts with the High Performers Club who go through rigorous training conducted in our Learning and

Development Centre at Hyderabad. The Company embarked on an initiative to ensure that 80% of its project managers were PMI-certified.

## Growth



## Efficiency



## Stability



Infotech signs an MoU with Sri Vishnu Educational Society



# INFORMATION TECHNOLOGY

Information technology plays a vital role in every industry by not only presenting itself as a business but also an enabler. There is a greater need for real-time business information with access provided on a need-to-know basis while ensuring that information systems are appropriately authorised, controlled and provided when needed.

Infotech possesses state-of-the-art IT infrastructure comprising the latest hardware and software technologies that facilitate growth and safeguard business-critical information. As an on-going endeavour, we strengthened our compliance culture across informational security, software licensing and upgrading intellectual property through investments in the latest tools and technologies. We expect to strengthen infrastructure through the adoption of industry-standard virtualisation and private cloud technologies that make it possible to reduce server footprints and accelerate server provisioning.

## Initiatives, 2012-13

Network Operations Centre (NOC): In 2012-13, we commissioned a global NOC at Hyderabad (Madhapur) to roll out a global helpdesk solution across all Infotech locations. The NOC and new help desk system works in tandem and with redesigned support processes. The objectives improve service quality, reduce support costs and enhance scalability.

This solution allows associates to make IT service requests as well as report incidents from anywhere. The global helpdesk will represent a single point of contact (SPOC) for all IT service requests and IT service interruptions.

**Intranet migration:** We implemented intranet MPLS links with increased bandwidth for reliable, redundant and high-speed connections with considerable financial benefits (~Rs 2.5 mn/annum).

**Server virtualisation:** We virtualised the server hardware across the organisation to improve server utilisation, provisioning new servers on demand, while reducing the procurement cycle, our carbon dioxide footprint, plus power and cooling costs.

### Effective utilisation of enterprise

**licenses:** We protected our end-point devices to an antivirus software as part of an existing enterprise agreement, resulting in savings since we did not have to procure a separate license for the end-point devices.

### High-performance computing

**(HPC):** We deployed HPC servers for our HTH and aero businesses to enhance computing power and scalability.

### Road ahead

- We will look at cloud computing to improve the utilization of computing infrastructure in a shared model. Cloud

computing technology enables us to reap the benefits of a faster and better user environment, new technology, high performance of existing infrastructure components, and reduction of data centre costs.

- We aligned processes to ITIL (information technology information library), using industry-best practices to implement change and implemented problem management processes to enhance control over changes in the production environment to avoid unplanned production and service outages.
- We expect to leverage SCCM (Microsoft System Centre Configuration Manager) to enhance asset intelligence and therefore inventory management (hardware and software).
- We plan to implement a centralised monitoring and alerting system for all critical IT infrastructure. It will enable the IT team to proactively monitor and ensure service uptime.
- We plan to implement a managed FTP server for larger data transfers, rights-based access control and checkpoint restart. In case of interruptions, it will resume transfer automatically of file delivery receipts by email, file transfer encryption and manage the data life cycle based on retention policies, auditing and traceability.



# FINANCE REVIEW, 2012-13

## Financial snapshot

(₹ Million)

|                   | 2012-13  | 2011-12  | Growth (%) |
|-------------------|----------|----------|------------|
| Net revenue       | 18,730.6 | 15,531.3 | 20.6       |
| EBIDTA            | 3,804.7  | 2,866.4  | 32.7       |
| PAT               | 2,310.6  | 1,613.7  | 43.2       |
| Cash profit       | 2,946.1  | 2,107.9  | 39.8       |
| EPS (Rs.)         | 20.7     | 14.5     | 42.8       |
| EBIDTA margin (%) | 19.9     | 18.2     | 1.7        |
| PAT margin (%)    | 12.1     | 10.3     | 1.8        |
| RONW (%)          | 18.6     | 14.8     | 3.8        |
| ROCE (%)          | 25.6     | 21.7     | 3.9        |

## Significant financial metrics, 2012-13

- A significant improvement in free cash flow as a percentage of EBIDTA; up from 18% in 2011-12 to 30% in 2012-13.
- Free cash flow increased 120% to ₹ 1120 mn in 2012-13.
- Cash balance (liquid investments) stood at ₹ 5,593 million, the highest in Infotech's history.
- Days of sales outstanding (DSO) were 95 days, the best in 10 years.
- Added more than 1,000 people in our SEZ unit; overall tax rate moderated 479 bps to 30.5%.

## Revenue analysis

Net revenues grew 21% from ₹ 15,531.3 million in 2011-12 to ₹ 18,730.6 million in 2012-13 (US\$345 million, up 6.5% year-on-year and constant currency growth of 9.2% year-on-year). Revenue growth was derived from the APAC region, which grew 44.7%; strong growth was reported from the US at existing customers; and new accounts were created.

Exports constituted 97.9 % of total revenues; revenue contribution was 60.1% from the US, 26.2% from Europe and 13.7% from the Asia Pacific and others. Over 65% of revenues were earned in US dollars, 19.2% in Euros, 7.8%

in GB pounds, 5.7% in Australian dollars and 2.3% from other currencies.

## Expenditure analysis

Our expenditure increased 19.5 % from ₹ 13,341.73 million in 2011-12 to ₹ 15,945.41 million in 2012-13 primarily due to additional recruitment, salary increases and business growth. Total operating costs as a proportion of net revenue was 80.09 % in 2012-13 against 81.75% in 2011-12, reflecting the impact of cost optimisation.

## Margins analysis

Our EBIDTA margin improved 170 bps which is commendable considering that wage increase impacted margins by

300-400 bps. We strengthened margins through operational improvements, increased volume and favourable exchange rate movement.

### Capital employed

Total capital employed in the business increased 14.2 % to Rs. 13,221.5 million as of March 31, 2013, largely due to an increase in reserves, surplus and forex gains. Return on capital employed (ROCE) increased from 21.7 % in 2011-12 to 25.6 % in 2012-13, indicating a stronger business model. Net worth increased 14.2% to ₹ 13,221.5 million as of March 31, 2013. Return on net worth stood at 18.6 % in 2012-13 against 14.8 % in the previous year. As of 31st March 2013 there were no outstanding debts on our books.

### Fixed assets

Our gross block increased 10.9 % from ₹ 6,810.6 million as of March 31, 2012 to ₹ 7,555.8 as of March 31, 2013. Net assets increased 14.2 % to ₹ 13,221.5 million as of March 31, 2013 from ₹ 11,574.8 million as of March 31, 2012. Accumulated depreciation as a proportion of the gross block was 54.4 % in 2012-13 as against 52.2 % in 2011-12.

### Investments

Non-current investment increased/declined from Rs 243.93 million in 2011-12 to Rs. 372.99 million in 2012-13. Current investments included investments

in mutual funds, which increased from ₹ 222.49 million in 2011-12 to ₹ 609.77 million in 2012-13.

### Working capital

In Infotech's business, working capital was required to fund overheads, salaries and day-to-day expenses. Our working capital outlay increased 15.8 % to ₹ 8,744.9 million as of March 31, 2013 due to an increase in business throughput. Working capital as a proportion of the total capital employed was 66.1 % as of March 31, 2013 (65.3 % as of March 31, 2012).

**Trade receivables:** Sundry debtors increased 9.1 % from ₹ 3,674.96 million as of March 31, 2012 to Rs. 4,007.48 million as of March 31, 2013. During the year, our collections were the highest ever and DSO (95 days) the lowest in 10 years. Debtors outstanding for a period exceeding six months constituted 9.53 % of the receivables. Unsecured debt considered doubtful constituted 2.39 % of the debtors, for which provisions were made.

**Loans and advances:** Loans and advances increased 38.1 % from ₹ 1,087.27 million as of March 31, 2012 to ₹ 1,501.71 million as of March 31, 2013, largely due to an increase in capital advances and prepaid expenses.

**Trade payables:** Sundry creditors increased 10.4 % to ₹ 1,211.7 million as of March 31, 2013 from ₹ 1,097.8 million as of March 31, 2012.

### Taxation

Our effective tax rate declined 479 bps to 30.5% during 2012-13 as a result of increased volumes being generated out of the SEZs. We are setting up all our incremental Indian operations in SEZs to take advantage of tax benefits, adding more than 1,000 people in the SEZs during 2012-13.

### Forex management

Our foreign currency earnings stood at ₹ 10,175.1 million, while foreign currency expenditure was ₹ 2,290.8 million in 2012-13. Infotech reported a net foreign currency loss of ₹ 23.17 million during the year under review, arising largely from depreciation in value of the Indian rupee.



# RISK MANAGEMENT

Infotech is exposed to risks that can have a material impact on performance. We are focused on risk mitigation and strengthening sustainability. At Infotech, we recognise the impact of industry uncertainty and their possible outcomes and correspondingly embarked on various initiatives to minimise risks and maximise business viability.

## Product concentration risk

Dependence on select verticals may impact business in the long run.

### RISK MITIGATION

We have a client base that operates across product engineering, process engineering, network and content engineering. Hence Infotech's risks are divided between various verticals, insuring us in the long run from a downturn in any particular vertical. During the year, our revenues were distributed at a ratio of 33: 67 between our utilities, telecom, content and engineering verticals.

## Client concentration risk

Our reliance on a few large clients may impact profitability in the event of any changes in revenue streams from these clients.

### RISK MITIGATION

Infotech invests in initiatives that

add customers while reducing our dependence on large revenue contributors. During the year under review, we added 64 clients (45 customers in 2011-12) and reduced the concentration from our top five customers to 36.7 % of revenues (37.1 % in 2011-12).

## Geographic concentration risk

Concentrating on revenues derived from a few regions could impact growth in the event of an unexpected decline in the economic prospects of that region.

### RISK MITIGATION

Our revenues are largely derived from North America, Australia, Europe and Others, reducing the risk of geographical concentration. We were present across 36 locations in 17 countries in 2012-13.

## Global industry risk

A downturn in the global economic environment could hamper prospects.

### RISK MITIGATION

The overall topline grew by 20.6 % despite difficult global economic conditions. As an ongoing effort, the management invested significant time in interacting with clients to enhance their confidence.

## Technology risk

In the dynamic information technology sector, an inability to stay up to date with the latest technologies can affect business sustainability.

### RISK MITIGATION

Infotech invested in technology development in the five years leading to 2012-13. Our associates comprise domain specialists who can adapt to technology changes. We have an R&D team to address technology challenges. Adequate retraining enables our associates to address changing technologies.

## Intellectual capital risk

An inability to retain human resources can impact our business.

### RISK MITIGATION

In this decentralised organisation, members are adequately empowered, enhancing their involvement. Ongoing training enhances knowledge and career growth. A number of forums address employee issues; a culture of reward and recognition enhances motivation. Infotech improved our associate engagement from 53% in 2011-12 to 55 % in 2012-13; attrition declined from 17.5% in 2011-12 to 14.4 % in 2012-13.



# CORPORATE SOCIAL RESPONSIBILITY



Infotech believes in giving back to society, balancing the needs of all stakeholders. Our corporate social responsibility (CSR) programme extends beyond charity. Our CSR initiatives are conducted through Infotech Enterprises Charitable Trust, which focuses on the improvement and expansion of primary education programmes for underprivileged children. As an institutionalised approach, we allocated 1% of our net profit to CSR activities.

**Vision:** To improve the quality of education imparted to underprivileged children.

**Mission:** Achieving long-term, holistic development of the communities around us by supporting education of children through adoption of schools.

## Initiatives, 2012-13

- Our *Adopt a School* programme comprises financial and infrastructural support for schools as well as volunteering by Infotech employees.

- We adopted 13 schools near our facilities in Hyderabad, Kakinada and Noida, supporting over 7,000 underprivileged children.
- We adopted Zilla Parishad and Mandal Parishad School, Sarpavaram (Kakinada), supporting 850 underprivileged children.
- We added 640 associates to our organisational volunteer base (total 1540).

## Infrastructure development

- We built 15 additional classrooms in three IECT schools together with the local community and government.
- We worked with the CII CSR team (Confederation of Indian Industry) and participated in various affirmative activities.
- We upgraded drinking water and storage facilities across all IECT schools.

## Academics

- Overall SSC pass percentage in IECT high schools increased from 28% in

2006-07 to 79% for the academic year 2012-13.

- We conducted extra classes and mock tests with support from IECT Vidya volunteers to strengthen student knowledge and improve the pass percentage.
- We strengthened the teaching staff in IECT schools and placed 25 Vidya volunteers in 12 IECT schools.

## Improving education quality

- We appointed qualified teaching staff for Science, Mathematics and English.
- We conducted special classes for students in 9<sup>th</sup> and 10<sup>th</sup> standards.
- We distributed notebooks, text books and examination kits.
- We conducted career guidance and knowledge sessions.
- We conducted meetings with parents of schoolchildren.
- We distributed school bags and uniforms to all school children.

## Improving health and safety

- We supplemented the midday meal program by providing boiled eggs three days a week.
- We provided an overhead drinking water facility.
- We provided food supplements to 850 children of the ninth and tenth standards.

## Generating employment opportunities

- We recruited local qualified youth as

teachers, appointing Vidya volunteers to maintain the ideal teacher-to-student ratio of 1: 40.

- We hired locals as school maids (caretakers), watchmen and helpers.

## Infotech customers' contribution in IECT activities, 2012-13

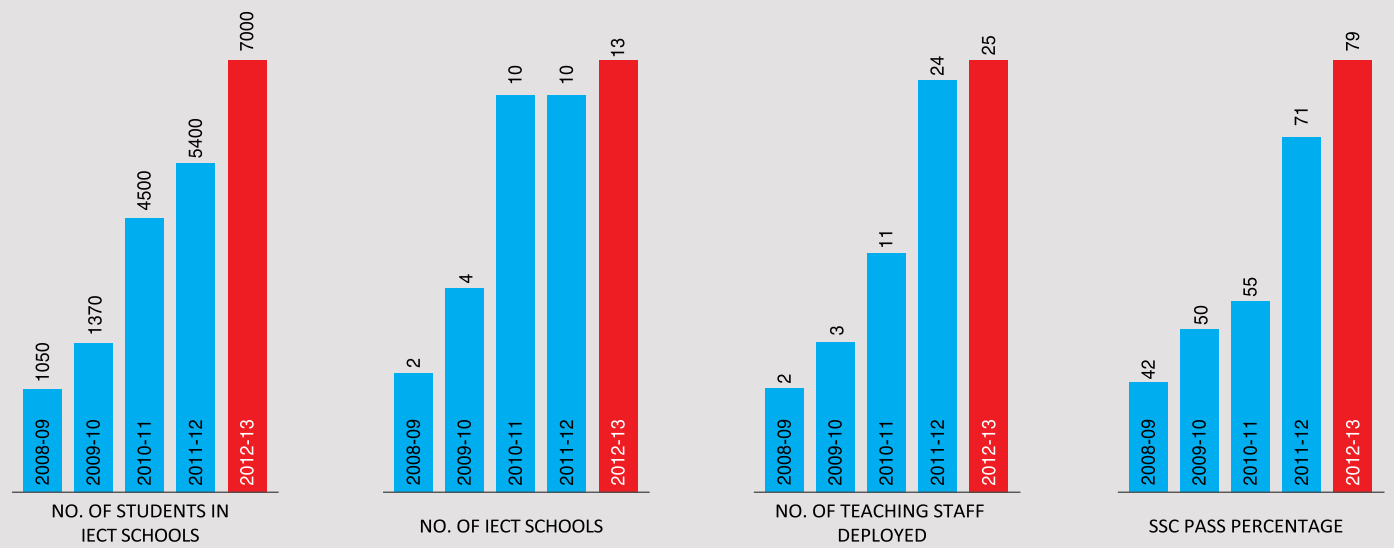
- Bombardier Transportation (BT) partnered with us to improve the learning environment at the IECT-adopted school in Khajaguda in Hyderabad, benefitting

600 students. BT invested €20,000 for development activities. IECT developed a play area and sanitation facilities and plans to provide student furniture.

- Telstra Corporation Limited of Australia partnered with us to provide e-learning facilities in the IECT School Shamshiguda in Hyderabad. The proposed Telstra E-Learning Centre will support 1,100 children. Telstra invested AU \$40,000 in the learning centre.



## Progress report



# Notice of Annual General Meeting

Notice is hereby given that the 22<sup>nd</sup> Annual General Meeting of the shareholders of the company will be held on Thursday, 18 July 2013 at 2.30 p.m. at L&D Centre (Company's Campus), Plot No. 2, IT Park, Nanakramguda, Manikonda, Hyderabad - 500 032, to transact the following business:

## Ordinary Business:

1. To receive, consider and adopt the Report of the Board of Directors, Statement of Profit and Loss for the financial year ended on 31 March 2013 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. Alain De Taeye, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Abhay Havaladar, who retires by rotation and does not, offer himself for re-appointment.
5. To appoint a Director in place of Mr. Allan Brockett, who retires by rotation and does not, offer 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 Mr. Harsh Manglik who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice under Section 257 and other applicable provisions, if any, of the Companies Act, 1956, be and is hereby appointed as a Director of the company liable to retire by rotation."

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

"RESOLVED that Mr. Shankar Narayanan who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice under Section 257 and other applicable provisions, if any, of the Companies Act, 1956, be and is hereby appointed as a Director of the company liable to retire by rotation."

9. 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. Thomas W. Prete as a Director of the company liable to retire by rotation."

By Order of the Board

Place : Hyderabad  
Date : 25 April 2013

**Sudheendhra Putty**  
Company Secretary

## Notes

1. A shareholder 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 15 July 2013 to 18 July 2013 (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 of ₹ 2.00 per share *i.e.*, at the rate of 40% on face value of ₹ 5 each, on 7 November 2012. The same was paid on 30 November 2012. The said interim dividend is to be confirmed at the AGM.
4. Final dividend of ₹ 2.50 per share *i.e.*, at the rate of 50% on face value of ₹ 5 each, for the year ended 31 March 2013 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 12 July 2013. Dividend will be paid on 1 August 2013.
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, 7, 8 and 9 above are also annexed.
6. Shareholders/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. Shareholders 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. Shareholders holding shares in physical form may write to the company/company's R&T agents for any change in their address and bank mandates; shareholders 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. Shareholders are requested to opt for NECS (National Electronic Clearance Service) for receipt of dividend. Shareholders 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 for ECS is available elsewhere in the annual report. The same may be used by those shareholders who are holding shares in physical form.
10. Shareholders who wish to claim dividends of the past years and 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 shareholders at the AGM.
12. In accordance with the MCA's "Green Initiative in Corporate Governance" allowing companies to share documents with its shareholders in the electronic mode and related amendments to the Listing Agreement with the Stock Exchanges, the company is sharing all documents with shareholders in the electronic mode, wherever the same has been agreed by the shareholders. Shareholders are requested to support this green initiative by registering/updating their e-mail addresses for receiving electronic communications.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic format, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/R&T Agents.

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

### Item No. 7: Appointment of Mr. Harsh Manglik as a Director on the Board of the Company

Mr. Harsh Manglik was appointed as Additional Director of the company with effect from 18 July 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 shareholder signifying his intention to propose the appointment of Mr. Harsh Manglik, as a Director of the company along with a deposit of ₹ 500 as required under the aforesaid Section.

Mr. Harsh Manglik will be an Independent Director.

Except Mr. Harsh Manglik, 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.

### Item No. 8: Appointment of Mr. Shankar Narayanan as a Director on the Board of the Company

Mr. Shankar Narayanan was appointed as Additional Director of the company with effect from 17 January 2013, 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 shareholder signifying his intention to propose the appointment of Mr. Shankar Narayanan, as a Director of the company along with a deposit of ₹ 500 as required under the aforesaid Section.

Mr. Shankar Narayanan will be a Non-Executive, Non-Independent Director.

Except Mr. Shankar Narayanan, 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.

### Item No. 9: Appointment of Mr. Thomas W. Prete as a Director on the Board of the Company

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

Mr. Thomas W. Prete will be a Non-Executive, Non-Independent Director.

Except Mr. Thomas W. Prete, 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 : 25 April 2013

**Sudheendhra Putty**  
Company Secretary

### Transport arrangements to attend the Annual General Meeting

Your company will be providing transport facility from various strategic locations across the twin-cities at 1.00 p.m. on July 18, 2013 to enable you to reach the venue of the AGM comfortably.

Those who wish to avail of this facility are requested to get confirmation to this effect at the following numbers:

Landline: +91 40 23139100 (Extn. 3303)/Cell: +91-8978366227; Contact: Mr. N. Chowdary - Facilities Team.

You may also send your requests by email to [Company.Secretary@infotech-enterprises.com](mailto:Company.Secretary@infotech-enterprises.com). Your requests must reach us latest by July 15, 2013.

Shareholders who have been sent soft copies of Annual Report by e-mail are requested to show the DP ID numbers and Client ID numbers or Folio numbers for ease of identification.

## Annexure to the Notice to the Shareholders

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

#### Item No. 3: Re-appointment of Mr. Alain De Taeye as Director on the Board of the Company

**Mr. Alain De Taeye**, born in Belgium, graduated as engineer-architect from the University of Gent. After having done research work in the field of Operations Research at the Business School of the Gent University, he founded Informatics & Management Consultants (I&M) where next to IT consultancy, he continued his work on digital map databases and routing.

In 1989 I&M was integrated into the Dutch Tele Atlas group and as of 1990 Mr. Alain De Taeye headed Tele Atlas. During this period he successfully introduced Tele Atlas on both the Frankfurt and the Amsterdam Stock Exchanges. In 2008 Tele Atlas was acquired by TomTom and Mr. Alain De Taeye joined the Management Board of TomTom.

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

#### Item No. 7: Appointment of Mr. Harsh Manglik as Director on the Board of the Company

**Mr. Harsh Manglik** is a seasoned leader who brings with him over 30-years of rich and diverse experience in global business and in management consulting, gained in a number of world class organizations, spanning several industries and domains. These include aerospace and other industries that produce highly engineered products, and the domains of information technology as well as product development and manufacturing strategy. His deep roots are in the global aerospace and IT industries.

He served as Chairman & Geography Managing Director, Accenture India, and was a member of Accenture's global Executive Leadership Team (ELT) that had overall responsibility for Accenture's corporate governance. As Accenture's senior leader in India, he was responsible for all Accenture activities in India and for the strategic direction, growth and the development of its businesses based in this geography. He was responsible for leading the formulation and execution of long-term strategies, and for interacting with clients, employees and other stakeholders. As a key part of this role Mr. Manglik provided leadership as primary decision maker and policy maker, and was responsible for setting the tone for the company's values, ethics and culture. He was responsible for over 70,000 Accenture employees in India.

Mr. Manglik was Chairman of NASSCOM's Executive Council and now continues as a member of its Council of Chairmen. He was an invited member of the National Council of the Confederation of Indian Industry (CII).

Mr. Harsh Manglik, who returned to India and to Accenture as Chairman - India, first joined the company in the Hartford, CT office in the early 1990's. He has worked with IBM for nearly 10 years where he held US, Asia Pacific and Global leadership responsibilities. Mr. Manglik earlier served as a senior executive at Pratt & Whitney and its parent, United Technologies Corporation, where he led several transformational initiatives. His experience includes working as a consultant with Booz Allen Hamilton in the US. He started his career as a management trainee with Metal Box India.

Mr. Harsh Manglik has been an active participant in the collaboration between industry and academia. He previously served on the Founding Operating Committee at the Massachusetts Institute of Technology (MIT) for the "Leaders for Manufacturing" graduate program that was jointly sponsored by MIT's Sloan School of Management and the Graduate School of Engineering. He is a member of the Board of Governors of the Indian Institute of Technology (IIT) Kanpur and of the International Advisory Council for the Indian Institute of Management (IIM) Rohtak. Mr. Manglik serves as Executive-in-Residence and Adjunct Professor of Management at Carnegie Mellon University's Tepper School of Business where he teaches about Leadership.

Recognitions for Mr. Harsh Manglik include the IIT Kanpur Distinguished Alumnus Award, the highest award the Indian Institute of Technology Kanpur confers on its alumni. He was featured on the cover of Forbes magazine for a lead story focused on C-level leadership in Asia. He has been listed by the Economic Times in the "Top 10 Most Powerful MNC CEOs".

Mr. Manglik graduated from the Indian Institute of Technology (IIT) Kanpur. Earlier he attended St. Stephen's College, Delhi University, where he studied physics. He also holds an MBA from Carnegie Mellon University and a Master's degree in Mechanical Engineering from Case Western Reserve University. His earlier schooling was primarily at La Martiniere College, Lucknow, India.

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

#### **Item No. 8: Appointment of Mr. Shankar Narayanan as Director on the Board of the Company**

**Mr. Shankar Narayanan** is a Managing Director responsible for leading Carlyle's growth capital investments in India. He is based in Mumbai.

Since joining Carlyle in 2004, Mr. Shankar Narayanan has led investments in Claris Lifesciences, Elitecore Technologies, Repco Home Finance, Tirumala Milk Products, Visen Industries, Value and Budget Housing Corporation, Edelweiss Financial Services and South Indian Bank.

He was also actively involved in managing Carlyle investments in Newgen Knowledge Works, Financial Software & Systems, Learning Mate Solutions, QuEST and Sharekhan.

Prior to joining Carlyle, Mr. Shankar Narayanan spent six years at Hathway Investments in Mumbai and during that time served as Managing Director and CEO. He was also with Deutsche Bank Capital Partners, based in Hong Kong, as a Director covering South Asia and India. Mr. Narayanan has led or been associated with a number of prominent private equity investments in India, including Johnson Tiles, Exide Industries, Hathway Cable, Asianet Satellite Communications, Pushpa Polymers, Tata Infomedia, and AFL Limited. He had served on the Board of Directors of all these Companies. Prior to Hathway Investments, Mr. Shankar Narayanan worked at Citibank in Mumbai.

Mr. Narayanan received a Post Graduate Diploma in Management from XLRI Jamshedpur where he was a Gold Medalist and stood first in the graduating class in the area of Finance and Accounting, and a Bachelor of Technology degree in Civil Engineering from the Indian Institute of Technology, New Delhi.

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

#### **Item No. 9: Appointment of Mr. Thomas W. Prete as Director on the Board of the Company**

**Mr. Tom Prete** is Vice President of Engineering at Pratt & Whitney, a world leader in the design, manufacture, and service of aircraft engines and industrial gas. Mr. Prete is responsible for leading Pratt & Whitney's Global Engineering organization with a focus on customer requirements, advancing market-differentiating technologies, leading continuous improvement and standard work, and developing technical leadership.

Mr. Prete joined Pratt & Whitney in 1988, and since then, has held positions of increasing responsibility in engineering and customer service. Among his leadership roles, he has been chief engineer for Operational Military Engines, director for Global Services Engineering, and chief engineer of Hot Section Engineering. While supporting the military engines business unit, Mr. Prete was awarded the William G. Chamberlain Award for outstanding military customer service as the leader of the F100 and J52 engineering organizations.

In 2008, Mr. Prete was inducted into the University of Connecticut School of Engineering Academy of Distinguished Engineers. Membership in the Academy is reserved for alumni who have consistently demonstrated consummate professional achievements and success throughout their career and have advanced the quality and reputation of the School of Engineering. Mr. Prete also serves on the University of Connecticut School Of Engineering Senior Advisory Board. Mr. Prete holds a Bachelor's degree in Mechanical Engineering from the University of Connecticut, a Master's degree in Mechanical Engineering from Rensselaer at Hartford and an MBA from the University of Connecticut.

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

## Directors' Report

Dear Shareholders,

Your directors have pleasure in presenting the 22<sup>nd</sup> Directors' Report on the business and operations of your company, for the financial year ended March 31, 2013.

### FINANCIAL HIGHLIGHTS

(Amount in ₹ Million)

| Particulars                          | Consolidated |          | Standalone |         |
|--------------------------------------|--------------|----------|------------|---------|
|                                      | 2012-13      | 2011-12  | 2012-13    | 2011-12 |
| Total Income                         | 19,111.7     | 15,706.6 | 10,888.7   | 9,173.8 |
| EBIDTA                               | 3,804.7      | 2,866.4  | 3,196.2    | 2,645.6 |
| Finance Cost                         | 2.9          | 7.3      | 0.9        | 5.6     |
| Depreciation                         | 635.5        | 494.1    | 563.2      | 411.6   |
| Exceptional items                    | 18.1         | 15.9     | 18.1       | —       |
| Profit before Tax                    | 3,148.2      | 2,349.0  | 2,614.0    | 2,228.4 |
| Current Tax                          | 930.5        | 628.7    | 698.1      | 477.3   |
| Earlier Years' Tax                   | 1.0          | 2.6      | 1.0        | 2.6     |
| MAT Credit                           | (1.6)        | 234.7    | —          | 234.7   |
| Deferred Tax                         | 36.8         | (30.7)   | 71.5       | (72.1)  |
| Share of profit in associate Company | 129.1        | 100.1    | —          | —       |
| Profit after Tax                     | 2,310.6      | 1,613.8  | 1,843.4    | 1,585.9 |
| Basic Earnings per share (₹)         | 20.72        | 14.49    | 16.53      | 14.24   |
| Diluted Earnings per share (₹)       | 20.68        | 14.49    | 16.50      | 14.24   |
| Interim dividend paid (₹/Share)      | 2.00         | 1.25     | 2.00       | 1.25    |
| Final dividend recommended (₹/Share) | 2.50         | 1.25     | 2.50       | 1.25    |
| Paid up Equity Share Capital         | 558.0        | 557.1    | 558.0      | 557.1   |
| Reserves                             | 12,663.5     | 11,017.7 | 11,108.3   | 9,792.3 |

### APPROPRIATIONS

#### Dividend

Your directors have recommended a final dividend of ₹ 2.50 per share (50%) on a par value of ₹ 5 per share. The total dividend including dividend distribution tax is ₹ 585.5 million as against ₹ 323.7 million for the previous year. During the year, the board also declared an interim dividend of ₹ 2.00 per share (40%). The total interim dividend paid including the dividend distribution tax was ₹ 259.1 million. The interim dividend was paid on November 30, 2012. Total dividend (including dividend distribution tax) as a percentage of profit after tax was 31.8% as compared to 20.4% in the previous year.

#### Transfer to Reserves

Your directors have proposed to transfer ₹ 210 million to the General Reserve retaining ₹ 2,563.1 million in the Profit and Loss Account.

### LIQUIDITY

Your company maintains sufficient cash reserves to meet its operations and strategic objectives. As at March 31, 2013, your company had liquid assets of ₹ 4,857.8 million as against ₹ 4,130.8 million at the previous year end. These funds have been invested in fixed deposits with scheduled banks and 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 March 31, 2013.

## SHARE CAPITAL

### *Allotment of Shares*

Your company has allotted 187,705 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 of Stock Option Schemes of the company.

In view of the above allotments, the outstanding shares of the company during the year increased from 111,415,262 equity shares of ₹ 5 each to 111,602,967 equity shares of ₹ 5 each.

## BUSINESS UNIT WISE PERFORMANCE

Company has been re-aligned into business units (BU) effective April 1, 2012, which reflect the markets it addresses, and the solutions it provides.

### **Utilities, Telecom & Content**

This BU delivers intelligent network engineering solutions to electric, gas and water utilities, telecom network operators, and government agencies. From helping several US based utilities realize their smart grid vision by providing geospatial information, to helping leading telecom companies improve their network performance, this BU has been at the forefront of technology demands faced by the utilities and telecom industries. Company's unique combination of utility domain knowledge, experience, partnerships and global delivery capabilities help next generation utilities meet their business challenges. Company out-of-the-box thinking helps create innovative assurance, fulfillment, and data governance strategies and solutions. It enables telecom service providers efficiently manage their operations, create new efficiencies, and drive cost optimization.

Company's D&A solutions help the customers achieve business excellence by using analytics to transform existing data into value added information for critical decision making. From providing road data updates to enable millions of people reach their homes safely every day, these solutions transform every-day life in more ways than one.

This BU generated revenues of ₹ 3,987.9 million as against previous year's ₹ 3,038.5 million, at a growth rate of 31.2%. As a percentage of operating revenues, this BU contributed 38%.

## Engineering

This BU cutting-edge engineering solutions help customers transform challenges into opportunities. From partnering with an aircraft OEM to help regain its leadership position in the global aerospace industry to designing safer signaling systems for the railways, we have helped our clients achieve more. Company help them contain engineering cost, streamline manufacturing, boost productivity, comply with regulations, enter emerging markets and accelerate time to market. Company provide process engineering solutions to energy, mining, oil and gas companies, and power plants to help improve their efficiencies through process optimization. Company product engineering solutions span across aerospace, defense, hi-tech, consumer, medical, rail transportation, and heavy equipment.

This BU generated revenues of ₹ 6,527.7 million as against previous year's ₹ 5,600.1 million, at a growth rate of 16.6%. As a percentage of operating revenues, this vertical contributed 62%.

## 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 company'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.

### *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.

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 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 headquartered 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.

#### **ASSOCIATE**

##### ***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.

#### **JOINT VENTURES**

##### ***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.

## SUSTAINABILITY INITIATIVES

Corporate sustainability is a business approach that creates long-term consumer and associate value by not only creating a 'green strategy' aimed towards the natural environment, but taking into consideration every dimension of how the business operates in the social, cultural and economic environment.

It means meeting the needs of the company's direct and indirect stakeholders (such as shareholders, associates, clients, pressure groups, communities and so on) without compromising its ability to meet the needs of future stakeholders. The company believes that a single minded focus on economic sustainability can only succeed in the short term. Social and environmental sustainability must be satisfied simultaneously to ensure a smooth continuity of business in the long-term. The company has voluntarily adopted the 'National Voluntary Guidelines on Social, Environmental and Economical Responsibilities of Business' issued by the Ministry of Corporate Affairs (MCA). The Business Responsibility Report (BRR) is available on the company's website.

The nine areas of business responsibility adopted by the company are briefly described as follows:

**Principle 1:** Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

**Principle 2:** Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

**Principle 3:** Businesses should promote the well being of all employees.

**Principle 4:** Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

**Principle 5:** Businesses should respect and promote human rights.

**Principle 6:** Business should respect, protect, and make efforts to restore the environment.

**Principle 7:** Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

**Principle 8:** Business should support inclusive growth and equitable development.

**Principle 9:** Business should engage with and provide value to their customers and consumers in a responsible manner.

## CORPORATE SOCIAL RESPONSIBILITY

The company believes in giving back to society in some measure that is proportionate to its success in business. Corporate Social Responsibility (CSR) aims at balancing the needs of all stakeholders. The company's CSR initiative goes beyond charity and believes that as responsible company it should take into account its impact on society as much as creating business impact. The CSR initiatives are conducted through Infotech Enterprises Charitable Trust (IECT). IECT mainly concentrates on improving quality of education imparted to underprivileged children. As on date, IECT has adopted 13 schools and is supporting 7,000 underprivileged children.

## GREEN INITIATIVES

Company has adopted the publication of abridged standalone financial statements in compliance with the applicable provisions of the Companies Act (the Act) and the Listing Agreement. Since 2010-11, the company is also sending quarterly results, annual report and other correspondence to the shareholders through e-mail, in keeping with its green initiatives. Further, notices of board meetings, draft minutes thereof and circular resolutions are also transacted through electronic mode.

## 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 Act. Pursuant to the provisions of Section 212 of the Act, documents in respect of the various subsidiaries viz., Directors' Report, Auditors' 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, 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.

## **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. Harsh Manglik and Mr. Shankar Narayanan were appointed as additional directors of the company on July 18, 2012 and January 17, 2013 respectively. Mr. Harsh Manglik and Mr. Shankar Narayanan are proposed to be appointed as directors under the provisions of Section 257 of the Act at the ensuing Annual General Meeting (AGM). Mr. Thomas W. Prete is also proposed to be appointed as director at the ensuing AGM under the provisions of the said section.

Pursuant to Article 56 of the Articles of Association of your company and the provisions of Section 256 of the Act, Mr. Alain De Taeye, retires by rotation at the ensuing AGM and being eligible, offers himself for re-appointment. Mr. Abhay Havaladar and Mr. Allan Brockett, who retire by rotation at the ensuing AGM do not offer themselves for re-appointment.

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

### ***Cessations***

Prof. J. Ramachandran ceased to be a director of the Company w.e.f. July 18, 2012. Your directors place on record the appreciation and gratitude to him for his valuable contributions during his tenure as director.

## **AUDITORS**

M/s Deloitte Haskins & Sells (DHS), Chartered Accountants, who retire at the ensuing AGM of the company, are eligible for re-appointment for 2013-14.

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 22nd 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 2012-13 also. 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, is 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 including risk management report 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**

Your company will continue to implement and abide by the best principles of corporate governance. Recognizing the quality of transparency and best governance practices that the company has adopted, your company was awarded the prestigious Golden Peacock Award for Excellence in Corporate Governance for the year 2012. Established by the Institute of Directors in 1992, the Golden Peacock Awards are regarded as the 'Holy Grail' of corporate excellence and best practices worldwide. The award was presented to the company at the third 'Global Conference on Sustainability' at Lords in London on October 11, 2012.

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.

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 expresses its thanks to 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, Development Commissioners - SEZ, 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 25, 2013

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

**Note:** Except as otherwise stated, all the numbers in the Directors' Report are on Standalone basis.

## 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, 2013. 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, 2011;

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.

Corporate Governance Voluntary Guidelines 2009

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 18.07.2012;
- (g) the Company has passed a special resolution through postal ballot for approving payment under Section 314(1B) and same is in compliance with the applicable laws;
- (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 ₹ 1,40,368/- unclaimed dividend pertaining to financial year 2004-05 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 By-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, 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.
- (e) The Company has substantially complied with Corporate Governance Voluntary Guidelines 2009 issued by Ministry of Corporate Affairs.

Place: Hyderabad  
Date : April 19, 2013

**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         | Nil       |
| 2.      | Pricing formula                                                                                                                                                                                               | Market price as defined in SEBI (ESOS&ESPS) Guidelines, 1999 |             |           |
| 3.      | Options vested                                                                                                                                                                                                | 1,70,840                                                     | 16,18,618   | 12,08,835 |
| 4.      | Options exercised                                                                                                                                                                                             | Nil                                                          | 1,48,892    | 38,813    |
| 5.      | Total no. of shares arising as a result of exercise of options                                                                                                                                                | Nil                                                          | 1,48,892    | 38,813    |
| 6.      | Options lapsed                                                                                                                                                                                                | 12,620                                                       | 12,52,450   | 71,059    |
| 7.      | Variation of terms of options                                                                                                                                                                                 | Nil                                                          | Nil         | Nil       |
| 8.      | Money realized by exercise of Options (₹)                                                                                                                                                                     | Nil                                                          | 1,87,45,700 | 65,29,397 |
| 9.      | Total no of options in force                                                                                                                                                                                  | 1,58,220                                                     | 2,17,276    | 10,98,963 |
| 10.     | Employee wise details of options granted to                                                                                                                                                                   |                                                              |             |           |
|         | i) Senior Managerial Personnel:                                                                                                                                                                               | Nil                                                          | Nil         | Nil       |
|         | 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 options, 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         | Nil       |
| 11.     | Diluted EPS as per Accounting Standard 20 (INR)                                                                                                                                                               | 16.50                                                        |             |           |

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 : ₹ 2.82 Million (increase)  
 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
- iii) The Impact of this difference on profits and on EPS of the company :
- |                                                                 |                    |
|-----------------------------------------------------------------|--------------------|
| Profit After Tax (PAT)                                          | ₹ 1,843.45 million |
| Less: Additional employee compensation cost based on fair value | ₹ 2.82 million     |
| Adjusted PAT                                                    | ₹ 1,840.63 million |
| Adjusted EPS                                                    | ₹ 16.51            |

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 ₹) |
|--------------------------|----------------------------------------|------------------------------------|---------------------------------------------------------|
| 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 (%)                        | : 7.80% - 8.00%   |
| Expected life of options from the date(s) of grant | : 0.2-2.2 years   |
| Expected volatility (%)                            | : 46.50% - 51.30% |
| Dividend yield (%)                                 | : 1.90%           |

On behalf of the Board of Directors

Place : Hyderabad  
Date : April 25, 2013

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

## 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 as part of this, one of our buildings at Manikonda [Tower-II] was certified by IGBC [Indian Green Building Council] for energy savings and received GOLD RATING. As part of the IGBC norms, LED lights, natural ventilation and different modular workstations were used.

To decrease the carbon footprint, company transportation is extended to associates from different parts of the city; the occupation is 100% in all the buses on all the working days. Also, to conserve the natural resources, STP plan is installed and the waste water and solid material emitted out, after processing is being used for landscaping. The company has adopted laudable practices like reducing the carbon foot prints, maximizing the utilization of natural light and reducing the electric light fitments, reduction of size of work station partitions to 1050 mm, use of recycled 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 and automated water control taps in the rest rooms. As part of energy conservation, LED lighting is being use for the new areas, which are undergoing interior renovation works.

Sufficient greenery is maintained at all the facilities of the company; 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.

Company is working on a strategy to deploy new building technologies, such as captive solar power and underground water to cool buildings.

#### 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:

##### *Smart Grid Centre of Excellence:*

This facility is being leveraged as a key enabler of Infotech's innovations for the Utilities industry. Your company is able to leverage its expertise across Utilities, Telecom and Engineering to develop a variety of integrated applications, electronic devices and components that can potentially play a part in the Smart Grid visions of global utilities. During the year gone by we deployed a Smart City model that serves as a focal point for our range of Smart Grid solutions. The Smart City along with the first phase of developed functionality was showcased at the Investor meet in March 2013. Discussions leveraging the capabilities developed within the CoE also enabled us to create traction with our clients and partners.

##### *IP Tools:*

Your company established a dedicated focus group that seeks to leverage immense experience in data conversion projects and expertise in Information Technology to develop high impact custom software tools. These tools strive to leverage latest technologies to improve productivity levels, enable optimized investments in expensive software, improve governance and accountability and provide a rapidly scalable framework for data conversion activities. A new capture environment for Utilities & Telecom assets as well as a platform for Telecom specific activities has been developed as part of this initiative. The deployment of these new tools has already helped the company realize ROI through improvements in profitability and schedule for projects being executed.

Benefits derived as a result of the above R&D initiatives

All the R&D work done by your company is aimed at one of the following objectives:

1. Build solutions that compete with the best known names in the industry.
2. Improve operational efficiencies and maximize profitability of a project.
3. Win new business from key customers and also offer new services into the markets worldwide.

(₹ in million)

| Particulars                                    | FY 2012-13 | FY 2011-12 |
|------------------------------------------------|------------|------------|
| Revenue Expenditure                            | 13.52      | 14.40      |
| Capital Expenditure                            | Nil        | Nil        |
| Total R&D Expenditure                          | 13.52      | 14.40      |
| R&D Expenditure as percentage of Total Revenue | 0.12%      | 0.16%      |

### 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.

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 93% 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 2012-13 | FY 2011-12 |
|--------------------------|------------|------------|
| Foreign Exchange Earning | 10,175.1   | 8,808.8    |
| Foreign Exchange Outgo   | 2,228.6    | 1,715.8    |

On behalf of the Board of Directors

Place : Hyderabad

Date : April 25, 2013

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

Chairman and Managing Director

# Management Discussion & Analysis Report

## Annexure-D

### 1.0 INDUSTRY OVERVIEW

#### Engineering R&D

Engineering and R&D (ER&D) services in India are expected to be a \$42 billion market by 2020, with an expected CAGR of 14%, outpacing IT sector growth. The markets across various verticals are increasingly shifting towards emerging economies.

- ◆ Automotive, consumer electronics, and telecom will continue to be the top three spenders on ER&D globally.
- ◆ India is the leading offshore destination in delivering engineering and R&D services with a 22% market share.
- ◆ Talent, business and technology imperatives are driving future growth across most verticals.
- ◆ Product engineering in the telecom and ISV segments continues to be the mainstay for Indian service providers.

#### Networks and Operations

The global power sector is expected to see strong growth over the next decade, translating into steady growth of the outsourcing market for utilities, currently estimated at \$29 billion. Total addition of power in mature markets is forecasted to be around 150 GW and in emerging markets around 650 GW by 2020.

According to a study conducted by Booz & Company, the telecom world market has grown at an 8% CAGR in the recent past. Network outsourcing has rapidly grown to \$42 billion, Asia Pacific (APAC) being a significant contributor. Telecom IT outsourcing is estimated at \$50 billion with North America (NAM) and Europe being the greatest spenders. However, APAC and Latin America (LATAM) emerged as substantial growth markets.

#### Content Engineering

The deluge of geospatial, geological and navigational data generated by businesses has not only created an enormous opportunity for managing and transforming unstructured data into useful formats but also for data analytics. The exponential growth in data generation, significant decrease in data storage costs and increased need of companies to make decisions based on actionable insights have increased demand for data analytics services across different industries. By 2015, the data analytics market in India is expected to reach \$1.15 billion to become 21% of the overall Indian KPO market opportunities of \$5.6 billion, of which 10-20% would be our addressable market.

### 2.0 BUSINESS OVERVIEW

The company derives almost two thirds of its revenues from engineering services and solutions and the remaining one third from its expertise in networks, operations management and content engineering.

#### 2.1 Business

##### Product Engineering

Our engineering teams, aligned across key 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 centers of excellence for strategic engineering customers 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.

Our multi-disciplinary strengths include mechanical, electrical, electronics and structural engineering and ASIC design. We continue to strengthen these capabilities and add new ones, especially in the area of embedded systems.

##### Process Engineering

Our time-tested 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 offer solutions to transform our customers' geotechnical and geospatial data into insightful and value-adding information that's critical to their business success. We service customers in oil and gas, mining, geomapping and government with our content engineering.

## 2.2 Strategy

Our strategy roadmap for the next year emphasizes a five-pronged approach:

- **Account focus and management rigor**

Since spend in our customer verticals is highly concentrated within the top few hundred firms, it is imperative that we retain our most profitable customers through enhanced engagement and also target the right potential customers.

We have brought process-driven focus to manage our customer accounts. The intent over the next three years is to consolidate our customer base, focus on deep account mining in existing accounts and improve annual revenue per customer to US \$3 million. Each key account is evaluated on a regular basis with the top management using key account planning (KAP) to arrive at an account-specific strategy. Also, our customer satisfaction improvement program (CSIP) has been rolled out to capture and address any service delivery issues. Going forward, KAP and CSIP initiatives will be integrated this year to create maximum value.

The endeavor to enhance sales force efficiency resulted in a compiled list of the most attractive potential companies (must-have customers) in our addressable verticals, enabling a targeted sales approach. This list is dynamic and updated every year to capture real-time changes in the industry. A customer onboarding process is underway to enable a smooth experience for new customers while starting their engagement with the company.

- **Moving up the value chain with a diversified offerings portfolio**

Since starting out as a GIS company over 20 years ago, Infotech has come a long way to become a leading engineering and network operations service provider. We are systematically evaluating our offerings portfolio in each vertical segment to consolidate our core competencies and acquire new ones demanded by the market. As a part of this effort, we are clearly articulating our offerings to create a value proposition that resonates with customers. We plan to gradually move up the value chain from a pure services orientation to a diversified and balanced portfolio of services and customer-specific solutions and move into the systems arena.

- **Building best-in-class business and process excellence**

Over the last year and a half, through our organizational

excellence group, we identified and initiated the implementation of several business-critical and service delivery processes. This is to enable a "One Infotech" experience for our customers and stakeholders. New systems implementations were also started to address the internal service delivery and strengthen our support functions - systems like SAP for finance, Salesforce.com for sales, iHR for HR, and e3 for project management. Over the next year, we will complete all the new process implementations and will utilize them as a pillar to strengthen our internal and customer-facing processes.

- **Branding that resonates with customers and associates**

Along with a third party, Infotech conducted a detailed brand audit with our external and internal communities in FY 2011-12 to gauge the brand strength. We sensed the need to create a differentiated brand positioning in the market. In FY 2012-13, we engaged an external agency to take inputs from relevant stakeholders and started a comprehensive rebranding exercise to enhance our brand positioning. Over the next few months, we will complete this exercise and launch a revamped brand with relevant value proposition.

- **Prudent acquisitions**

Our acquisition strategy is based on a thorough evaluation of our service offerings, market dynamics and our market presence. The intent for acquisitions is threefold:

- Acquiring capabilities in our new verticals to strengthen our value proposition, for instance, medical devices and industrial automation
- Entry into geographies with high ER&D spending by acquiring experienced local players
- Strengthening critical capabilities in our offerings portfolio for our developed verticals, such as electronics and embedded systems.

## 2.3 Industry

The business is organized under four business units - Aerospace, HTH (HiTech/Consumer/Medical, Transportation and Heavy Engineering), UT (Utilities and Telecom) and Content (Content Engineering).

### Aerospace

Our aerospace competencies, business models and 24+ million hours of aerospace engineering experience, with over 2,500 engineers working on aerospace projects, make us the shared innovation partner of choice for leading aerospace suppliers worldwide.

Focused on end-to-end solutions, we provide a broad range of services in aero engines, structures, systems, interiors and avionics including:

- Design and modeling from initial concept to final design
- Detailed analysis for static and dynamic stress, thermal management, internal flow, aerodynamics and propulsion systems
- Test engineering, including test documentation, verification and validation, and program management of testing and certification
- Manufacturing engineering services
- Aftermarket engineering and technical publications
- Engineering software for design automation and for enabling engineering collaboration.

Fiscal year 2013 saw Infotech moving up the value chain by delivering line replaceable units (LRUs) for the first time to its customers by taking complete ownership of the end-to-end product life cycle, including development of prototypes, testing and certification of the units. Infotech has invested in developing a new lab facility to support the testing and integration of complex hardware and software and opened a 200-person near-shore center in East Hartford (USA) to support customers in that region.

This fiscal year also brought numerous customer accolades including the Boeing "Supplier of the Year" for the second time in three years - an honor that has not been achieved by any other Indian company, the "Highest Productivity Supplier" award by Pratt & Whitney for initiatives in productivity savings, and "Top Offshore Engineering Services Provider" for 2012 by Vought Aircraft Corporation.

The aerospace and defense industry is becoming more global due to heightened competition and security requirements in emerging markets, providing opportunities for lower-cost and technologically advanced product introductions. The Infotech team presented 15+ technical papers in conferences and seminars conducted by CII/SAE/ISB/ASME and 10+ technical papers have already been accepted for conferences scheduled in FY14. Several patents have been filed in this fiscal year, emphasizing our differentiation through innovation. Infotech has signed several offset agreements with leading aerospace OEMs and is well positioned to tap the Indian defense market. Infotech is moving in the direction of design and build, design and source and manufacturing program management for aviation products.

## HTH

The HTH business unit serves customers globally in the high-tech, consumer, medical, rail transportation, heavy engineering, oil and gas and energy segments. HTH had a relatively flat year of revenue growth in FY12-13 due to

some customer ramp downs and tough economic conditions in Europe. North America and APAC exhibited promising performance.

Our engineering DNA, combined with passion for continuous value enrichment, makes Infotech the perfect open innovation partner for some of the world's leading consumer product companies. Infotech 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.

Even though HTH had a challenging year because of decline in the ER&D business in European economies, the key emerging trends driving the HTH verticals present a healthy picture for future growth:

### ♦ Heavy Equipment

- 3 Focus on solutions: automation and communication solutions, as well as fuel efficiency enhancement
- 3 In emerging markets, growth in the construction segment is resulting in significant opportunities for product localization

### ♦ Energy and Natural Resources

- 3 Major EPC firms are being stretched to accommodate additional engineering manpower into their system as vital upstream projects have been announced by global oil and gas firms. As a result, there is a sudden spurt of staffing requirements from various EPC prospects in India & Europe
- 3 Over \$335 billion are expected to be spent over the next five years (2012-16) in the world offshore operations and maintenance market
- 3 The mining industry is witnessing a boom and increased R&D investment

### ♦ HiTech, Consumer and Medical

- 3 Indian captives of global medical device firms are looking at cost-effective partnerships with ESPs
- 3 Portability, mobile technology and other communications interfaces, RF and other core technologies are driving the next-generation growth in the high-tech sector

### ♦ Rail Transportation

- 3 Most market growth is in infrastructure and aftermarket services
- 3 The Australian market presents considerable opportunities in this sector going forward.

Over the next year, our plan is to strengthen some of our nascent verticals, including medical devices and energy. We are also trying to move up the value chain by providing localization solutions and strengthening capabilities in the electronics and embedded systems segment. Expanding our presence in key markets such as China and Japan in the APAC region is another key area of focus over the next year.

## **Utilities & Telecom (UT)**

### **Utilities**

Infotech has built an impressive track record and market leadership in the area of distribution utility infrastructure management services for electric and gas utilities, specifically around planning, engineering and implementing enterprise GIS systems. Our customers include large and mid-sized investor-owned utilities (IOUs) and government-owned power distribution companies in North America, Australia, Europe, Southeast Asia and India.

The convergence of information technology (IT) and operations technology (OT) is the defining technology trend as utilities prepare for the dawn of smart grids. 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 we continue to see traction around our traditional GIS services, Infotech intends to grow the revenues from the Utilities business by providing services in operational technologies (OT) systems and in the emerging IT/OT convergence space. Our successes in the past year resulted in Utilities emerging as one of the fastest growing business verticals within Infotech. Specifically we will focus on distribution management systems (DMS) services and our aim is for aggressive growth over the next two to three years. The company views this as a natural extension that builds on, and leverages, our strong knowledge and experience around electricity and gas distribution infrastructure. Over the past few years, we have developed the capabilities and references in Australia and North America that can be leveraged for a major push into the OT services space.

Infotech also intends to leverage its strong domain expertise to develop specific solutions addressing emerging utility smart grid and IT/OT needs, which in turn will support and strengthen the BU's "helping utilities operate smarter" value proposition that focuses on helping utilities achieve a unified view of their network operations for reliable and intelligent grid operations.

By forging alliances and strategic partnerships with specific product vendors, Infotech intends to expand into emerging markets.

### **Telecom**

The past year has been significant for Infotech in the telecom services area. The company has established a strong foothold in the global OSS services market by opening four key accounts in EMEA and AsiaPacific for OSS solutions while continuing to drive business from existing customers for traditional telecom services.

With LTE/4G network rollouts in full swing by various communications service providers (CSPs) globally and the average broadband speeds growing rapidly, there is a paradigm shift in customer service by CSPs. It is no longer merely about measuring the customer's satisfaction with their products and services, but instead it is about the total customer experience management provided by CSPs. CSPs now aim to make networks more efficient in delivering better service and customer experience.

While the need for customer experience management is at a high, telecom companies continue to face margin pressure with declining voice revenues and an expected slowdown in new subscriber additions globally.

At a strategic level, Infotech continues to build services in line with the telecom market trends. Infotech has developed a services portfolio in the telecom operations area that is more specifically focused on service fulfillment and service assurance. The service portfolio is underpinned by Infotech's existing NOC and OSS solutions delivery capability and leverages the core competencies of inventory handling and FTTx planning and design, targeted towards CSPs, to reduce operational expenses and drive efficiencies.

The new portfolio of fulfillment and assurance services is designed to launch Infotech into new service domains and thus generate new revenue streams.

### **Content**

The Content BU, previously a part of the former N&CE (Network & Content Engineering) division of Infotech, engages with customers to convert disparate, unstructured data from multiple sources into maps or structured databases. This data is of multiple types, typically geo-scientific, geo-technical, geomatic or navigational. The four unique strengths that the Content BU offers its customers are:

- Expertise in GIS, remote sensing and image processing
- Strong understanding of navigational and geoscientific databases
- Ability to manage large volumes of data, creating operational scale
- Regimented processes, timely and predictable outputs.

The Content BU's customers span energy, natural resources, government (for land records), content publishing and geospatial mapping globally.

**Growth drivers for this business:** As more of the world's earth data is collected, digitized and stored in private, corporate and public databases, the problem has quickly become how to deal with a digital geoscientific data explosion.

In its day-to-day work, the Content business enables its customers to address new data management challenges. Moving forward, the growth of this business will flow from the immense value to customers in transforming their multisource, legacy data into actionable insights for their business.

### 3.0 TECHNOLOGY, PROCESS EXCELLENCE AND INNOVATION

#### 3.1 Technology

To support its growth plans, Infotech continues to invest in global solutions that are configured consistently for its core business processes. The rollout of a global HR and enterprise-wide project management solution is nearing completion. The enhanced finance systems will be fully operational by early next fiscal year. These solutions will form the foundation platform for future automation and process improvements.

On the information security front, Infotech has a strong commitment to quality and information security. The information security management system (ISMS) provides a comprehensive set of policies governing information security management and associated risks. Infotech is certified for ISO 27001:2005 by Bureau Veritas Certification (India) Pvt Ltd. The last security audit was conducted in July and August 2012 to confirm our continued compliance with ISO 27001:2005.

#### 3.1 Process and innovation

##### Customer loyalty beyond satisfaction:

The majority of Infotech's business is an annuity business through repeat customers, so it becomes harder to transfer year-on-year benefits to the customer and match their increased expectations every year for the same or similar kind of work. We have therefore devised a program at Infotech to overcome this challenge and improve upon the loyalty of our customers every year. This acts as a catalyst and helps us to achieve our business goals.

This program is called the "Customer Loyalty Program" at Infotech. We benchmark and derive an experience index for our customers and run an annual cycle program to improve the experience of our customers on overall satisfaction, advocacy, loyalty, and value for money. Infotech conducts an annual third-party confidential survey to interface with around 1,000+ customer touch points across North America, Europe, the MiddleEast, and Asia Pacific.

This helps gauge our customers' experience with Infotech at the engagement level. An annual "Customer Satisfaction Improvement Program" (CSIP) is run at the delivery, operations, account, and geography levels after the annual survey.

We measure customer perceptions and benchmark business dimensions on overall satisfaction, advocacy, loyalty, and value for money to derive a measurement and classify customers' perceptions into different groups. This drives a unique focus through a one-to-one, mapped improvement program for each customer to drive and improve the customer's loyalty. This has been a successful model for Infotech as it allows us to gauge the customer's perception of their experience with Infotech and also helps Infotech understand the flexibility and comfort of the customer in relation to the offshoring model, since most delivery happens at one of nine offshore delivery centers across geographies.

Each year, Infotech adopts the CSIP process to improve the way it captures the customers' views and derives action plans to improve customer satisfaction (CSAT) across the accounts. The feedback provided during the annual survey is further analyzed as a part of the ongoing relationship between Infotech and customers to:

- Strengthen our alignment with the business needs and goals of our customer
- Address any key issues currently existing in the relationship
- Ensure we deliver value across all aspects of the relationship
- Share best practices across accounts.

Infotech won the "Quality Excellence Award" at the Indian national level for its customer loyalty program (CSAT) at a competition held on 14 February 2013 in Mumbai, India.

Business Excellence & Standardization (BES) is Infotech's business operating system which:

- Provides an organizational focus to align vision and mission
- Builds flawless processes to ensure best-in-class services at an affordable cost with on-time delivery and customer-defined quality and productivity
- Enables a business performance culture that delights our customers and stakeholders.

BES is a customer-focused, process-oriented, and data-driven operating system to ensure repeatable processes and predictable business results for all stakeholders. It brings together proven, continuous-improvement tools (12) and practices (6) for adoption in our everyday business activities.

Progress of the operating system is assessed using a set of business excellence requirements and criteria.

There are three levels of BESt certification that are awarded based on an annual assessment:

Level1: Base

Level2: Advance

Level3: Best in class

There is a logical progression to move from one level to another to reach best in class and sustain. Certification criteria have been established to assess each level. The business units are certified based on the culture, metrics, practices and tool usage. The organization is divided into a number of sites, and these sites are further divided into cells. A cell or a site must undergo assessment to get certified for these levels. The entire site's or cell's progress and overall use of BESt tools and practices for achieving business results are the deciding factors for the certification.

#### **Innovation:**

Though Infotech has always promoted innovation through its practices and services, it is during FY13 that we set up a formalized innovation program and apportioned significant resources with an aim to institutionalize innovation throughout the organization. FY13 was eventful from the perspective of innovation implementation, both internally and externally. Key achievements included:

- 268 productivity improvements which yielded significant gains to both customers and Infotech
- 42 papers published in international and national conferences and technical journals
- Five patent applications processed
- Multiple innovative, product-development projects undertaken for leading aerospace, heavy equipment, consumer and medical customers, resulting in cocreated intellectual property
- Selection in top six, under the Process Innovation category for NASSCOM Innovation Awards.

Infotech is committed to sustaining this momentum as we nurture innovation as a competence to garner new business opportunities, thereby aiding the organization in the next wave of its growth.

#### **Cost Avoidance:**

By centralizing procurement of software licenses and monitoring effective utilization of licenses, the resource management group (RMG) achieved substantial savings for all business units in FY13.

Additionally, the e-learning group developed several web-based, self-learning (training) programs internally, increasing their reach and compliance, and reducing the need for expensive classroom training sessions.

## **4.0 HUMAN RESOURCES**

### **4.1 Talent acquisition**

Infotech added 1,183 resources (net) in the fiscal year 2012-13. To enable the company to scale up hiring, a global IT tool is being implemented, which will further strengthen the company's ability to build scale and maintain a consistent hiring process globally.

Infotech has also hired fresh college graduates from various technical and nontechnical campuses, ensuring adherence to the commitments made on campus by onboarding these resources within the same financial year.

### **4.2 Talent engagement**

The company has a focused approach under an award-winning innovative engagement framework known as INFOTOUCH, which addresses various aspects that impact associate engagement. Our overall engagement levels as measured by an independent third party improved by 200 basis points, and we are well positioned in comparison to key companies.

### **4.3 Learning and development**

Infotech has a state-of-the-art learning and development center and supplements classroom learning through extensive use of various methodologies to develop its leadership pipeline in support of our aggressive year-on-year growth. It runs flagship programs such as HPC and ALP targeted at high performers in the middle and senior management categories. Ninety leaders were covered under these programs in the fiscal year 2012-13. Succession planning and increasing the readiness of leaders for key strategic positions are viewed as a critical aspect. Hence, we hold annual leadership roundtables where the entire talent pipeline is systematically reviewed by the top leadership team. In the last fiscal year, 538,947 hours of technical and behavioral training were conducted, an increase of 27% over the previous year.

### **4.4 Legal compliances**

The company continues to place a premium on ensuring full legal compliance and supporting customers with employment-related legal compliances.

## 5.0 RISK MANAGEMENT

Some of the risks identified by the company and some mitigation strategies are explained in the table below.

| RISK                                                                                                                                                                                                                           | IMPACT                                                                                                                                                                                                                                                                   | MITIGATION                                                                                                                                                                                                                                                                                                                                                           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Skewed spend concentration-</b><br>Unlike IT spend, engineering spend is concentrated among the top few hundred companies globally. Hence it is critical to capture the right opportunities.                                | That makes it that more difficult to build a sales pipeline and have assured revenues.                                                                                                                                                                                   | It is critical to optimize efforts to target the right customer base. Based on estimated customer spend and other essential attributes, we have compiled a list of must-have customers (MHAs) to help the sales team target the right customers in their industry.                                                                                                   |
| <b>Ability to scale into annuity revenue streams -</b> Unlike the IT sector, where annuity revenues are assured because of maintenance of IT networks, the engineering business is inherently more project centric.            | This creates the need to keep scouting for new opportunities, requiring greater sales effort.                                                                                                                                                                            | We are placing more effort on increased deep account mining to identify cross-selling opportunities and build a higher order and project pipeline, ensuring an annuity-like revenue stream.                                                                                                                                                                          |
| <b>Availability of domain expertise -</b><br>It is always a challenge to tap talent with the right domain expertise.                                                                                                           | Since we operate in a highly knowledge-intensive industry, quality engineering talent is a critical element of our business. It is essential not only to excellent service delivery but also to acquiring potential customers.                                           | We have intensive training to bring resources up to speed with the required skills. Infotech is actively partnering with high-end technical institutes in India, including IITs to tap quality engineering talent.<br><br>We hire superannuated domain experts as consultants who also in turn contribute to the development of domain knowledge of in-house talent. |
| <b>Onsite centricity in certain areas-</b><br>Since our business is related directly to the core business of our customers, many customers are only comfortable outsourcing through an onsite presence rather than offshoring. | Although a higher onsite presence ensures higher revenues, the margins are largely diminished compared to the offshore business.                                                                                                                                         | We pursue such opportunities only if there's a strategic fit.<br><br>We hire locally to meet immediate demands and maintain a globally mobile workforce for addressing planned requirements.                                                                                                                                                                         |
| <b>Specialization and movement of resources-</b> The domain knowledge required for most of our businesses requires that our manpower is highly specialized.                                                                    | This has a negative impact on our utilization if we cannot use the on-bench resources elsewhere in other PDUs/BUs in the downtime period.                                                                                                                                | The resource management group filters all staff requirements and aligns resources internally before we hire from outside.<br><br>We also proactively provide our associates with technical exposure to prepare them to handle other assignments in contiguous technologies.                                                                                          |
| <b>Global economic uncertainty -</b> slowdown in economic conditions impacting the IT business.                                                                                                                                | Changes in the global economic environment have an impact on the progress of every company's growth.                                                                                                                                                                     | Management has invested significant time in meeting clients to provide insights and various advantages along with the assurance that is crucial to building a global delivery model.                                                                                                                                                                                 |
| <b>Financial Risks -</b> foreign exchange fluctuations                                                                                                                                                                         | The company derives a significant portion of its revenues in foreign currencies. Principal currencies used by the company include US dollars, Euros, British pounds and Australian dollars. The company is also exposed to deriving revenue from 30 different countries. | Currency hedging and close monitoring of hedging strategies and positions are used to mitigate this risk.                                                                                                                                                                                                                                                            |

## RISK MANAGEMENT (Contd.)

Some of the risks identified by the company and some mitigation strategies are explained in the table below.

| RISK                                                                                                                                                                                                                                                       | IMPACT                                                                                                                                                                                                                                                                                                                                                                                                                  | MITIGATION                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                            | A large proportion of its expenses are in Indian rupees, 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 assets located at various locations worldwide in terms of their carrying value. |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Financial risks - liquidity</b>                                                                                                                                                                                                                         | Credit terms and payment defaults will have an impact on the liquidity of the balance sheet.                                                                                                                                                                                                                                                                                                                            | We maintain a close and robust monitoring of accounts receivables and payables.                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Disaster recovery</b>                                                                                                                                                                                                                                   | The markets in which we operate are subject to the risk of earthquakes, floods and other natural disasters.                                                                                                                                                                                                                                                                                                             | Adherence to standards 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 center. Possible risks for all centers have been identified, and action plans to cope with any contingency are in place. These plans are reviewed and updated periodically to make sure that they are in sync with changes in technology and risks. |
| <b>Compliance risks</b>                                                                                                                                                                                                                                    | The company is potentially exposed to liabilities for non-compliance with any statutory regulations in the countries where we operate.                                                                                                                                                                                                                                                                                  | Infotech has a compliance officer to advise the company on compliance issues with respect to the laws of various jurisdictions in which we have business activities and to ensure that the company is not in violation of the laws of any jurisdiction where we have 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 board of directors.                |
| <b>E &amp; O:</b> Loss caused to your customer arising out of error or negligence in performing your services for them for which they ask you to make good the loss caused to them                                                                         | Direct impact on the Balance Sheet on the company as the financial amount will need to be borne by it.                                                                                                                                                                                                                                                                                                                  | An Errors & Omissions policy that transfers the risk to the insurance company.                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>D&amp;O:</b> Any claim against an individual Director or Officer arising out of any allegation or actual specified wrongful acts committed by them in performing their role and arising out of which there is a monetary claim on them by a third party | The liability is personal in nature and hence the cost of responding to such claims would have to be borne by the individual themselves                                                                                                                                                                                                                                                                                 | The D&O policy transfers this risk to the Insurance Company who are responsible for providing cover in case of such incidents                                                                                                                                                                                                                                                                                                                                                       |
| <b>CGL:</b> Any physical damage to property of a third party or any bodily injury caused to a third party for which company would be held liable                                                                                                           | The financial amount would have to be paid by Infotech and would directly affect the Balance Sheet of the company                                                                                                                                                                                                                                                                                                       | A Commercial General Policy will take care of these kinds of exposures and the Insurer will take over the cost of making good for any payment to be made                                                                                                                                                                                                                                                                                                                            |

## 6.0 INTERNAL CONTROLS

The company has in place adequate systems of internal control commensurate with its size and the nature of its operations. These have 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 corporate policies. The company has a well-defined manual for delegation of authority for approving revenue and expenditure. The company uses an SAP system to record data for accounting, consolidation and management information purposes, which connects to different locations for exchange of information. It has continued its efforts to align all its processes and controls with global best practices.

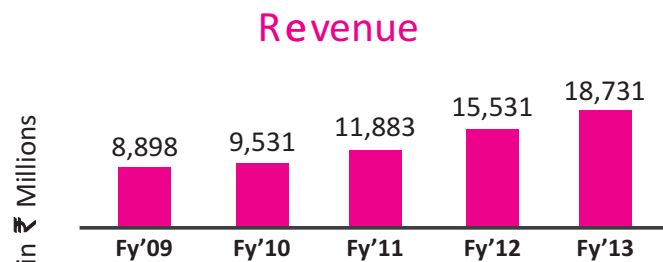
The company has appointed M/s M. Bhaskara Rao & Co. and M/s KPMG to oversee and carry out internal audits of the company's activities in India and overseas, respectively. The audits are based on an internal audit plan, which is reviewed each year in consultation with the statutory auditors (M/s Deloitte Haskins & Sells) and the audit committee. The internal audit process is designed to review the adequacy of internal control checks in the system and covers all significant areas of the company's operations.

The company has an audit committee, the details of which have been provided in the corporate governance report.

The audit committee reviews audit reports submitted by the internal auditors. Suggestions for improvement are considered and the audit committee follows up on 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 in the company and keeps the board of directors informed of its key observations from time to time.

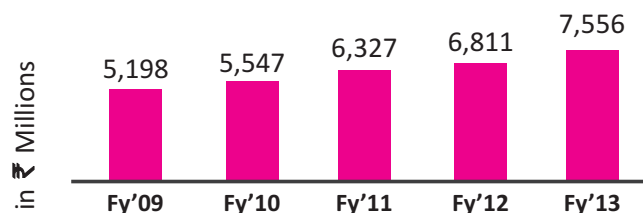
## 7.0 KEY PERFORMANCE INDICATORS

### Revenue



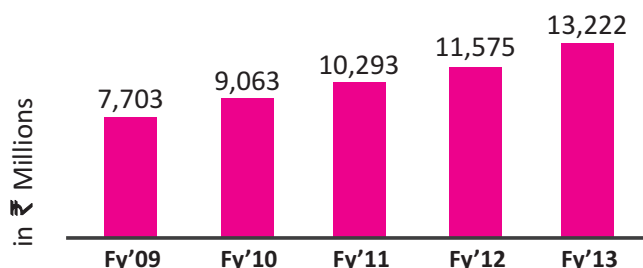
## 7.2 Gross block of fixed assets

### Gross Block - Fixed Assets



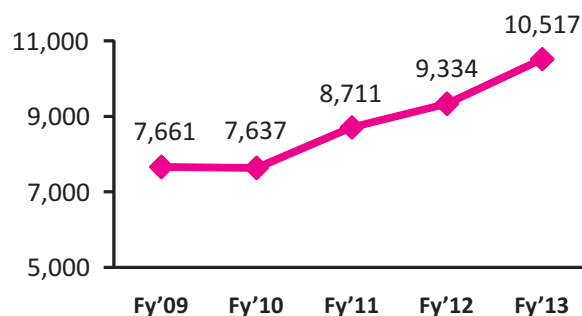
## 7.3. Net worth

### Net Worth



## 7.3. Manpower strength

### Number of Employees



## FINANCIAL PERFORMANCE

The financial statements are prepared in compliance with the Companies Act, 1956, and generally accepted accounting principles in India (Indian GAAP).

Significant accounting policies used for preparation of these financial statements are disclosed in the notes to consolidated financial statements. The following discussion and analysis should be read together with the consolidated Indian GAAP financial statements for the year ended March 31, 2013.

## Brief bullets on financial performance:

### A. CONSOLIDATED FINANCIAL RESULTS

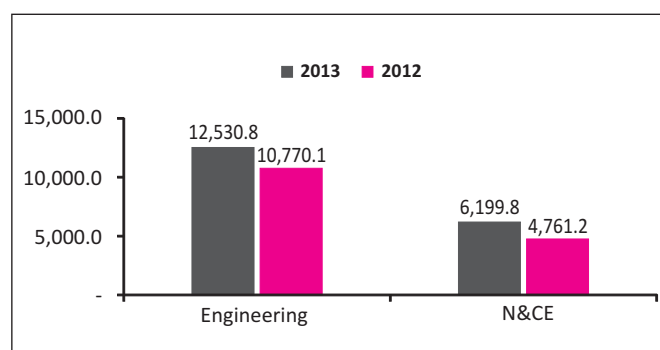
(In ₹ million)

|                               | March 31, 2013  |               | March 31, 2012  |               |
|-------------------------------|-----------------|---------------|-----------------|---------------|
|                               | ₹ Mill          | % of Revenue  | ₹ Mill          | % of Revenue  |
| Operating revenues - export   | 18,329.7        | 95.9%         | 15,471.3        | 98.5%         |
| Operating revenues - domestic | 400.9           | 2.1%          | 60.0            | 0.4%          |
| Other income                  | 381.1           | 2.0%          | 175.3           | 1.1%          |
| <b>Total income</b>           | <b>19,111.7</b> | <b>100.0%</b> | <b>15,706.6</b> | <b>100.0%</b> |

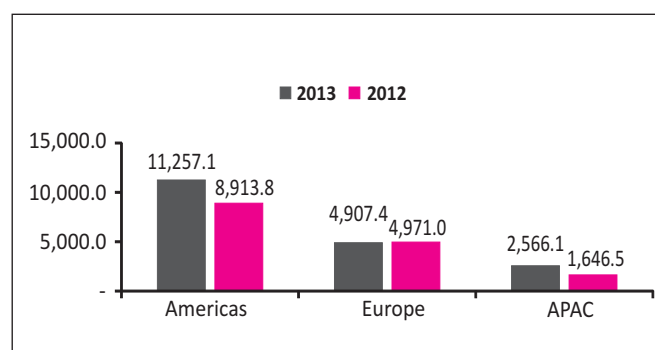
The company's revenue increased by 20.6% and Other income increased by 117.4%.

### REVENUE

Revenue by business unit



Revenue by geography



### Revenue by location of delivery

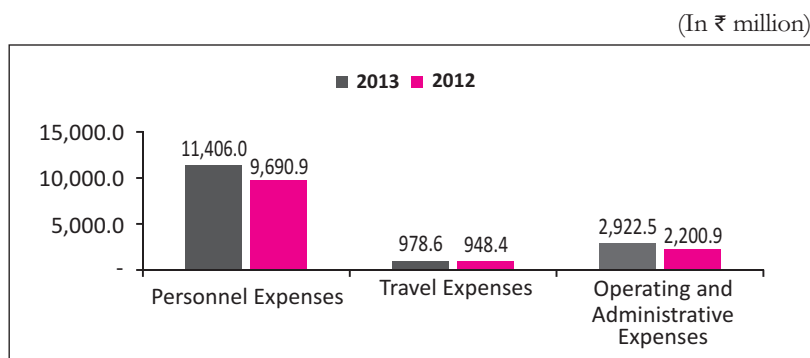
| Particulars  | Year ended March, 2013 | Year ended March, 2012 |
|--------------|------------------------|------------------------|
| Offshore     | 50.5%                  | 47.4%                  |
| Onsite       | 49.5%                  | 52.6%                  |
| <b>Total</b> | <b>100.0%</b>          | <b>100.0%</b>          |

### Customer Concentration

| Particulars      | Year ended March, 2013 | Year ended March, 2012 |
|------------------|------------------------|------------------------|
| Top 5 Customers  | 36.7%                  | 37.1%                  |
| Top 10 Customers | 51.7%                  | 53.6%                  |

## EXPENSES

During the year, the personnel expenses increased by 17.7% due to increase in manpower and salary escalations. Travel expenses were flat and operating and administrative expenses increased in line with increase in volumes and investments for future.



## Profitability

(In ₹ million)

| Particulars                                             | Year ended<br>March 31, 2013 |                      | Year ended<br>March 31, 2012 |                      | Growth<br>% |
|---------------------------------------------------------|------------------------------|----------------------|------------------------------|----------------------|-------------|
|                                                         | ₹ Mill                       | % of Total<br>Income | ₹ Mill                       | % of Total<br>Income |             |
| Earnings before interest, depreciation and tax (EBITDA) | 3,804.7                      | 19.9%                | 2,866.4                      | 18.2%                | 32.7%       |
| Financial expenses                                      | 2.9                          | 0.0%                 | 7.3                          | 0.0%                 | (60.3)%     |
| Depreciation                                            | 635.5                        | 3.3%                 | 494.1                        | 3.1%                 | 28.6%       |
| Other income                                            | 381.1                        | 2.0%                 | 175.3                        | 1.1%                 | 117.4%      |
| Profit before tax                                       | 3,148.2                      | 16.6%                | 2,349.0                      | 15.1%                | 33.9%       |
| Tax                                                     | 966.7                        | 5.1%                 | 835.3                        | 5.3%                 | 15.7%       |
| Profit for the year                                     | 2,310.6                      | 12.1%                | 1,613.8                      | 10.3%                | 43.2%       |

## CASH AND BANK BALANCES

### Overview of funds:

The company saw a 17% increase in its funds position (cash, bank balances and liquid mutual funds). The company's policy is to maintain sufficient cash to fund ongoing capital expenditure, operational expenditure and other strategic initiatives in the coming year.

(In ₹ million)

| Particulars            | March, 2013    | March, 2012    |
|------------------------|----------------|----------------|
| Investments in MF      | 609.8          | 222.5          |
| Bank deposits          | 3,786.8        | 3,515.1        |
| Cash and bank balances | 1,196.7        | 1,044.8        |
| <b>Total</b>           | <b>5,593.3</b> | <b>4,782.3</b> |

## 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 discussion and analysis should be read in conjunction with the financial statements and notes included in this section.

## 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, 2013, 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 25, 2013

## 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 22, 2013

**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 22, 2013

### **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 of the Company for the year 2012-13 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 if any 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

## Company's Philosophy on Corporate Governance:

The company believes that corporate governance is a system of structuring, operating, guiding and directing a company; corporate governance facilitates effective, entrepreneurial and prudent management that can deliver the long term success of the company. It is a continuous process by which the values, principles, management policies and procedures of the company are inculcated and manifested.

Corporate governance in the company is predicated upon an ethos of transparency, accountability and disclosure. It aims at and has the following specific aims:

- ◆ Fulfilling long-term strategic goals
- ◆ Maintaining excellent relations with customers and suppliers
- ◆ Taking care of the interests of the associates
- ◆ A consideration for the environment and local community
- ◆ Proper compliance of all applicable laws and regulatory requirements

Corporate governance is intertwined with the business of the company and the principles are dovetailed into its activities.

|                                                 |                                                                                                                                                                                               |
|-------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Sustainable development of all stakeholders     | Company ensures the growth of all those associated with or affected by it on a sustainable basis                                                                                              |
| Effective management and distribution of wealth | Company maximizes wealth and judiciously deploys the wealth so created for providing maximum benefits to all stakeholders; it enhances wealth creation capabilities to promote sustainability |
| Discharge of social responsibility              | Company takes a holistic approach to stakeholders by including the entire society and contributing to it                                                                                      |
| Application of best management practices        | Excellence in functioning permeates every level of the company                                                                                                                                |
| Compliance of law in letter and spirit          | Enhancing value to all stakeholders by appropriate compliance of law and maintaining the socio-economic balance                                                                               |
| Adherence to ethical standards                  | Ensuring fairness, integrity, respect, sincerity and transparency in all its dealings with stakeholders                                                                                       |

The company constantly raises the bar in its relentless pursuit of excellence. As such, it adopts and implements some of the most robust and laudable good governance practices across the board. These include leveraging technology to increase company-shareholder interface, adoption of e-voting as part of postal ballot process, voluntary adoption of secretarial standards issued by the Institute of Company Secretaries of India, conduct of secretarial audit and conduct of shareholder satisfaction survey.

Recognizing the quality of transparency and best governance practices that the company has adopted, company was awarded the prestigious Golden Peacock Award for Excellence in Corporate Governance for the year 2012. Established by the Institute of Directors in 1992, the Golden Peacock Awards are regarded as the 'Holy Grail' of corporate excellence and best practices worldwide. The award was presented to the company at the third 'Global Conference on Sustainability' at Lords' in London on October 11, 2012.

## Board of Directors:

The company is headed by an effective board which is collectively responsible for the governance and long term success of the company. The board has an appropriate balance of skills, experience, independence and knowledge; it draws from industry, academia, investors and customers. It is an optimum combination of the depth of knowledge of the business of the executive directors and the breadth of experience of outside, non-executive directors who bring in an objective, broader and keener insight to the company's activities.

The company believes that the contribution of the board of directors is critical for ensuring appropriate directions with regard to leadership, vision, strategy, policies, monitoring, supervision and accountability to shareholders and to achieving greater levels of

performance on a sustained basis as well as adherence to the best practices of corporate governance. This two dimensional role of the board is the cornerstone in evolving and sustaining a sound, efficient, vibrant and dynamic company.

The company believes that non-executive directors bring to the board's deliberations an element of independence of judgment. They have a special importance in the setting and maintaining of the standards of corporate governance in the company.

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 held during the year and the number of Directorships and Committee Chairmanships/Memberships held by them in other public companies as on March 31, 2013 are given herein below:

| Name of the Director                   | Category                        | Board Meetings |          | Last AGM attended | No. of directorships in other public companies |          | No. of committee positions held in other public companies |        |
|----------------------------------------|---------------------------------|----------------|----------|-------------------|------------------------------------------------|----------|-----------------------------------------------------------|--------|
|                                        |                                 | Held           | Attended |                   | Chairman                                       | Director | Chairman                                                  | Member |
| Mr. B.V.R. Mohan Reddy<br>DIN 00058215 | Promoter, Executive             | 5              | 5        | Yes               | 0                                              | 3        | 0                                                         | 1      |
| Mrs. B. Sucharitha<br>DIN 00709959     | Promoter, Executive             | 5              | 5        | Yes               | 0                                              | 0        | 0                                                         | 0      |
| Mr. M.M. Murugappan<br>DIN 00170478    | Independent, Non-Executive      | 5              | 4        | Yes               | 7                                              | 4        | 3                                                         | 1      |
| Mr. G.V. Prasad<br>DIN 00057433        | Independent, Non-Executive      | 5              | 4        | No                | 0                                              | 11       | 1                                                         | 2      |
| Mr. K. Ramachandran<br>DIN 00193357    | Independent, Non-Executive      | 5              | 4        | Yes               | 0                                              | 1        | 0                                                         | 1      |
| Mr. Alain De Teye<br>DIN 03015749      | Independent, Non-Executive      | 5              | 0        | No                | 0                                              | 0        | 0                                                         | 0      |
| Mr. Allan Brockett<br>DIN 03173936     | Non- Independent, Non-Executive | 5              | 2        | No                | 0                                              | 0        | 0                                                         | 0      |
| Mr. Abhay Havaladar<br>DIN 00118280    | Non-Independent, Non-Executive  | 5              | 3        | Yes               | 0                                              | 3        | 0                                                         | 2      |
| Mr. Vikas Sehgal<br>DIN 05218876       | Independent, Non-Executive      | 5              | 4        | No                | 0                                              | 0        | 0                                                         | 0      |
| Prof. J. Ramachandran*<br>DIN 00004593 | Independent, Non-Executive      | 2              | 1        | No                | 1                                              | 6        | 2                                                         | 5      |
| Mr. Harsh Manglik#<br>DIN 01461387     | Independent, Non-Executive      | 4              | 3        | NA                | 0                                              | 0        | 0                                                         | 0      |
| Mr. Shankar Narayanan@<br>DIN 00219212 | Non-Independent, Non-Executive  | 1              | 1        | NA                | 0                                              | 2        | 0                                                         | 2      |

\* Ceased to be director w.e.f. July 18, 2012.

# Appointed as additional director w.e.f. July 18, 2012.

@ Appointed as additional director w.e.f. January 17, 2013.

The directorships do not include alternate directorships, directorships of private limited companies, Section 25 Companies and of companies incorporated outside India. Chairmanship/Membership of committees include only Audit and Shareholders/Investors Grievance Committees.

Company has two subsidiaries in India, viz., Infotech Geospatial (India) Limited and Infotech Enterprises Information Technology Services Private Limited. Neither of them is a 'material non-listed subsidiary company' as defined under Clause 49 of the Listing Agreement. Hence, no independent director of the holding company is on the board of either of the subsidiaries.

b) Meetings held during the financial year 2012-13:

| Quarter                     | No. of Meetings | Dates on which held           |
|-----------------------------|-----------------|-------------------------------|
| April '12 to June '12       | 1               | April 18, 2012                |
| July '12 to September '12   | 1               | July 18, 2012                 |
| October '12 to December '12 | 2               | October 17 & November 7, 2012 |
| January '13 to March '13    | 1               | January 17, 2013              |

#### **Board Effectiveness:**

The board's role is to provide entrepreneurial leadership of the company within a framework of prudent and effective controls which enables risks to be assessed and managed. An effective board develops and promotes its collective vision of the company's purpose, its culture, its values and the behaviour it wishes to promote in conducting its business. In particular it:

- ◆ provides direction for management;
- ◆ demonstrates ethical leadership, displaying - and promoting throughout the company - behaviour consistent with the culture and values it has defined for the company;
- ◆ creates a performance culture that drives value creation without exposing the company to excessive risk of value destruction;
- ◆ makes well informed and high quality decisions based on a clear line of sight into the business;
- ◆ creates the right framework for helping directors meet their statutory duties under the relevant statutory and regulatory regimes;
- ◆ is accountable, particularly to those that provide the company's capital; and
- ◆ thinks carefully about its governance arrangements and embraces evaluation of their effectiveness.

#### **Training of board members:**

Non-executive directors who are inducted on the board are given an orientation about the company, its operations, services, details of subsidiaries and joint ventures, board procedures and processes, major risks and risk management strategies. The Chairman & Managing Director personally interacts with the newly inducted directors; the business unit heads, and the heads of finance and the HR functions also interact with the directors and familiarize them with all aspects of the operations and working of the company.

#### **Evaluation of non-executive board members:**

The performance of the non-executive directors, including independent directors, is evaluated on an annual basis. In particular, their attendance at the meetings of the board and applicable committees and contribution at the board are discerned. The board undertakes a formal and rigorous evaluation of its performance; in doing so it considers the balance of skills, experience, independence and knowledge of the company on the board, its diversity, how the board works together as a unit, and other factors relevant to its effectiveness.

#### **Board accountability:**

The board presents a fair, balanced and understandable assessment of the company's position and prospects. This responsibility extends to interim and other price-sensitive public reports and reports to regulators as well as to information required to be presented by statutory requirements. The board is responsible for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. The board also maintains sound risk management and internal control systems.

#### **Board processes, procedures and practices:**

The company believes that the effectiveness of the board is buttressed by its structures and the processes and procedures it follows. It has in place robust practices and processes that contribute to the effective and efficient performance of the board. The processes facilitate and reinforce the roles, responsibilities and authorities of the board in the governance, management and control of the company.

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. These include:

#### ***Annual Calendar***

The annual calendar of board and committee meetings is fixed a year in advance and adhered to. This enables actions to be accomplished in an effective and time bound manner besides enabling 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 the 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***

It strikes a fine balance between the reviews of the past performance and forward looking issues. The agenda is structured such that routine and administrative matters do not consume too much board time. The agenda also shows the amount of time allocated for each item without unduly restricting discussion. The agenda is made available to the directors along with supporting documents sufficiently in advance of the meetings.

#### ***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. The briefing papers are crisp and succinct and facilitate decision making.

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

The board follows a culture of openness and debate by facilitating effective contribution of all directors and ensuring constructive relations among the directors. Constructive discussions are facilitated leading to effective decision making. The chairman's role in securing good corporate governance is crucial. The chairman is responsible for leadership of the board and ensuring its effectiveness. The chairman is responsible for setting the board's agenda and ensuring that adequate time is available for discussion of all agenda items, in particular, strategic issues.

#### ***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.

#### ***Board Minutes***

The company secretary drafts the minutes of the meetings of the board and the committees, discerning the guidance provided by the Secretarial Standards 1 and 5. The minutes strike the right balance between being a bare record of decisions and a full account of the discussions. They mention the brief background of the proposal, summarize the deliberations and the rationale for taking the decision. The minutes are drafted in unambiguous terms and comprise a fair and correct summary of the proceedings conducted thereat.

#### ***E-Initiatives***

The company leverages technology and synergizes it with the green initiatives to the optimum. Notices of the meetings, circulation of non-price sensitive agenda, circular resolutions, draft minutes and other board/committee related correspondence are transacted in the electronic mode.

### ***Availability of information to the board***

The board should be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties. Under the advice and direction of the chairman, the company secretary's responsibility includes ensuring good information flows within the board as well as between senior management and non-executive 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.
18. Legal compliance reports and details of payment of statutory dues.

### ***Action Taken Report***

The company has put in place MIS processes for the prompt dissemination of the decisions taken by the board to the various levels 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.

### ***Meetings of Independent Directors***

As a good governance practice, the company facilitates/enables the conduct of separate meetings of the independent directors to update them on all business related issues and new initiatives. These meetings afford an opportunity to the independent directors for exchanging valuable views on the issues to be raised at the board meetings.

Mr. M.M. Murugappan is designated the lead independent director and he chairs meetings of the independent directors.

### **Remuneration Policy of Directors:**

Levels of remuneration are determined such that they attract, retain and motivate directors of the quality required to run the company successfully. All board level compensation is approved by the shareholders and disclosed separately in the in the financial statements. The annual compensation of the executive directors is approved by the board within the overall limits set by the shareholders at their meetings.

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 shareholders of the company through postal ballot on October 12, 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.

Details of remuneration to the Directors:

(Amount in ₹)

| Name of the Director   | Salary    | Commission | Sitting Fee | PF       | Superannuation | Total       |
|------------------------|-----------|------------|-------------|----------|----------------|-------------|
| Mr. B.V.R. Mohan Reddy | 30,00,000 | 394,64,510 | Nil         | 3,60,000 | 4,50,000       | 4,32,74,510 |
| Mrs. B. Sucharitha     | 18,00,000 | Nil        | Nil         | 2,16,000 | 2,70,000       | 22,86,000   |
| Mr. M.M. Murugappan    | Nil       | 9,00,000   | 90,000      | Nil      | Nil            | 9,90,000    |
| Mr. G.V. Prasad        | Nil       | 9,00,000   | 40,000      | Nil      | Nil            | 9,40,000    |
| Prof. J. Ramachandran  | Nil       | 4,50,000   | 20,000      | Nil      | Nil            | 4,60,000    |
| Mr. K. Ramachandran    | Nil       | 9,00,000   | 70,000      | Nil      | Nil            | 9,70,000    |
| Mr. Alain De Taeye     | Nil       | 9,00,000   | 0           | Nil      | Nil            | 9,10,000    |
| Mr. Allan Brockett     | Nil       | 9,00,000   | 0*          | Nil      | Nil            | 9,00,000    |
| Mr. Abhay Havaladar    | Nil       | 9,00,000   | 30,000      | Nil      | Nil            | 9,30,000    |
| Mr. Vikas Sehgal       | Nil       | 9,00,000   | 40,000      | Nil      | Nil            | 9,40,000    |
| Mr. Harsh Manglik      | Nil       | 6,75,000   | 40,000      | Nil      | Nil            | 7,15,000    |
| Mr. Shankar Narayanan  | Nil       | 2,25,000   | 0*          | Nil      | Nil            | 2,25,000    |

\*not claimed 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.

### ***Shareholding of the Directors in the Company as on March 31, 2013***

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 March 31, 2013.

### Board committees:

Board committees are pillars of corporate governance. In this background, the board has constituted various committees, statutory as well as non-statutory, as a means of improving board effectiveness and efficiency where more focused, specialized and technically oriented discussions are required. The company believes that committees prepare the ground work for decision making and report at the subsequent board meetings. Further, committees enable better management of the board's time and allow in-depth scrutiny and focused attention. The company is of the view that committees:

- ◆ Review information in greater detail before it is placed before the board
- ◆ Manage issues with greater efficiency by having experts focusing on specific matters
- ◆ Provide an objective and independent insight into board's functioning and judgment

### During the year 2012-13, the company had the following board committees:

- ◆ Audit & Governance Committee
- ◆ Remuneration Committee
- ◆ Nominations Committee
- ◆ Shareholder Grievances Committee
- ◆ Strategy Committee

### *Audit & Governance Committee:*

The committee is a vital cog in the wheel of good corporate governance. It has been established with the aim of enhancing confidence in the integrity of the processes, procedures and practices relating to internal controls and corporate financial reporting. The committee functions as a liaison between the board of directors and the auditors - internal and external. The committee is an efficient mechanism for focusing on issues relevant to the integrity of the company's financial reporting.

The committee has been constituted in accordance with and derives the terms of reference from the provisions of section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the stock exchanges. The audit and governance committee charter includes discussion and review/overview of:

- ◆ Internal audit reports
- ◆ Scope of audit
- ◆ Internal control systems
- ◆ Financial statements
- ◆ Matters pertaining to the financial management

Further, the committee reviews the adequacy of internal controls over financial reporting and the company level control systems. It reviews the quarterly, half-yearly and annual financial results before their submission and adoption by the board. During the year, review of corporate governance, processes and procedures was also included within the realm of the committee.

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                 |
| Mr. K. Ramachandran    | Member   | 4                             | 3                 |
| Prof. J. Ramachandran* | Member   | 2                             | 1                 |
| Mr. Harsh Manglik#     | Member   | 2                             | 2                 |

\* Ceased to be a member w.e.f. July 18, 2012

# Appointed as a member w.e.f. July 18, 2012

The company secretary acts as secretary of the committee.

The Chairman of the Audit & Governance Committee had attended the 21<sup>st</sup> Annual General Meeting (AGM) and addressed the queries of shareholders.

#### **Remuneration Committee:**

The remuneration/compensation committee has been constituted to establish overall compensation philosophy, evaluate senior management performance, recommend compensation for the executive directors, consider industry benchmarks, establish and administer performance goals, recommend remuneration to senior level executives, institute and administer stock option plans and make recommendations for non-executive director remuneration.

The composition of the Remuneration Committee is as follows:

| Name of the Member                 | Position |
|------------------------------------|----------|
| Mr. M.M. Murugappan                | Chairman |
| Mr. K. Ramachandran                | Member   |
| Mr. Alain De Taeye <sup>#</sup>    | Member   |
| Prof. J. Ramachandran <sup>*</sup> | Member   |

<sup>#</sup> Appointed as a member w.e.f. July 18, 2012

<sup>\*</sup> Ceased w.e.f. July 18, 2012

All the members of this committee are independent directors.

During the year the committee met once and two resolutions were passed by circulation.

#### **Nominations Committee:**

The nominations committee provides guidance to the board for appointment of directors. Taking into account the board requirements, the committee reviews potential directors' expertise, leadership skills, attributes, conflicts of interest, personal and professional backgrounds, inter organizational relationships, time commitment and then makes its recommendations to the board. The responsibilities of the nominations committee include:

- ◆ Assessment of the necessary and desirable competencies of board members
- ◆ Recommendations for the appointment and removal of directors
- ◆ Review of board succession plans
- ◆ Evaluation of the board's performance

The committee works in tandem with the board to plan for an appropriate succession of the leadership within the board and the company. The composition of this committee is the same as the remuneration committee. The induction of Mr. Harsh Manglik and Mr. Shankar Narayanan on the board was on the basis of the recommendations of this committee.

**Criteria for appointment of independent directors:** The nominations committee adopts a formal, rigorous and transparent process for the appointment of new independent directors on the board. The search for the board appointees is conducted, and appointments recommended, based on merit, against objective criteria and with due regard to the diversity of the board. In particular, the committee has a responsibility to ensure that the calibre of the independent directors is such that they enhance and maintain the standards of corporate governance. The specific criteria considered, include, *inter alia*, their ability to bring an independent judgment to bear on the issues of strategy, performance, resources and standards of conduct. The directors are also expected to allocate sufficient time to the company to discharge their responsibilities effectively. The recommendations of the nominations committee are considered by the board and the appointment is made by the board as a whole.

#### **Shareholder Grievances Committee:**

Shareholders are the ultimate owners of the company and the board is accountable and liable to them. The shareholders grievance committee has been constituted to handle investor correspondence/grievances. The primary function of the committee is to assist the board in handling shareholders' grievances and their immediate redressal. As per its charter, derived from clause 49 (G) (iii) of the listing agreement, this committee is formed to specifically look into the redressal of shareholder and investor complaints such as transfer of shares, issue of duplicate share certificates, non-receipt of balance sheet and non-receipt of declared dividend. The committee also oversees the work of the R&T agents.

The composition of this 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   |

The Chairman of this Committee is an Independent Director.

During the year, the committee met once to approve issue of duplicate share certificates.

Name and Designation of Compliance Officer:

Mr. Sudheendhra Putty - Company Secretary

No. of Shareholders Complaints received during the year 2012-13

During the year 2012-13, a total of 160 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      | 29         | 29         |
| 2      | Non Receipt of Dividend Warrants   | 37         | 37         |
| 3      | Request for ECS Facility           | 16         | 16         |
| 4      | Change /Correction of Bank Mandate | 07         | 07         |
| 5      | Non Receipt of Annual Reports      | 06         | 06         |
| 6      | Non Receipt of Securities          | 26         | 26         |
| 7      | Others                             | 39         | 39         |
|        | <b>Total</b>                       | <b>160</b> | <b>160</b> |

All the complaints were resolved to the satisfaction of shareholders and there are no share transfers were pending.

#### **Strategy Committee:**

A strategy committee of the board has been created to review and advise on the organization strategy. The objectives of the committee, *inter alia*, include:

- ◆ Yearly review of organization strategy by business unit or industry vertical and geography
- ◆ Comments, ideas and suggestions on above strategy
- ◆ Measurables to determine success of articulated strategy
- ◆ Review of measurables on a quarterly basis and review of management's achievements and gaps
- ◆ Feedback on key areas management should focus on from a non business perspective such as impact of macro economy on management's strategy, plans and actions
- ◆ Regular competitive landscape analysis and perception/performance of management in this landscape
- ◆ Review management's articulation of acquisition needs, including make vs. buy decisions
- ◆ Review acquisition targets against strategic needs and provide recommendations to the full board on the same
- ◆ Provide management guidance on valuation and other parameters for acquisitions
- ◆ Review major strategic investment proposals such as entry into new services, markets etc. and provide feedback to full board

- ◆ Periodically review profitability and growth by service lines, customers and geographies and management analysis of over/under performance
- ◆ Evaluate any divesture recommendations

All the members of this committee, viz., Mr. G.V. Prasad, Mr. Harsh Manglik and Mr. Vikas Sehgal are independent directors. The committee met twice during the year and deliberated upon the UT strategy and business plan and thereafter approved it. It also discussed and analyzed the the role and implications of captives in the engineering services market.

### General Meetings:

The board uses the annual general meeting as a means to communicate with the investors and to encourage their participation.

| Annual General Meeting | Venue                                                                   | Time & Date                | Number of Special Resolutions passed |
|------------------------|-------------------------------------------------------------------------|----------------------------|--------------------------------------|
| 21 <sup>st</sup> AGM   | Bhaskara Auditorium, BM Birla Museum, Adarsh Nagar, Hyderabad - 500 063 | 2:30 p.m. on July 18, 2012 | —                                    |
| 20 <sup>th</sup> AGM   | -do-                                                                    | 2:30 p.m. on July 20, 2011 | —                                    |
| 19 <sup>th</sup> AGM   | -do-                                                                    | 2:30 p.m. on July 14, 2010 | —                                    |

For the first time, the company is offering an option to its shareholders to participate in a non-mandatory ballot process through internet. This is an additional facility provided to the shareholders to vote on the AGM resolutions in the electronic mode. This will also enable a greater number of shareholders to participate in the general meeting process. Details of the same are published elsewhere in the annual report.

No Extra-Ordinary General Meeting of the shareholders was held during the year.

Special Resolution passed through postal ballot during the year 2012-13.

During the year, approval of the members was obtained through postal ballot for the revision of remuneration to Mr. Krishna Bodanapu, President & Chief Operating Officer, who is a relative of Mr. B.V.R. Mohan Reddy, Chairman and Managing Director and Mrs. B. Sucharitha, Whole -Time Director of the Company. Summary of the postal ballot process is as follows:

|                                                        |             |
|--------------------------------------------------------|-------------|
| Number of valid postal ballot forms/e-votes received   | 109         |
| Number of votes in favour of the Resolution            | 2,53,09,901 |
| Number of votes against the Resolution                 | 4,216       |
| Number of invalid/neutral postal ballot forms received | 8           |

**E-Voting:** In pursuance of Clause 35B of the Listing Agreement, the company conducted the above postal ballot by offering e-voting facility as an alternative to its shareholders, to enable them to cast their vote electronically instead of casting vote through physical Postal Ballot. This was facilitated through CDSL and by accessing the website: [www.evotingindia.com](http://www.evotingindia.com).

Mr. S. Chidambaram, Company Secretary in Practice was appointed as Scrutineer for the Postal Ballot.

Presently, no special resolution is proposed to be conducted through postal ballot.

### 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.

### Investor Relations:

The company recognizes the investor community as a key stakeholder of the business, and aims to build its investor relations on pillars of trust and transparency. The company acknowledges the imperatives to maintain a continuous dialogue with the investor community. Management's objectives and outlook, business strategy, business model and financial performance are proactively communicated, enabling informed decisions by investors. Recent changes in economic environment, competitive landscape and marketplace dynamics have further increased the need of a robust two way communication channel with investors.

### ***Investor day***

In this milieu, company hosted its 2<sup>nd</sup> Investor Day on March 7, 2013 in Hyderabad with presentations from its Senior Leadership Team. The event saw participation from various fund managers and research analysts and afforded an opportunity to them to interact with the senior management at the company's technology centre.

### ***Shareholder satisfaction survey***

With a view to eliciting feedback on the services of the company and the various intermediaries such as the R&T agents, for the second year in succession, the company conducted a shareholder satisfaction survey. This survey was conducted in both physical and electronic mode. The highlights and feedback of the survey are as follows:

Over 84% of the respondents have expressed satisfaction about quality of the content of the annual report

Approximately 80% of the respondents lauded the corporate governance and directors' reports.

Around 72% of the respondents have expressed overall satisfaction.

The corporate secretarial practices in the company also received a big thumbs up

### ***Scores***

The Securities Exchange Board of India has initiated a platform for redressing the investor grievances through SCORES, a web based complaints redressal system. The system processes complaints in a centralized web based mechanism. The company is in compliance with this system.

### ***Handbook***

The company has in place shareholder handbook and the same is available on the company's website. This is a comprehensive document and a one-stop-shop for all queries of the shareholders.

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 endorsements 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.

### **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 duly signed 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/judicial forums 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 were 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.

#### **Means of Communication:**

- a) The company has a "Corporate Disclosure Policy" with an objective of ensuring timely and adequate disclosure of information. This policy deals with prompt disclosure of price sensitive information, parameters for overseeing and coordinating disclosure, responding to market rumours, timely reporting of changes in shareholding and details of medium of disclosure and dissemination.
- b) Statutory advertisements and financial results of the company (Quarterly, Half-yearly and Annual) are normally published in 'Business Standard' or 'Financial Express' newspapers in English and 'Andhra Prabha'/'Surya' regional language dailies (Telugu).
- c) A quarterly investor update is sent to all the shareholders in the electronic mode. This update provides a qualitative insight into the company's performance, the financial and business highlights, a message from the management and various other operational metrics.
- d) Apart from the financial results, all press releases of the Company and presentations made to the institutional investors and analysts, if any, are placed on the Company's website - [www.infotech-enterprises.com](http://www.infotech-enterprises.com)
- e) The company also releases all price sensitive information simultaneously to NSE (NEAPS)/BSE and the media.
- f) 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.
- g) The company substantially complies with the Voluntary Guidelines for Companies for providing general information on their websites about the company to promote good corporate governance and to enhance investors' awareness issued by the Ministry of Corporate Affairs.

#### **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. The said report also contains a section on risk management.

#### **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.

### General Shareholder Information:

- a) AGM - Date, Time and Venue : July 18, 2013 at 2.30 p.m.  
L & D. Centre, Infotech Enterprises Limited,  
Plot No.2, IT Park, Manikonda, Hyderabad 500 032
- b) Financial Year : April 1 to March 31
- c) Date of Book Closure : July 15 to July 18, 2013 (both days inclusive)
- d) Dividend Payment Date : August 1, 2013
- e) Listing on Stock Exchanges : BSE Ltd.  
National Stock Exchange of India Ltd.
- f) Stock Code : BSE . : 532175  
NSE. : INFOTECENT/EQ  
CIN : L72200AP1991PLC013134  
ISIN : INE136B01020
- g) Market price data: High/Low during each month in the financial year 2012-13 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 2012   | 181.80     | 147.00 | 5378.75 | 5154.3  | 182.00     | 140.05 | 17,664.10 | 17,010.16 |
| May 2012     | 173.00     | 155.00 | 5279.6  | 4788.95 | 172.50     | 151.30 | 17,432.33 | 15,809.71 |
| June 2012    | 175.00     | 151.00 | 5286.25 | 4770.35 | 172.50     | 150.50 | 17,448.48 | 15,748.98 |
| July 2012    | 197.80     | 160.00 | 5348.55 | 5032.4  | 198.75     | 161.00 | 17,631.19 | 16,598.48 |
| Aug 2012     | 193.60     | 169.20 | 5448.6  | 5164.65 | 197.00     | 170.00 | 17,972.54 | 17,026.97 |
| Sep 2012     | 199.80     | 177.25 | 5735.15 | 5215.7  | 200.00     | 175.05 | 18,869.94 | 17,250.80 |
| Oct 2012     | 207.70     | 186.30 | 5815.35 | 4888.2  | 207.40     | 180.80 | 19,137.29 | 18,393.42 |
| Nov 2012     | 210.90     | 182.40 | 5885.25 | 5548.35 | 211.00     | 181.10 | 19,372.70 | 18,255.69 |
| Dec 2012     | 200.50     | 175.50 | 5965.15 | 5823.15 | 200.00     | 175.00 | 19,612.18 | 19,149.03 |
| Jan 2013     | 189.00     | 166.35 | 6111.8  | 5935.2  | 189.00     | 167.00 | 20,203.66 | 19,508.93 |
| Feb 2013     | 173.65     | 157.15 | 6052.95 | 5671.9  | 179.90     | 157.45 | 19,966.69 | 18,793.97 |
| Mar 2013     | 179.00     | 166.10 | 5971.2  | 5604.85 | 177.00     | 166.00 | 19,754.66 | 18,568.43 |

- 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 : +91-40-44655000/44655152  
Fax : +91-40-44655024/23420814  
Email : mohsin.mohd@karvy.com; einward.ris@karvy.com  
Website: www.karvycomputershare.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 are 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 R&T Agent for both physical and dematerialised mode.

j) Distribution of Shareholding

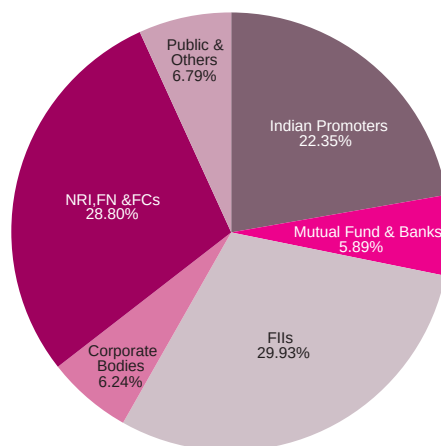
The Distribution of shareholding of the Company as on March 31, 2013 is as follows:

| Sl. No. | Category     |         | Number of Shareholders | Percentage of Shareholders | Number of Equity Shares | Percentage of Shareholding |
|---------|--------------|---------|------------------------|----------------------------|-------------------------|----------------------------|
|         | From         | To      |                        |                            |                         |                            |
| 1       | 1            | 5000    | 8,508                  | 85.28                      | 15,11,430               | 1.35                       |
| 2       | 5001         | 10000   | 695                    | 6.97                       | 9,60,501                | 0.86                       |
| 3       | 10001        | 20000   | 403                    | 4.04                       | 11,68,531               | 1.05                       |
| 4       | 20001        | 30000   | 107                    | 1.07                       | 5,47,367                | 0.49                       |
| 5       | 30001        | 40000   | 55                     | 0.55                       | 3,90,018                | 0.35                       |
| 6       | 40001        | 50000   | 41                     | 0.41                       | 3,74,512                | 0.34                       |
| 7       | 50001        | 100000  | 61                     | 0.61                       | 9,12,467                | 0.82                       |
| 8       | 100001       | & Above | 107                    | 1.07                       | 10,57,38,141            | 94.74                      |
|         | <b>TOTAL</b> |         | <b>9,977</b>           | <b>100.00</b>              | <b>11,16,02,967</b>     | <b>100.00</b>              |

Shareholding pattern

| Category                        | Number of Shareholders | Number of Equity Shares | Percentage of Shareholding |
|---------------------------------|------------------------|-------------------------|----------------------------|
| <b>Promoters:</b>               |                        |                         |                            |
| Individual                      | 9                      | 2,49,42,880             | 22.35                      |
| <b>Non-promoter:</b>            |                        |                         |                            |
| Mutual Funds                    | 23                     | 65,64,931               | 5.88                       |
| Financial Institutions/Bank     | 2                      | 13,460                  | 0.01                       |
| Foreign Institutional Investors | 31                     | 3,34,00,368             | 29.93                      |
| Bodies Corporate                | 290                    | 69,62,809               | 6.24                       |
| Individuals                     | 9,328                  | 74,05,291               | 6.63                       |
| Non Resident Indians            | 235                    | 32,54,746               | 2.92                       |
| Trusts                          | 4                      | 1,62,120                | 0.14                       |
| Foreign Nationals               | 25                     | 4,12,293                | 0.37                       |
| Foreign Collaborators           | 2                      | 1,67,92,960             | 15.05                      |
| Foreign Bodies                  | 1                      | 1,16,82,554             | 10.47                      |
| Clearing Members                | 27                     | 8,555                   | 0.01                       |
| <b>TOTAL</b>                    | <b>9,977</b>           | <b>11,16,02,967</b>     | <b>100.00</b>              |

**Graphical representation of the shareholding pattern as on March 31, 2013**



Shareholders holding more than 1% of shares:

| Name of the shareholder                                        | Number of Shares held | Percentage of Holding |
|----------------------------------------------------------------|-----------------------|-----------------------|
| Carrier International Mauritius Ltd                            | 152,92,960            | 13.70                 |
| GAGIL FDI Limited                                              | 116,82,554            | 10.47                 |
| First Carlyle Ventures Mauritius                               | 110,99,416            | 9.95                  |
| ICICI Prudential Life Insurance Company Ltd                    | 58,99,708             | 5.29                  |
| Deutsche Securities Mauritius Limited                          | 54,56,424             | 4.89                  |
| Amansa Capital Pte Limited A/C Amansa Holdings Private Limited | 51,59,212             | 4.62                  |
| Ironwood Investment Holdings                                   | 49,94,127             | 4.47                  |
| GA Global Investments Limited                                  | 21,13,000             | 1.89                  |
| Reliance Capital Trustee Co. Ltd                               |                       |                       |
| A/C Reliance Equity Opportunities Fund                         | 20,43,933             | 1.83                  |
| SBI Magnum Tax Gain Scheme - 1993                              | 16,00,003             | 1.43                  |
| Morgan Stanley Mauritius Company Limited                       | 15,06,571             | 1.35                  |
| Tele Atlas Data 'S Hertogenbosch B V                           | 15,00,000             | 1.34                  |
| BVR Mohan Reddy                                                | 145,88,220            | 13.07                 |
| B Sucharitha                                                   | 65,41,200             | 5.86                  |
| B G V Krishna                                                  | 18,25,760             | 1.64                  |
| Bodanapu Sri Vaishnavi                                         | 17,90,400             | 1.60                  |

**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, 2013, 98.99% of the outstanding equity shares of the company are in electronic form.

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 2012-13 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<br>2. Plot No.2, IT Park, Nanakramguda, Manikonda, Hyderabad-500 032.<br>3. Plot No. 6, Survey No. 1, IDA Uppal, Hyderabad - 500 039 |
| 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;<br>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<br>Plot No. 7, NSEZ, Phase II, NOIDA - 201 305                                                                                                                             |

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

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

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

o) Equity shares in the suspense account:

In accordance with the requirement of Clause 5A(I) of the Listing Agreements entered into with the Stock Exchanges, the Company reports the following details in respect of equity shares lying in the suspense account:

| Particulars                                                                                                    | Number of shareholders | Number of equity shares |
|----------------------------------------------------------------------------------------------------------------|------------------------|-------------------------|
| Aggregate number of shareholders and the outstanding shares in the suspense account                            | 131                    | 1,24,014                |
| Shareholders who approached the Company for transfer of shares from suspense account during the year           | 2                      | 13,200                  |
| Shareholders to whom shares were transferred from the suspense account during the year                         | 2                      | 13,200                  |
| Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2013 | 129                    | 1,10,814                |

The voting rights on the shares outstanding in the suspense account as on March 31, 2013 shall remain frozen till the rightful owner of such shares claims the shares.

**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 |
|---------------------|------------------|-----------------------------------------------|--------------------------------|
| 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                              | December 3, 2018               |
| 2011-12 (Final)     | 25%              | July 18, 2012                                 | August 24, 2019                |
| 2012-13 (Interim)   | 40%              | November 7, 2012                              | December 13, 2019              |

For the financial year 2004-05, company has transferred the unclaimed dividend to the IEPF and filed the relevant forms with the Registrar of Companies, Andhra Pradesh.

The company sends a reminder to the shareholders concerned to claim the unclaimed and unpaid dividends before they are transferred to the IEPF.

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

The company has implemented the following non-mandatory requirements of Clause 49 of listing agreement:

- \* **Whistle Blower Policy** - to enable associates the Company including subsidiaries to approach the Ombudsperson of the Company and make protective disclosures about unethical behaviour and actual or suspected fraud. The policy also provides necessary safeguards for protection of associates from reprisals or victimisation for whistle blowing in good faith.
- \* **Remuneration Committee** - Details published elsewhere in the annual report.

## **INDEPENDENT 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, 2013, the abridged Statement of Profit and Loss and the abridged Cash Flow Statement for the year then ended, 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, 2013 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 25, 2013 to the members of the Company, which report is attached hereto.

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

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

Secunderabad, April 25, 2013

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF INFOTECH ENTERPRISES LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of **INFOTECH ENTERPRISES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 comply with the Accounting Standards referred to in Section 211(3C) of the Act.
  - (e) On the basis of the written representations received from the directors as on March 31, 2013 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Firm Registration No. 008072S)

**GANESH BALAKRISHNAN**

Partner

Secunderabad, April 25, 2013

(Membership No. 2011193)

## Annexure to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) Having regard to the nature of the Company's business, clauses (ii), (vi), (viii), (x), (xii), (xiii), (xiv), (xvi), (xix) and (xx) of paragraph 4 of the Order are not applicable to the Company.
- (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, no material discrepancies were noticed on such verification.
  - 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 ₹ 641,829 and the maximum amount involved during the year was ₹ 735,789 (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) 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.
- (vii) 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 statutory dues, including Investor Education and Protection Fund, Sales Tax/ VAT, Wealth Tax, Service Tax, 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, Provident Fund, Custom Duty and Works Contract Tax. Excise Duty is not applicable to the Company.
  - 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, Cess and other material statutory dues in arrears as at March 31, 2013 for a period of more than six months from the date they became payable. Excise Duty is not applicable to the Company.

- c) Details of dues of Income-tax, Sales Tax/ VAT, Service Tax and Cess which have not been deposited as on March 31, 2013 on account of disputes are given below:

| Statute                         | Nature of Dues<br>(See Note below) | Forum where<br>Dispute is pending                       | Period to which<br>the amount relates | Amount involved<br>(in ₹)<br>(See Note below) |
|---------------------------------|------------------------------------|---------------------------------------------------------|---------------------------------------|-----------------------------------------------|
| CST Act, 1956                   | Sales Tax<br>(including penalty)   | Sales Tax Appellate<br>Tribunal                         | 2004-05 to<br>2009-10<br>(Up to June) | 7,656,660                                     |
| Andhra Pradesh<br>VAT Act, 2005 | Sales Tax<br>(including penalty)   | Sales Tax Appellate<br>Tribunal                         | 2005-06 to<br>2009-10<br>(Up to June) | 1,964,650                                     |
| Finance Act,<br>1994            | Service Tax<br>(including penalty) | Central Excise and<br>Service Tax Appellate<br>Tribunal | 2006-07 to<br>2011-12                 | 106,800,486                                   |
| Income<br>Tax Act, 1961         | Income tax                         | Additional Commissioner<br>of Income tax                | 2004-05                               | 7,649,526                                     |

**Note:** The above excludes the Income Tax Draft Notice of Demand amounting to ₹ 311,096,604 for financial year 2008-09, issued by the Deputy 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.

- viii) There are no disputed dues of Wealth Tax and Customs Duty which have not been deposited as on March 31, 2013. Excise Duty is not applicable to the Company.
- 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 material fraud on the Company has been noticed or reported during the year.

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

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

Secunderabad, April 25, 2013

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, 2013

(Amount in ₹)

|                                                  | As at<br>March 31, 2013 |                | As at<br>March 31, 2012 |                |
|--------------------------------------------------|-------------------------|----------------|-------------------------|----------------|
| <b>(A) EQUITY AND LIABILITIES</b>                |                         |                |                         |                |
| <b>Shareholders' funds</b>                       |                         |                |                         |                |
| Share capital                                    |                         |                |                         |                |
| Equity                                           | 558,014,835             |                | 557,076,310             |                |
| Reserves and surplus                             |                         |                |                         |                |
| Revenue reserves                                 | 8,545,168,257           |                | 8,277,170,906           |                |
| Surplus                                          | 2,563,100,253           | 11,666,283,345 | 1,515,173,388           | 10,349,420,604 |
| <b>Share application money pending allotment</b> |                         | 3,920,750      |                         | —              |
| <b>Non-current liabilities</b>                   |                         |                |                         |                |
| Long-term provisions                             |                         | 334,940,729    |                         | 386,405,886    |
| <b>Current liabilities</b>                       |                         |                |                         |                |
| Short-term borrowings                            | —                       |                | —                       |                |
| Trade payables                                   | 832,086,291             |                | 584,104,989             |                |
| Other current liabilities                        | 606,453,261             |                | 256,537,826             |                |
| Short-term provisions                            | 396,601,616             | 1,835,141,168  | 394,391,185             | 1,235,034,000  |
| <b>TOTAL</b>                                     |                         | 13,840,285,992 |                         | 11,970,860,490 |
| <b>(B) ASSETS</b>                                |                         |                |                         |                |
| <b>Non-current assets</b>                        |                         |                |                         |                |
| Fixed assets                                     |                         |                |                         |                |
| Tangible assets                                  | 2,803,764,465           |                | 2,648,157,214           |                |
| Intangible assets                                | 314,653,837             |                | 229,828,391             |                |
| Capital work-in-progress                         | 218,572,643             |                | 108,376,060             |                |
| Intangible assets under development              | 8,999,949               | 3,345,990,894  | 65,508,971              | 3,051,870,636  |
| Non-current investments                          |                         | 1,447,042,988  |                         | 1,447,042,988  |
| Deferred tax assets (net)                        |                         | 14,933,272     |                         | 86,383,667     |
| Long-term loans and advances                     |                         | 966,914,505    |                         | 712,371,160    |
| <b>Current assets</b>                            |                         |                |                         |                |
| Current investments                              | 609,771,679             |                | 222,493,714             |                |
| Trade receivables                                | 1,802,632,643           |                | 1,813,008,868           |                |
| Cash and cash equivalents                        | 4,248,051,974           |                | 3,908,312,643           |                |
| Short-term loans and advances                    | 590,889,426             |                | 251,875,578             |                |
| Other current assets                             | 814,058,611             | 8,065,404,333  | 477,501,236             | 6,673,192,039  |
| <b>TOTAL</b>                                     |                         | 13,840,285,992 |                         | 11,970,860,490 |

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Ganesh Balakrishnan**  
Partner

Place : Secunderabad  
Date : April 25, 2013

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 25, 2013

**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, 2013

(Amount in ₹)

|                                                 | For the year ended<br>March 31, 2013 | For the year ended<br>March 31, 2012 |
|-------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>INCOME</b>                                   |                                      |                                      |
| Revenue from operations                         |                                      |                                      |
| Income from services                            | 10,515,560,033                       | 8,637,610,762                        |
| Other operating revenue                         | —                                    | 384,736                              |
| Other income (net)                              | 373,096,823                          | 535,785,858                          |
| <b>TOTAL INCOME</b>                             | <b>10,888,656,856</b>                | <b>9,173,781,356</b>                 |
| <b>EXPENSES</b>                                 |                                      |                                      |
| Employee benefits expense                       | 4,994,721,561                        | 4,240,788,777                        |
| Operating, administration and other expenses    | 2,697,699,180                        | 2,287,355,745                        |
| Finance costs                                   | 852,442                              | 5,648,805                            |
| Depreciation and amortisation expense           | 563,232,977                          | 411,592,046                          |
| <b>TOTAL EXPENSES</b>                           | <b>8,256,506,160</b>                 | <b>6,945,385,373</b>                 |
| <b>Profit before exceptional items and tax</b>  | <b>2,632,150,696</b>                 | <b>2,228,395,983</b>                 |
| Exceptional items                               | 18,117,242                           | —                                    |
| <b>Profit before tax</b>                        | <b>2,614,033,454</b>                 | <b>2,228,395,983</b>                 |
| <b>Tax expense:</b>                             |                                      |                                      |
| (a) Current tax                                 | 698,133,498                          | 477,297,704                          |
| (b) Tax pertaining to earlier years             | 1,002,705                            | 2,625,209                            |
| (c) MAT credit                                  | —                                    | 234,666,597                          |
| (d) Deferred tax (net)                          | 71,450,395                           | (72,154,359)                         |
| <b>Profit for the year</b>                      | <b>1,843,446,856</b>                 | <b>1,585,960,832</b>                 |
| <b>Earnings per share</b>                       |                                      |                                      |
| (Equity shares, par value of ₹ 5 each)          |                                      |                                      |
| - Basic                                         | 16.53                                | 14.24                                |
| - Diluted                                       | 16.50                                | 14.24                                |
| <b>Weighted average number of equity shares</b> |                                      |                                      |
| - Basic                                         | 111,498,793                          | 111,382,222                          |
| - Diluted                                       | 111,750,791                          | 111,406,165                          |

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Ganesh Balakrishnan**  
Partner

Place : Secunderabad  
Date : April 25, 2013

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 25, 2013

**B. Sucharitha**  
Whole-time Director

**Sudheendhra Putty**  
Company Secretary

## Notes to the abridged financial statements for the year ended March 31, 2013

### 1. Corporate Information

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

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

Complete Balance Sheet, Statement of Profit and Loss, other statements and notes thereto prepared as per the requirements of Schedule VI to the Companies Act, 1956 are available at the Company's website at link <http://www.infotech-enterprises.com/corporate/investors>

### 2. Related Party Transactions

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

#### (i) List of related parties on which the Company is able to exercise control.

##### Subsidiaries:

| Name of the Subsidiary                                                        | Country of incorporation | Extent of holding (%) as at March 31, 2013 | Extent of holding (%) as at March 31, 2012 |
|-------------------------------------------------------------------------------|--------------------------|--------------------------------------------|--------------------------------------------|
| Infotech Enterprises Europe Limited, (IEEL)                                   | UK                       | 100%                                       | 100%                                       |
| Infotech Enterprises America Inc., (IEAI)                                     | USA                      | 100%                                       | 100%                                       |
| Infotech Enterprises GmbH, (IEG)                                              | Germany                  | 100%                                       | 100%                                       |
| Infotech Geospatial (India) Limited, (IGIL) (Refer Note below)                | India                    | 100%                                       | 100%                                       |
| Infotech Enterprises Japan KK, (IEJKK)                                        | Japan                    | 100%                                       | 100%                                       |
| Infotech Enterprises Information Technology Services Private Limited, (IEITS) | India                    | 100%                                       | 100%                                       |

**Note:** IGIL became wholly owned subsidiary from November 2, 2011

##### Joint Venture:

| Name of the Joint Venture Company | Country of incorporation | Extent of holding (%) as at March 31, 2013 | Extent of holding (%) as at March 31, 2012 |
|-----------------------------------|--------------------------|--------------------------------------------|--------------------------------------------|
| Infotech HAL Ltd                  | India                    | 50%                                        | 50%                                        |

##### Associate:

| Name of the Associate             | Country of incorporation | Extent of holding (%) as at March 31, 2013 | Extent of holding (%) as at March 31, 2012 |
|-----------------------------------|--------------------------|--------------------------------------------|--------------------------------------------|
| Infotech Aerospace Services Inc., | USA                      | 49%                                        | 49%                                        |

##### Subsidiary of Infotech Enterprises America Inc.:

| Name of the Subsidiary                   | Country of incorporation | Extent of holding (%) as at March 31, 2013 | Extent of holding (%) as at March 31, 2012 |
|------------------------------------------|--------------------------|--------------------------------------------|--------------------------------------------|
| Infotech Software Solutions Canada Inc., | Canada                   | 100%                                       | 100%                                       |

**Note:** Wellsco Inc. and Infotech Electronic Design Services Inc., wholly owned subsidiaries of Infotech Enterprises America Inc. (IEAI) were consolidated with IEAI w.e.f. April 01, 2012.

**Subsidiary of Infotech Enterprises Europe Limited:**

| Name of the Subsidiary                          | Country of incorporation | Extent of holding (%) as at March 31, 2013 | Extent of holding (%) as at March 31, 2012 |
|-------------------------------------------------|--------------------------|--------------------------------------------|--------------------------------------------|
| Infotech Enterprises Benelux BV                 | Netherlands              | 100%                                       | 100%                                       |
| Infotech Enterprises GmbH<br>(Refer Note below) | Switzerland              | 100%                                       | –                                          |

**Note:** Infotech Enterprises GmbH, (formerly AGS Berne) was acquired on March 29, 2012 and consolidated w.e.f., April 1, 2012

**Subsidiary of Infotech Enterprises GmbH:**

| Name of the Subsidiary  | Country of incorporation | Extent of holding (%) as at March 31, 2013 | Extent of holding (%) as at March 31, 2012 |
|-------------------------|--------------------------|--------------------------------------------|--------------------------------------------|
| Infotech Enterprises AB | Sweden                   | 100%                                       | 100%                                       |

**Key Managerial Personnel:**

| Name                 | Designation                                                                                                        |
|----------------------|--------------------------------------------------------------------------------------------------------------------|
| B V R Mohan Reddy    | Chairman and Managing Director                                                                                     |
| B Sucharitha         | Whole Time Director                                                                                                |
| Krishna Bodanapu     | President and Chief Operating Officer ('COO') and Relative of Chairman & Managing Director and Whole Time Director |
| John Patrick Renard  | President - N&CE                                                                                                   |
| S.A.Lakshminarayanan | Chief Operating Officer - N&CE (upto October 3, 2012)                                                              |
| Ajay Aggarwal        | Chief Financial Officer                                                                                            |
| Bhanu Cherukuri      | Chief Strategy Officer (upto August 14, 2012)                                                                      |
| A Ramaswami          | Chief Information Officer                                                                                          |

**Relative of Chairman and Managing Director and Whole Time Director:**

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

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

**(a) Transactions during the year:**

**(Amount in ₹)**

| Nature of the transaction | Party name                              | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
|---------------------------|-----------------------------------------|-----------------------------------|-----------------------------------|
| Revenue                   | Infotech Enterprises America Inc.       | 2,045,863,036                     | 1,480,888,216                     |
|                           | Infotech Enterprises Europe Limited     | 382,914,672                       | 349,238,588                       |
|                           | Infotech Enterprises GmbH               | 1,386,186,667                     | 1,712,089,171                     |
|                           | Infotech Software Solutions Canada Inc. | 10,774,364                        | 9,962,144                         |
|                           | Infotech Geospatial (India) Limited     | 8,429,634                         | 26,224,514                        |
|                           | Infotech Enterprises Japan KK           | 45,925,536                        | 17,760,362                        |
|                           | Infotech HAL Ltd                        | 13,204,070                        | –                                 |
| Subcontracting charges    | Infotech Enterprises America Inc.       | 359,957,901                       | 327,184,248                       |
|                           | Infotech Enterprises Europe Limited     | 10,980,623                        | 6,324,105                         |

(Contd.)

**Transactions during the year (Contd.)**
**(Amount in ₹)**

| Nature of the transaction                                                        | Party name                                                           | For the year ended<br>March 31, 2013 | For the year ended<br>March 31, 2012 |
|----------------------------------------------------------------------------------|----------------------------------------------------------------------|--------------------------------------|--------------------------------------|
|                                                                                  | Infotech Enterprises GmbH                                            | 63,305,742                           | 24,545,367                           |
|                                                                                  | Infotech Software Solutions Canada Inc.                              | 26,492,991                           | 28,064,748                           |
|                                                                                  | Infotech Geospatial (India) Limited                                  | 24,094,258                           | 17,529,738                           |
|                                                                                  | Infotech Enterprises Japan KK                                        | 3,286,859                            | –                                    |
|                                                                                  | Infotech Enterprises Information Technology Services Private Limited | 2,169,415                            | –                                    |
| Fixed Assets Purchases                                                           | Infotech Enterprises America Inc.                                    | –                                    | 67,220                               |
|                                                                                  | Infotech Enterprises Europe Limited                                  | –                                    | 87,442                               |
| Reimbursement of Expenses                                                        | Infotech Enterprises America Inc.                                    | 94,385,567                           | 36,337,710                           |
|                                                                                  | Infotech Enterprises Europe Limited                                  | 16,237,724                           | 14,504,129                           |
|                                                                                  | Infotech Enterprises GmbH                                            | 7,622,077                            | 29,795,339                           |
|                                                                                  | Infotech Software Solutions Canada Inc.                              | 491,122                              | –                                    |
|                                                                                  | Infotech Geospatial (India) Limited                                  | 1,091,655                            | 1,385,562                            |
|                                                                                  | Infotech Enterprises Japan KK                                        | 657,837                              | –                                    |
| Investments                                                                      | Infotech Geospatial (India) Limited                                  | –                                    | 14,000,000                           |
| Corporate guarantee given to subsidiary's bankers                                | Infotech Enterprises America Inc.                                    | –                                    | 255,800,000                          |
| Advances given                                                                   | Infotech Geospatial (India) Limited                                  | 6,952,609                            | 9,591,668                            |
|                                                                                  | Infotech Enterprises Japan KK                                        | 26,409,752                           | 21,863,127                           |
|                                                                                  | Infotech Enterprises Information Technology Services Private Limited | 40,695,284                           | 2,302,195                            |
| Other Income (net)                                                               | Infotech Enterprises GmbH                                            | (13,836,733)                         | –                                    |
|                                                                                  | Infotech HAL Limited                                                 | 661,500                              | 1,370,250                            |
| Dividend from Associate                                                          | Infotech Aerospace Services Inc.                                     | –                                    | 408,711,450                          |
| Remuneration to Key Managerial Personnel <sup>#</sup>                            | Chairman & Managing Director                                         | 43,326,995                           | 37,460,999                           |
|                                                                                  | Whole-time Director                                                  | 2,371,467                            | 2,371,467                            |
|                                                                                  | President & Chief Operating Officer (Refer note below)               | 16,806,047                           | 7,121,746                            |
|                                                                                  | Other KMP                                                            | 18,633,956                           | 18,147,165                           |
| Loan given to KMP                                                                | Ajay Aggarwal                                                        | –                                    | 1,000,000                            |
| Interest recovered from loan to KMP                                              | B. Ashok Reddy                                                       | 39,264                               | 39,264                               |
|                                                                                  | Ajay Aggarwal                                                        | 60,000                               | 45,000                               |
| Repayment of loan by KMP                                                         | B. Ashok Reddy                                                       | 93,960                               | 93,960                               |
|                                                                                  | Ajay Aggarwal                                                        | 305,052                              | 228,789                              |
| Remuneration to Relative of Chairman & Managing Director and Whole Time Director | B. Ashok Reddy                                                       | 7,104,322                            | 6,216,266                            |
| Dividend                                                                         | Dividend to KMPs                                                     | 75,111,608                           | 58,881,916                           |

<sup>#</sup> Does not include provision for compensated absences.

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

| Nature of the balance                             | Party name                                                           | As at<br>March 31, 2013 | As at<br>March 31, 2012 |
|---------------------------------------------------|----------------------------------------------------------------------|-------------------------|-------------------------|
| Receivables                                       | Infotech Enterprises America Inc.                                    | 179,066,710             | 322,511,271             |
|                                                   | Infotech Enterprises Europe Limited                                  | 27,482,601              | 68,993,577              |
|                                                   | Infotech Enterprises GmbH                                            | 184,058,853             | 190,635,238             |
|                                                   | Infotech Software Solutions Canada Inc.                              | 4,020,621               | 877,976                 |
|                                                   | Infotech Geospatial (India) Limited                                  | 293,702                 | 5,132,185               |
|                                                   | Infotech Enterprises Japan KK                                        | 24,142,383              | 3,413,775               |
|                                                   | Infotech HAL Ltd                                                     | 3,726,964               | –                       |
| Unbilled Revenue                                  | Infotech Enterprises America Inc.                                    | 79,997,837              | 45,035,001              |
|                                                   | Infotech Enterprises Europe Limited                                  | 21,136,296              | 14,535,110              |
|                                                   | Infotech Enterprises GmbH                                            | 133,537,430             | 74,313,124              |
|                                                   | Infotech Software Solutions Canada Inc.                              | 63,658                  | –                       |
|                                                   | Infotech Enterprises Japan KK                                        | 136,905                 | –                       |
|                                                   | Infotech Geospatial (India) Limited                                  | –                       | 2,786,617               |
| Trade payables                                    | Infotech Enterprises America Inc.                                    | 25,270,557              | 29,715,049              |
|                                                   | Infotech Enterprises Europe Limited                                  | 426,494                 | 2,533,848               |
|                                                   | Infotech Enterprises GmbH                                            | 3,672,740               | 2,620,068               |
|                                                   | Infotech Software Solutions Canada Inc.                              | 1,748,559               | 1,515,219               |
|                                                   | Infotech Geospatial (India) Limited                                  | –                       | 512,834                 |
|                                                   | Infotech Enterprises Japan KK                                        | 3,277,514               | –                       |
|                                                   | Infotech Enterprises Information Technology Services Private Limited | 2,193,797               | –                       |
| Reimbursement of Expenses payable/ (receivable)   | Infotech Enterprises America Inc.                                    | 32,786,804              | (10,500,886)            |
|                                                   | Infotech Enterprises Europe Limited                                  | 892,749                 | (168,288)               |
|                                                   | Infotech Enterprises GmbH                                            | (7,592,950)             | 2,429,850               |
|                                                   | Infotech Software Solutions Canada Inc.                              | 31,448                  | –                       |
|                                                   | Infotech Geospatial (India) Limited                                  | –                       | 253,089                 |
|                                                   | Infotech Enterprises Japan KK                                        | 656,015                 | –                       |
| Corporate guarantee given to subsidiary's bankers | Infotech Enterprises America Inc.                                    | 271,950,000             | 255,800,000             |
|                                                   | Infotech Enterprises Europe Limited                                  | 131,712,000             | 130,880,000             |
|                                                   | Infotech Geospatial (India) Limited.                                 | 40,000,000              | 40,000,000              |
| Advance to subsidiaries                           | Infotech Geospatial (India) Limited                                  | 30,875,753              | 23,923,144              |
|                                                   | Infotech Enterprises Japan KK                                        | 99,082,663              | 72,672,911              |
|                                                   | Infotech Enterprises Information Technology Services Private Limited | 68,449,032              | 27,753,748              |
|                                                   | Infotech HAL Limited                                                 | 1,245,099               | 2,188,440               |
| Outstanding Balance payable to KMP                | Chairman & Managing Director                                         | 35,594,886              | 33,595,147              |
|                                                   | President & Chief Operating Officer<br>(Refer note below)            | 7,440,000               | –                       |
| Loan recoverable from KMPs                        | B. Ashok Reddy                                                       | 641,829                 | 735,789                 |
|                                                   | Ajay Aggarwal                                                        | 466,159                 | 771,211                 |

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

The remuneration paid during the year is based on the existing approval from the Central Government vide its approval dated October 27, 2010.

### 3. Earnings Per Share (EPS)

(Refer to Note No. 34 of the annual standalone financial statements)

| Particulars                                                               | (Amount in ₹)  |                |
|---------------------------------------------------------------------------|----------------|----------------|
|                                                                           | March 31, 2013 | March 31, 2012 |
| Profit After Tax (₹)                                                      | 1,843,446,856  | 1,585,960,832  |
| <b>Basic:</b>                                                             |                |                |
| Number of shares outstanding at the year end                              | 111,602,967    | 111,415,262    |
| Weighted average shares outstanding                                       | 111,498,793    | 111,382,222    |
| Earnings Per Share (₹)                                                    | 16.53          | 14.24          |
| <b>Diluted:</b>                                                           |                |                |
| Effect of potential equity shares on employee stock options outstanding   | 251,998        | 23,943         |
| Weighted average number of equity shares outstanding (including dilution) | 111,750,791    | 111,406,165    |
| Earnings Per Share (₹)                                                    | 16.50          | 14.24          |

### 4. Segment Information

(Refer to Note No. 31 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.

### 5. Associate Stock Option Plans

(Refer to Note No. 38 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 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, 2006-07 and 2010-11 respectively.

#### Associate Stock Option Plans (ASOP Plan)

The company has four ASOP plans - ASOP 2001, 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.

## Notes to the abridged financial statements

### Options Outstanding:

| Plan      | As at<br>March 31, 2013 | As at<br>March 31, 2012 |
|-----------|-------------------------|-------------------------|
| ASOP 2001 | -                       | -                       |
| ASOP 2002 | 158,220                 | 170,840                 |
| ASOP 2004 | 217,276                 | 1,618,618               |
| ASOP 2008 | 1,098,963               | 1,208,835               |

### 6. Contingent Liabilities and Commitments

(Refer to Note No. 23 of the annual standalone financial statements)

#### Contingent liabilities

(Amount in ₹)

| Particulars                                                                | As at<br>March 31, 2013 | As at<br>March 31, 2012 |
|----------------------------------------------------------------------------|-------------------------|-------------------------|
| Claims against the Company not acknowledged as debt (Refer Note (i) below) | 632,027,223             | 593,743,144             |
| Guarantees (Refer Note (ii) below)                                         | 443,662,000             | 426,680,000             |

#### Notes:

- i. a. The Company has disputed various demands (including draft notice of demand) raised by Income Tax authorities for the assessment years 1997-98 to 2009-10. The orders are pending at various stages of appeals. The aggregate amount of disputed tax not provided for is ₹ 404,555,682 (March 31, 2012 - ₹ 409,671,422). 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, 2012 - ₹ 20,096,061). The Company is confident that these appeals will be decided in its favour, based on professional advice. The above does not include show cause notices received by the Company.
- c. The Company has disputed various demands raised by the Service Tax authorities for the financial years 2006-07 to 2011-12. The Company has filed appeals, which are pending with the appropriate authorities. The aggregate amount of disputed tax not provided for is ₹ 207,375,480 (March 31, 2012 - ₹ 163,975,661). 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 ₹ 443,662,000 (March 31, 2012 - ₹ 426,680,000). The amount outstanding against such guarantee is ₹ 397,774 (March 31, 2012 - ₹ 3,759,677).

#### Commitments

(Amount in ₹)

| Particulars                                                                                                              | As at<br>March 31, 2013 | As at<br>March 31, 2012 |
|--------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances) |                         |                         |
| Tangible assets                                                                                                          | 82,571,908              | 108,693,798             |
| Intangible assets                                                                                                        | 51,930,958              | 12,357,384              |

## Notes to the abridged financial statements

### 7. Amalgamation:

(Refer to Note No. 29 of the annual standalone financial statements)

During the year ended March 31, 2011, TTM Institute of Information Technology Private Limited, a wholly owned subsidiary of Infotech Enterprises 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 the 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 Amalgamation". 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<br>(Refer Notes (i) below) | (9,633,033)      |
| <b>Goodwill*</b>                                                                                             | <b>9,733,033</b> |

\* The above Goodwill has been adjusted against 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> |

### 8. Cash & Cash Equivalents:

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

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

(Amount in ₹)

| Particulars                                                                                                  | As at<br>March 31, 2013 | As at<br>March 31, 2012 |
|--------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Cash on hand                                                                                                 | 266,446                 | 295,856                 |
| Balance with banks (Refer Note (i) below)                                                                    |                         |                         |
| In current accounts                                                                                          | 243,567,806             | 169,524,670             |
| In EEFC accounts                                                                                             | 87,380,715              | 140,921,587             |
| In deposits accounts (Refer Note (i) below)                                                                  | 3,762,796,427           | 3,480,011,126           |
| In earmarked accounts                                                                                        |                         |                         |
| Unpaid dividend account                                                                                      | 3,184,348               | 2,203,994               |
| In deposits held as margin money/security for bank guarantees<br>(Refer Note (ii) below)                     | 17,627,811              | 30,079,323              |
| Remittance in transit                                                                                        | 133,228,421             | 85,276,087              |
| <b>TOTAL</b>                                                                                                 | <b>4,248,051,974</b>    | <b>3,908,312,643</b>    |
| Of the above, balances that meet the definition of cash and cash equivalents as per AS-3 Cash Flow Statement | 4,227,239,815           | 3,876,029,326           |

## Notes to the abridged financial statements

### Notes:

- (i) Balance with banks include deposits amounting to ₹ 238,749,999 (March 31, 2012 - ₹ 88,417,869) and margin monies amounting to ₹ 630,250 (March 31, 2012 - ₹ 379,000) which have an original maturity of more than 12 months.

Balance with banks include deposits amounting to ₹ Nil (March 31, 2012 - ₹ Nil) and margin monies amounting to ₹ 276,250 (March 31, 2012 - ₹ 379,000) which have a maturity of more than 12 months from the Balance Sheet Date.

- (ii) Includes deposits placed in lien for credit facilities availed by a wholly owned subsidiary, Infotech Geospatial (India) Limited aggregating ₹ 17,026,560 (31.03.2012 - ₹ 29,729,323) and margin monies amounting ₹ 601,250 (31.03.2012 - ₹ 350,000).

### 9. Abridged Cash flow statement:

(Refer annual standalone financial statements)

(Amount in ₹)

| Particulars                                                                                 | Year ended<br>March 31, 2013 | Year ended<br>March 31, 2012 |
|---------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| Net cash flow from operating activities                                                     | 1,429,085,186                | 1,130,154,153                |
| Net cash flow used in investing activities                                                  | (867,945,630)                | (3,680,788)                  |
| Net cash flow used in financing activities                                                  | (393,594,215)                | (312,738,620)                |
| Net increase in cash and cash equivalents                                                   | 167,545,341                  | 813,734,745                  |
| Cash and cash equivalents at the beginning of period                                        | 3,876,029,326                | 2,923,389,070                |
| Effect of exchange differences on translation of foreign currency cash and cash equivalents | 183,665,148                  | 138,095,511                  |
| Cash and cash equivalents at the end of period<br>(Refer Note (i) below)                    | 4,227,239,815                | 3,876,029,326                |

### Notes:

#### (i) Reconciliation of Cash and cash equivalents with the Balance sheet

(Amount in ₹)

|                                                            |               |               |
|------------------------------------------------------------|---------------|---------------|
| Cash and cash equivalents as per Balance Sheet             | 4,248,051,974 | 3,908,312,643 |
| Less: In earmarked accounts (Refer Note (ii) below)        |               |               |
| Unpaid dividend accounts                                   | 3,184,348     | 2,203,994     |
| Balances held as margin money/security for bank guarantees | 17,627,811    | 30,079,323    |
| Cash and cash equivalents at the end of the year*          | 4,227,239,815 | 3,876,029,326 |

#### \* Comprises:

(Amount in ₹)

|                            |                      |                      |
|----------------------------|----------------------|----------------------|
| (a) Cash on hand           | 266,446              | 295,856              |
| (b) Balances with banks    |                      |                      |
| (i) In current accounts    | 243,567,806          | 169,524,670          |
| (ii) In EEFC accounts      | 87,380,715           | 140,921,587          |
| (iii) In deposit accounts  | 3,762,796,427        | 3,480,011,126        |
| (c) Remittances in transit | 133,228,421          | 85,276,087           |
| <b>Total</b>               | <b>4,227,239,815</b> | <b>3,876,029,326</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.
- (iv) Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard 3 "Cash Flow Statements"

## Notes to the abridged financial statements

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

(Refer to Note No. 13 of the annual standalone financial statements)

(Amount in ₹)

| Particulars                                                    | As at<br>March 31, 2013 | As at<br>March 31, 2012 |
|----------------------------------------------------------------|-------------------------|-------------------------|
| Aggregate cost of quoted investments (in Mutual Funds)         | 609,771,679             | 222,493,714             |
| Aggregate market value of quoted investments (in Mutual Funds) | 610,029,013             | 223,111,317             |

### 11. Employee benefits expense

(Refer to Note No. 19 of the annual standalone financial statements)

(Amount in ₹)

| Particulars                                               | Year ended<br>March 31, 2013 | Year ended<br>March 31, 2012 |
|-----------------------------------------------------------|------------------------------|------------------------------|
| Salaries and bonus                                        | 4,480,182,944                | 3,801,690,919                |
| Contribution to provident and other funds                 | 213,249,822                  | 183,661,552                  |
| Social security and other benefits for overseas employees | 59,601,253                   | 38,582,881                   |
| Gratuity                                                  | 27,357,596                   | 53,728,970                   |
| Staff welfare expenses                                    | 214,329,946                  | 163,124,455                  |
| <b>TOTAL</b>                                              | <b>4,994,721,561</b>         | <b>4,240,788,777</b>         |

### 12. Regrouping/Reclassification

(Refer to note No. 41 of the annual standalone financial statements)

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

For and on behalf of the Board of Directors

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

**B. Sucharitha**  
Whole-time Director

**Ajay Aggarwal**  
Chief Financial Officer

**Sudheendhra Putty**  
Company Secretary

Place : Hyderabad  
Date : April 25, 2013

# INDEPENDENT AUDITORS' REPORT

## TO THE BOARD OF DIRECTORS OF INFOTECH ENTERPRISES LIMITED

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements 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"), which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used

and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial information of the subsidiaries, jointly controlled entity and associate referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
- (b) 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
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

### Other Matter

We did not audit the financial information of eight subsidiaries and a jointly controlled entity whose financial information reflect total assets (net) of ₹ 1,030,520,793 as at March 31, 2013, total revenues of ₹ 4,127,401,197 and net cash flows amounting to ₹ 45,649,655 for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 129,052,160 for the year ended March 31, 2013, as considered in the consolidated financial statements, in respect of one associate, whose financial information have not been audited by us. These financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entity and associate, is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Firm Registration No. 008072S)

**GANESH BALAKRISHNAN**

Partner

Secunderabad, April 25, 2013

(Membership No. 2011193)

## Consolidated Balance Sheet as at March 31, 2013

(Amount in ₹)

|                                                                              | Note    | As at<br>March 31, 2013 |                | As at<br>March 31, 2012 |                |
|------------------------------------------------------------------------------|---------|-------------------------|----------------|-------------------------|----------------|
| <b>(A) EQUITY &amp; LIABILITIES</b>                                          |         |                         |                |                         |                |
| <b>Shareholders' funds</b>                                                   |         |                         |                |                         |                |
| Share capital                                                                | 3       | 558,014,835             |                | 557,076,310             |                |
| Reserves and surplus                                                         | 4       | 12,663,512,782          | 13,221,527,617 | 11,017,736,835          | 11,574,813,145 |
| Share application money pending allotment                                    | 40      |                         | 3,920,750      |                         | —              |
| <b>Non-current liabilities</b>                                               |         |                         |                |                         |                |
| Long-term provisions                                                         | 5       |                         | 380,843,336    |                         | 452,442,327    |
| Deferred tax liability (net)                                                 | 35.2    |                         | 45,073,722     |                         | 33,062,747     |
| <b>Current liabilities</b>                                                   |         |                         |                |                         |                |
| Short-term borrowings                                                        | 6       | 3,197,774               |                | 34,298,431              |                |
| Trade payables                                                               | 7       | 1,211,703,221           |                | 1,097,819,423           |                |
| Other current liabilities                                                    | 8       | 749,471,927             |                | 366,526,739             |                |
| Short-term provisions                                                        | 9       | 484,260,403             | 2,448,633,325  | 477,490,962             | 1,976,135,555  |
| <b>TOTAL</b>                                                                 |         |                         | 16,099,998,750 |                         | 14,036,453,774 |
| <b>(B) ASSETS</b>                                                            |         |                         |                |                         |                |
| <b>Non-current assets</b>                                                    |         |                         |                |                         |                |
| <b>Fixed assets</b>                                                          |         |                         |                |                         |                |
| Tangible assets                                                              | 10A     | 2,964,976,506           |                | 2,800,762,531           |                |
| Intangible assets                                                            | 10B     | 362,595,052             |                | 257,800,125             |                |
| Capital work-in-progress                                                     | 10C     | 219,445,920             |                | 108,376,061             |                |
| Intangible assets under development                                          | 41      | 8,999,949               | 3,556,017,427  | 89,508,676              | 3,256,447,393  |
| Goodwill (on consolidation)                                                  | 29      |                         | 26,362,427     |                         | 209,025,451    |
| Non-current investments                                                      | 11      |                         | 372,990,774    |                         | 243,938,614    |
| Deferred tax assets (net)                                                    | 35.2    |                         | 38,396,280     |                         | 63,220,322     |
| Long-term loans and advances                                                 | 12      |                         | 912,454,876    |                         | 734,704,383    |
| Other non-current assets                                                     | 13      |                         | 192,142        |                         | —              |
| <b>Current assets</b>                                                        |         |                         |                |                         |                |
| Current investments                                                          | 14      | 609,771,678             |                | 222,493,714             |                |
| Trade receivables                                                            | 15      | 4,007,478,806           |                | 3,674,965,623           |                |
| Cash and cash equivalents                                                    | 16      | 4,983,509,885           |                | 4,559,850,365           |                |
| Short-term loans and advances                                                | 17      | 589,251,406             |                | 352,570,916             |                |
| Other current assets                                                         | 18      | 1,003,573,049           | 11,193,584,824 | 719,236,993             | 9,529,117,611  |
| <b>TOTAL</b>                                                                 |         |                         | 16,099,998,750 |                         | 14,036,453,774 |
| Corporate 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 25, 2013

 Place : Hyderabad  
 Date : April 25, 2013

# Consolidated Statement of Profit and Loss for the year ended March 31, 2013

(Amount in ₹)

|                                                                              | Note    | For the year ended<br>March 31, 2013 | For the year ended<br>March 31, 2012 |
|------------------------------------------------------------------------------|---------|--------------------------------------|--------------------------------------|
| <b>INCOME</b>                                                                |         |                                      |                                      |
| Revenue from operations                                                      |         |                                      |                                      |
| Income from services                                                         |         | 18,730,633,555                       | 15,501,651,688                       |
| Product sales                                                                |         | —                                    | 28,097,702                           |
| Other operating revenue                                                      |         | —                                    | 1,584,006                            |
| Other income (net)                                                           | 19      | 381,099,258                          | 175,300,794                          |
| <b>TOTAL INCOME</b>                                                          |         | <b>19,111,732,813</b>                | <b>15,706,634,190</b>                |
| <b>EXPENSES</b>                                                              |         |                                      |                                      |
| Employee benefits expense                                                    | 20      | 11,405,987,285                       | 9,690,912,001                        |
| Operating, administration and other expenses                                 | 21      | 3,901,045,207                        | 3,149,347,707                        |
| Finance costs                                                                | 22      | 2,874,344                            | 7,340,837                            |
| Depreciation and amortisation expense                                        | 10D     | 635,498,206                          | 494,134,632                          |
| <b>TOTAL EXPENSES</b>                                                        |         | <b>15,945,405,042</b>                | <b>13,341,735,177</b>                |
| <b>Profit before exceptional items and tax</b>                               |         | <b>3,166,327,771</b>                 | <b>2,364,899,013</b>                 |
| Exceptional items                                                            | 42      | 18,117,242                           | 15,916,183                           |
| <b>Profit before tax, share of profit in associate company</b>               |         | <b>3,148,210,529</b>                 | <b>2,348,982,830</b>                 |
| <b>Tax expense</b>                                                           |         |                                      |                                      |
| (a) Current tax                                                              |         | 930,459,062                          | 628,703,563                          |
| (b) Tax pertaining to earlier years                                          | 35.3    | 1,002,705                            | 2,625,209                            |
| (c) MAT credit                                                               | 35.5    | (1,624,969)                          | 234,666,597                          |
| (d) Deferred tax (net)                                                       | 35.2    | 36,835,017                           | (30,674,528)                         |
| <b>Profit after tax, before share of profit in associate company</b>         |         | <b>2,181,538,714</b>                 | <b>1,513,661,989</b>                 |
| Share of profit in associate company                                         |         | 129,052,160                          | 100,092,712                          |
| <b>Profit for the year</b>                                                   |         | <b>2,310,590,874</b>                 | <b>1,613,754,701</b>                 |
| <b>Earnings per share</b>                                                    | 34      |                                      |                                      |
| (Equity shares, par value of ₹ 5 each)                                       |         |                                      |                                      |
| - Basic                                                                      |         | 20.72                                | 14.49                                |
| - Diluted                                                                    |         | 20.68                                | 14.49                                |
| <b>Weighted average number of equity shares</b>                              |         |                                      |                                      |
| - Basic                                                                      |         | 111,498,793                          | 111,382,222                          |
| - Diluted                                                                    |         | 111,750,791                          | 111,406,165                          |
| <b>Corporate information and significant accounting policies</b>             | 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 25, 2013

Place : Hyderabad  
Date : April 25, 2013

## Consolidated Cash Flow Statement for the year ended March 31, 2013

(Amount in ₹)

|                                                                                             | For the year ended<br>March 31, 2013 | For the year ended<br>March 31, 2012 |
|---------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                                               |                                      |                                      |
| Profit before exceptional items and tax                                                     | 3,148,210,529                        | 2,348,982,830                        |
| <i>Adjustments for :</i>                                                                    |                                      |                                      |
| Depreciation and amortisation expense                                                       | 635,498,206                          | 494,134,632                          |
| Loss/(profit) on sale of fixed assets sold/ written-off (net)                               | 621,829                              | (5,024,405)                          |
| Finance costs                                                                               | 2,874,344                            | 7,340,837                            |
| Interest income                                                                             | (358,048,081)                        | (266,386,978)                        |
| Dividend income from current investments                                                    | (15,495,295)                         | (20,854,171)                         |
| Gain on sale of current investments                                                         | 4,470                                | (113,924)                            |
| Loss on sale of non-current investments                                                     | —                                    | 9,182,829                            |
| Rental income from operating leases                                                         | (936,547)                            | (1,646,250)                          |
| Liabilities/provisions no longer required written back                                      | (1,278,334)                          | (1,043,559)                          |
| Bad debts/advances written off                                                              | 1,800,017                            | 984,307                              |
| Provision for doubtful trade receivables                                                    | 23,712,149                           | 25,076,713                           |
| Provision for unbilled revenue                                                              | 1,202,694                            | —                                    |
| Exceptional items                                                                           | 18,117,242                           | 15,916,183                           |
| Unrealised (gain)/loss on translation differences                                           | (14,211,775)                         | 228,766,682                          |
| Effect of exchange differences on translation of foreign currency cash and cash equivalents | (183,665,148)                        | (138,905,511)                        |
| <b>Operating profit before working capital changes</b>                                      | <b>3,258,406,300</b>                 | <b>2,696,410,215</b>                 |
| <i>Changes in working capital:</i>                                                          |                                      |                                      |
| <i>Adjustments for (increase)/decrease in operating assets:</i>                             |                                      |                                      |
| Trade receivables                                                                           | (356,225,332)                        | (1,137,473,383)                      |
| Short-term loans and advances                                                               | (179,851,662)                        | 20,190,824                           |
| Long-term loans and advances                                                                | (212,925,284)                        | (260,291,216)                        |
| Other current assets                                                                        | (274,429,963)                        | (240,288,729)                        |
| Other non-current assets                                                                    | (192,142)                            | 24,977,824                           |
| <i>Adjustments for increase/ (decrease) in operating liabilities:</i>                       |                                      |                                      |
| Trade payables                                                                              | 115,162,131                          | 639,719,855                          |
| Other current liabilities                                                                   | 320,698,746                          | (13,173,028)                         |
| Long-term liabilities                                                                       | —                                    | (19,869,180)                         |
| Short-term provisions                                                                       | (137,250,416)                        | 204,749,836                          |
| Long-term provisions                                                                        | (73,646,687)                         | 32,426,443                           |
| <b>Cash generated from operations</b>                                                       | <b>2,459,745,691</b>                 | <b>1,947,379,461</b>                 |
| Net income tax paid                                                                         | (854,952,794)                        | (688,519,687)                        |
| <b>Net cash flow from operating activities (A)</b>                                          | <b>1,604,792,897</b>                 | <b>1,258,859,774</b>                 |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                                               |                                      |                                      |
| Capital expenditure on fixed assets, including capital advances (Refer Note (iii) below)    | (924,371,234)                        | (804,079,022)                        |
| Proceeds from sale of fixed assets                                                          | 1,939,741                            | 13,795,014                           |
| Current investments                                                                         |                                      |                                      |
| - Purchased                                                                                 | (2,483,217,739)                      | (777,531,901)                        |
| - Proceeds from sale                                                                        | 2,095,935,304                        | 889,269,600                          |
| Purchase of long-term investments                                                           |                                      |                                      |
| - Subsidiary                                                                                | —                                    | (14,000,000)                         |
| Proceeds from sale of long-term investments                                                 |                                      |                                      |
| - Others                                                                                    | —                                    | 16,882,171                           |
| Interest received                                                                           | 346,939,294                          | 201,743,850                          |
| Dividend income received                                                                    |                                      |                                      |
| - Associate                                                                                 | —                                    | 408,711,450                          |
| - Others - dividend from mutual funds                                                       | 15,495,295                           | 20,854,171                           |
| Rental income from operating leases                                                         | 936,547                              | 1,646,250                            |
| Movement in Bank balances not considered as cash and cash equivalents                       | 10,946,500                           | (16,598,900)                         |
| TIIT Amalgamation adjustment (Refer Note 29)                                                | —                                    | (9,633,033)                          |
| <b>Net cash flow used in investing activities (B)</b>                                       | <b>(935,396,292)</b>                 | <b>(68,940,350)</b>                  |

## Consolidated Cash Flow (Contd.)

(Amount in ₹)

|                                                                                             | For the year ended<br>March 31, 2013 | For the year ended<br>March 31, 2012 |
|---------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                                               |                                      |                                      |
| Proceeds from issue of equity shares                                                        | 25,275,097                           | 17,039,004                           |
| Increase in share application money, pending allotment                                      | 3,920,750                            | —                                    |
| Proceeds from short-term borrowings from banks                                              | 56,309,000                           | 500,325,000                          |
| Repayment of short term borrowings                                                          | (54,777,000)                         | (500,325,000)                        |
| Finance costs                                                                               | 2,874,344                            | (7,340,837)                          |
| Movement in short term borrowings (net)                                                     | (31,100,658)                         | 20,923,278                           |
| Dividend paid                                                                               | (363,178,000)                        | (278,792,037)                        |
| Tax on dividend paid                                                                        | (58,759,620)                         | (45,336,782)                         |
| <b>Net cash flow used in financing activities (C)</b>                                       | <b>(419,436,087)</b>                 | <b>(293,507,374)</b>                 |
| <b>Net increase in cash and cash equivalents (A+B+C)</b>                                    | <b>249,960,518</b>                   | <b>896,412,050</b>                   |
| <b>Cash and cash equivalents at the beginning of the year</b>                               | <b>4,527,567,048</b>                 | <b>3,492,249,487</b>                 |
| Effect of exchange differences on translation of foreign currency cash and cash equivalents | 183,665,148                          | 138,905,511                          |
| <b>Cash and cash equivalents at the end of the year (Refer Note (i) below)</b>              | <b>4,961,192,714</b>                 | <b>4,527,567,048</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 16)                              | 4,983,509,885                        | 4,559,850,365                        |
| Less: In earmarked accounts (Refer Note (ii) below)                                         |                                      |                                      |
| - Unpaid dividend accounts                                                                  | 3,184,348                            | 2,203,994                            |
| - Balances held as margin money/security for bank guarantees                                | 19,132,823                           | 30,079,323                           |
| <b>Cash and cash equivalents at the end of the year*</b>                                    | <b>4,961,192,714</b>                 | <b>4,527,567,048</b>                 |
| * Comprises:                                                                                |                                      |                                      |
| (a) Cash on hand                                                                            | 455,969                              | 398,150                              |
| (b) Balances with banks                                                                     |                                      |                                      |
| (i) In current accounts                                                                     | 866,068,387                          | 815,962,071                          |
| (ii) In EEFC accounts                                                                       | 139,930,540                          | 140,921,587                          |
| (iii) In deposit accounts                                                                   | 3,767,644,648                        | 3,485,009,153                        |
| (c) Remittances in transit                                                                  | 133,901,581                          | 85,276,087                           |
| (d) Cheques in Hand                                                                         | 53,191,589                           | —                                    |
|                                                                                             | <b>4,961,192,714</b>                 | <b>4,527,567,048</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.

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

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 25, 2013

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 25, 2013

**B. Sucharitha**  
Whole-time Director

**Sudheendhra Putty**  
Company Secretary

## Notes forming part of the Consolidated financial statements

### 1. Corporate information

Infotech Enterprises Limited ('Infotech' or 'the Company') and its subsidiaries, joint venture and associate (collectively 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 the 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.

### 2. Significant accounting policies

#### 2.1 Basis of accounting and preparation of the consolidated financial statements

The consolidated financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standard) Rules, 2006 (as amended)/issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 1956 (the Act). The consolidated financial statements have been prepared on accrual basis under historical cost convention.

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

#### 2.2 Principles of consolidation

The consolidated financial statements have been prepared on the following basis :

- i) The financial statements of the Company and its subsidiaries have been combined on a line-by

line basis by adding together like items of assets, liabilities, income and expenses. Inter-company balances and transactions and unrealised profits and losses have been fully eliminated.

- ii) The consolidated financial statements include the share of profit/loss of associate company, which are accounted under Equity method as per which the share of profit/loss is adjusted to the cost of investment.
- iii) The excess of cost to the Group of its investments in its subsidiary companies over its share of the equity at the dates on which the investments are made, is recognised as Goodwill (on Consolidation), being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of the investment of the Group, it is recognised as Capital Reserve (on Consolidation) and shown under the head 'Reserves and Surplus' in the consolidated financial statements.
- iv) Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the date on which investments are made in the subsidiary company and future movements in the share of the equity, subsequent to the dates of investment.
- v) On disposal of a subsidiary, the attributable goodwill is included in the determination of the profit and loss on disposal.

#### 2.3 Use of estimates

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

## Notes forming part of the Consolidated financial statements

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

### 2.4 Revenue recognition

#### *Income from Services:*

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

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

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

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

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.

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

Amounts received or billed in advance of services performed are recorded as unearned revenue. Unbilled

revenue represents amounts recognised based on services performed in advance of billings in accordance with contract terms and is net of estimated allowances for uncertainties and provision for estimated losses.

### 2.5 Other income

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

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

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

Fixed Assets are stated at actual cost, less accumulated depreciation and net of impairment. Cost includes all expenses incurred to bring the assets to its present location and condition. Subsequent expenses on fixed assets after its purchase is capitalised only if such expenses results in an increase in the future benefits from such assets beyond the previous announced standards of performances.

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

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

#### *Intangible assets*

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

### 2.7 Depreciation & amortisation

Depreciation/amortisation on fixed assets (other than freehold land and Capital Work-in-progress) is provided on a straight-line method over their estimated useful lives at the rates which are higher than the rates prescribed under Schedule XIV of the Companies Act, 1956. Depreciation is charged on pro-rata basis from the date of capitalisation. Individual assets costing ₹ 5,000 or less are fully depreciated in the year of acquisition.

## Notes forming part of the Consolidated financial statements

The estimated useful lives are as follows:

| Type of asset                              | Method        | Period                                            |
|--------------------------------------------|---------------|---------------------------------------------------|
| Leasehold Land                             | Straight line | 6 - 79 years                                      |
| Building                                   | Straight line | 28 years                                          |
| Leasehold Improvements                     | Straight line | Shorter of lease period or estimated useful lives |
| Computers                                  | Straight line | 3 years                                           |
| Plant and Equipment                        | Straight line | 10 years                                          |
| Office Equipment                           | Straight line | 10 years                                          |
| Furniture and Fixtures                     | Straight line | 10 years                                          |
| Electrical Installations                   | Straight line | 10 years                                          |
| Vehicles                                   | Straight line | 5 years                                           |
| <b>Intangible Assets:</b>                  |               |                                                   |
| Software                                   | Straight line | 3 years                                           |
| Software purchased for use in the projects | Straight line | Over the period of the respective project         |
| Customer rights                            | Straight line | 3 years                                           |

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

### 2.8 Impairment of assets

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

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

### 2.9 Investments

Investments are either classified as current or long-term based on their nature/holding period/Management's intent at the time of making the investment. Current investments are carried individually at the lower of cost and fair value.

Long-term investments are carried individually at cost less provision made to recognise any diminution, other

than temporary, in the value of such investment. Cost of investments include acquisition charges such as brokerage, fees and duties. Provision is made to recognise any reduction in the carrying value of long-term investments and any reversal of such reduction is credited to the Consolidated Statement of Profit and Loss.

### 2.10 Research and development

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

### 2.11 Foreign currency transactions/translations

The transactions in foreign exchange entered into by the company are accounted at the exchange rate prevalent on the date of the transaction. Foreign currency monetary items (other than derivative contracts) outstanding as at Balance Sheet date are restated at year end exchange rate. Non-monetary items are carried at historical cost and the exchange gains or losses are recognised in the Consolidated

## Notes forming part of the Consolidated financial statements

Statement of Profit and Loss. Non-monetary items of the Company are carried at historical cost. Exchange differences arising on a monetary item that, in substance, form part of an enterprise's net investments in a non-integral foreign operation are accumulated in a foreign currency translation reserve.

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

For the purposes of consolidation, income and expenses are translated at average rates and the assets and liabilities are converted at closing rate. The net impact of such change is accumulated under foreign currency translation reserve.

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

In case of forward exchange contract or any other financial instruments that is in substance a forward exchange contract (other than for a firm commitment or a highly probable forecast) to hedge the foreign currency risk, the premium or discount arising at the inception of the contract is amortised as expense or income over the life of the contract. Exchange differences on such forward exchange contracts are recognised in the Consolidated Statement of Profit and Loss in the reporting period in which the exchange rates change. Gain/Loss on settlement of transaction arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense for the period.

### 2.12 Derivative instruments and hedge accounting

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

With effect from April 1, 2012, the Company has applied the hedge accounting principles set out in

Accounting Standard 30 "Financial Instruments: Recognition and Measurement" (AS 30) in respect of such derivative contracts used to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecast transactions. The Company designates such derivative contracts in a cash flow hedging relationship by applying the hedge accounting principles set out in AS 30. These derivative contracts are stated at the fair value at each reporting date. Changes in fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognised directly in the "Hedging reserve account" under Reserves and Surplus, net of applicable deferred income taxes and the ineffective portion is recognised immediately in the Consolidated Statement of Profit and Loss. Amounts accumulated in the "Hedging reserve account" are reclassified to the Consolidated Statement of Profit and Loss in the same periods during which the forecasted transaction affects profit and loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in the "Hedging reserve account" is retained until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in "Hedging reserve account" is immediately transferred to the Consolidated Statement of Profit and Loss.

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

### 2.13 Employee benefits

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

#### *Defined contribution plans*

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

## Notes forming part of the Consolidated financial statements

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 Consolidated Statement of Profit and Loss.

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.

### *Defined benefit plans*

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

### *Compensated absences*

The employees of the Group are entitled to compensated absences. 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 projected unit credit method.

### *Other short-term employee benefits*

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

## 2.14 Taxes on Income

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

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.

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

### *MAT credit*

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset, in accordance with the provisions contained in the Guidance Note on Accounting for Credit Available under Minimum Alternate Tax, issued by the ICAI, the said asset is created by way of a credit to the Consolidated Statement of Profit and Loss and shown as 'MAT Credit Entitlement'. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

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

## 2.15 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating leases. Lease rentals under operating leases are recognised in the Consolidated Statement of Profit and Loss on a straight-line basis.

## Notes forming part of the Consolidated financial statements

### 2.16 Warranty Costs

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

### 2.17 Earnings per share (EPS)

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

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

### 2.18 Associates Stock Options

Stock options granted to the associates of the Company under various Stock Option Schemes established after June 19, 1999 are evaluated as per the accounting treatment prescribed under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999, as amended, issued by Securities Exchange Board of India and the Guidance note on Accounting for Employee Share-Based payments, issued by ICAI.

The exercise price under the aforesaid schemes is the market price as defined in the SEBI Guidelines from

time to time, i.e. market price equals the latest available closing price, prior to the date of the meeting of the Board of Directors in which options are granted/shares are issued, on the stock exchange on which the shares of the Company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered. The Company measures compensation cost relating to employee stock option scheme using the intrinsic value method and considering that all options are granted as above there is no compensation cost to be charged to the Consolidated Statement of Profit and Loss.

### 2.19 Provisions, Contingent liabilities and Contingent Assets

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

### 2.20 Cash and cash equivalents (for the purpose of Consolidated Cash Flow Statement)

Cash comprises cash on hand, in bank and demand deposits with banks. The Company considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from the date of purchase, to be cash equivalents. Such cash equivalents are subject to insignificant risk of changes in value.

### 2.21 Service tax input credit

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

### 2.22 Operating Cycle

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

## Notes forming part of the Consolidated financial statements

| Note                                                    | As at March 31, 2013 |                      | As at March 31, 2012 |                      |
|---------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                                         | Number of shares     | in ₹                 | Number of shares     | 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        |
|                                                         |                      | <u>1,350,000,000</u> |                      | <u>1,350,000,000</u> |
| <b>Issued and subscribed and fully paid-up capital:</b> |                      |                      |                      |                      |
| Equity shares of ₹ 5 each with voting rights            | 111,602,967          | 558,014,835          | 111,415,262          | 557,076,310          |
|                                                         |                      | <u>558,014,835</u>   |                      | <u>557,076,310</u>   |

### Notes:

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

| Particulars                                                  | For the year ended March 31, 2013 |                    | For the year ended March 31, 2012 |                    |
|--------------------------------------------------------------|-----------------------------------|--------------------|-----------------------------------|--------------------|
|                                                              | Number of shares                  | in ₹               | Number of shares                  | in ₹               |
| <b>Equity shares with voting rights</b>                      |                                   |                    |                                   |                    |
| Opening balance                                              | 111,415,262                       | 557,076,310        | 111,276,269                       | 556,381,345        |
| Equity shares allotted pursuant to exercise of stock options | 187,705                           | 938,525            | 138,993                           | 694,965            |
| <b>Closing balance</b>                                       | <b>111,602,967</b>                | <b>558,014,835</b> | <b>111,415,262</b>                | <b>557,076,310</b> |

#### b. Rights, preferences and restrictions attached to equity shares:

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 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.

#### c. Details of shares held by each shareholder holding more than 5% of aggregate equity shares:

| Name of the share holder                        | As at March 31, 2013  |       | As at March 31, 2012  |       |
|-------------------------------------------------|-----------------------|-------|-----------------------|-------|
|                                                 | Number of shares held | %     | Number of shares held | %     |
| BVR Mohan Reddy                                 | 14,588,220            | 13.1% | 14,588,220            | 13.1% |
| Carrier International Mauritius Ltd             | 15,292,960            | 13.7% | 15,292,960            | 13.7% |
| Gagil FDI Limited*                              | 11,682,554            | 10.5% | —                     | —     |
| First Carlyle Ventures Mauritius                | 11,099,416            | 10.0% | —                     | —     |
| B Sucharitha                                    | 6,541,200             | 5.9%  | 6,541,200             | 5.9%  |
| ICICI Prudential Life Insurance Company Limited | 5,899,708             | 5.3%  | 8,161,707             | 7.3%  |
| GA Global Investments Ltd*                      | 2,113,000             | 1.9%  | 13,795,554            | 12.4% |

\*shareholders are acting in concert

#### d. 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, 2013 - 55,552,348 (March 31, 2012 - 70,844,755) equity shares of ₹ 5 each as fully paid-up by way of bonus shares by capitalising free reserves of the Company during the 5 years immediately preceding the said dates.

#### e. Details of shares allotted under Associate Stock Option Plans (Refer Note 39)

- 80,900 (As at March 31, 2012 - 80,900) equity shares of ₹ 10 each fully paid-up was allotted to Infotech ESOP trust pursuant to the Employee Stock Option Plan - 1999 (ESOP - 1999)
- 1,650,630 (As at March 31, 2012 - 1,650,630) equity shares of ₹ 5 each fully paid-up was allotted to associates of the Company pursuant to the Associate Stock Option Plan - 2001 (ASOP - 2001)
- 2,123,507 (As at March 31, 2012 - 2,123,507) equity shares of ₹ 5 each fully paid-up was allotted to associates of the Company pursuant to the Associate Stock Option Plan - 2002 (ASOP - 2002)
- 3,184,893 (As at March 31, 2012 - 3,036,001) equity shares of ₹ 5 each fully paid-up was allotted to associates of the Company pursuant to the Associate Stock Option Plan - 2004 (ASOP - 2004)
- 38,813 (As at March 31, 2012 - Nil) equity shares of ₹ 5 each fully paid-up was allotted to associates of the Company pursuant to the Associate Stock Option Plan - 2008 (ASOP - 2008)

#### f. Details of shares reserved for issue:

For details of shares aggregating 1,474,459 and 2,998,293 as at March 31, 2013 and March 31, 2012 respectively, reserved for issue under Associate Stock Options, Refer Note 39.

# Notes forming part of the Consolidated financial statements

(Amount in ₹)

| Note                                                                                                                          | As at<br>March 31, 2013 | As at<br>March 31, 2012 |
|-------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>4. Reserves and Surplus</b>                                                                                                |                         |                         |
| <b>a) Securities premium account</b>                                                                                          |                         |                         |
| Balance at the beginning of the year                                                                                          | 3,667,307,838           | 3,650,963,799           |
| Add: Premium on shares issued during the year                                                                                 | 24,336,572              | 16,344,039              |
| Balance at the end of the year                                                                                                | 3,691,644,410           | 3,667,307,838           |
| <b>b) General reserve</b>                                                                                                     |                         |                         |
| Balance at the beginning of the year                                                                                          | 4,315,292,065           | 4,165,983,530           |
| Add/(Less): Adjustment for Minority Interest                                                                                  | —                       | 445,468                 |
| Less: Adjustments (TTM Institute of Information Technology Private Limited Amalgamation) (Refer Note 28.1)                    | —                       | 9,733,033               |
| Add: Transferred from surplus in Consolidated Statement of Profit and Loss                                                    | 210,000,000             | 158,596,100             |
| Balance at the end of the year                                                                                                | 4,525,292,065           | 4,315,292,065           |
| <b>c) Hedging reserve (Refer Note 26)</b>                                                                                     |                         |                         |
| On initial adoption                                                                                                           | 973,165                 | —                       |
| Add: Changes in the fair value of effective portion of outstanding cashflow hedges                                            | 83,391,096              | —                       |
| Less: Losses transferred to Statement of Profit and Loss on occurrence of forecasted hedge transactions during the year (net) | 50,703,482              | —                       |
| Balance at the end of the year                                                                                                | 33,660,779              | —                       |
| <b>d) Contingency reserve (Refer Note (i) below)</b>                                                                          | 161,000,000             | 161,000,000             |
| <b>e) Surplus in Consolidated Statement of Profit and Loss</b>                                                                |                         |                         |
| Balance at the beginning of the year                                                                                          | 2,821,715,841           | 1,783,627,042           |
| Less: Adjustments on amalgamations (Refer Note 28)                                                                            | 183,146,020             | 108,116,704             |
| Add: Acquisition of interest in Infotech Geospatial (India) Limited                                                           | —                       | 17,494,554              |
| Less: IHAL Profit adjustment                                                                                                  | —                       | 3,100,522               |
| Add: Profit for the year                                                                                                      | 2,310,590,874           | 1,613,754,701           |
|                                                                                                                               | 4,949,160,695           | 3,303,659,071           |
| Less: Interim dividend                                                                                                        | 222,928,568             | 139,250,341             |
| Proposed final dividend (Refer Note (ii) below)                                                                               | 279,007,418             | 139,269,078             |
| Tax on dividend                                                                                                               | 83,584,005              | 44,827,711              |
| Transfer to general reserve                                                                                                   | 210,000,000             | 158,596,100             |
| Balance at the end of the year                                                                                                | 4,153,640,704           | 2,821,715,841           |
| <b>f) Currency translation reserve</b>                                                                                        |                         |                         |
| Balance at the beginning of the year                                                                                          | 49,806,824              | (27,450,779)            |
| Additions during the year (net)                                                                                               | 45,853,733              | 77,257,603              |
| Balance at the end of the year                                                                                                | 95,660,557              | 49,806,824              |
| <b>g) Capital reserve</b>                                                                                                     | 2,614,267               | 2,614,267               |
| <b>TOTAL</b>                                                                                                                  | <b>12,663,512,782</b>   | <b>11,017,736,835</b>   |

## Notes:

- 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 (31.03.2012 - ₹ 161,000,000) as Contingency Reserve to meet any future eventuality.
- The Board of Directors at its meeting held on April 25, 2013, has recommended a final dividend of ₹ 2.5 per share.

## Notes forming part of the Consolidated financial statements

| (Amount in ₹)                                                            |                         |                    |                         |                    |
|--------------------------------------------------------------------------|-------------------------|--------------------|-------------------------|--------------------|
| Note                                                                     | As at<br>March 31, 2013 |                    | As at<br>March 31, 2012 |                    |
| <b>5. Long-term Provisions</b>                                           |                         |                    |                         |                    |
| Provision for employee benefits                                          |                         |                    |                         |                    |
| Provision for gratuity (net) (Refer Note 30.2(i))                        | 205,778,289             |                    | 253,921,938             |                    |
| Provision for compensated absences (Refer Note 30.2(ii))                 | 152,056,200             | 357,834,489        | 177,559,238             | 431,481,176        |
| Provision others                                                         |                         |                    |                         |                    |
| Provision for estimated losses on derivative contracts (Refer Note 26.1) |                         | —                  |                         | 20,961,151         |
| Provision for Taxation (net of advances) (Refer note below)              |                         | 23,008,847         |                         | —                  |
| <b>TOTAL</b>                                                             |                         | <b>380,843,336</b> |                         | <b>452,442,327</b> |
| <b>Note:</b>                                                             |                         |                    |                         |                    |
| Pertains to provision made for taxation in a foreign subsidiary          |                         |                    |                         |                    |

| (Amount in ₹)                   |                         |                  |                         |                   |
|---------------------------------|-------------------------|------------------|-------------------------|-------------------|
| Note                            | As at<br>March 31, 2013 |                  | As at<br>March 31, 2012 |                   |
| <b>6. Short-term borrowings</b> |                         |                  |                         |                   |
| <b>Secured</b>                  |                         |                  |                         |                   |
| Working capital loans           |                         | 397,774          |                         | 3,759,677         |
| <b>Unsecured</b>                |                         |                  |                         |                   |
| Other loans                     |                         | 2,800,000        |                         | 30,538,754        |
| <b>TOTAL</b>                    |                         | <b>3,197,774</b> |                         | <b>34,298,431</b> |

**Note:**

**Loans repayable on demand (Unsecured):**

During the year, the Company's wholly owned subsidiary Infotech Enterprises America Inc. borrowed one short term loan aggregating ₹ 56,309,000 and repaid the same before end of the year. During the previous year, the Company borrowed short term loans aggregating ₹ 500,325,000 and repaid the same before end of the previous year.

| (Amount in ₹)                          |                         |                      |                         |                      |
|----------------------------------------|-------------------------|----------------------|-------------------------|----------------------|
| Note                                   | As at<br>March 31, 2013 |                      | As at<br>March 31, 2012 |                      |
| <b>7. Trade payables</b>               |                         |                      |                         |                      |
| Other than acceptances (Refer Note 25) |                         | 1,211,703,221        |                         | 1,097,819,423        |
| <b>TOTAL</b>                           |                         | <b>1,211,703,221</b> |                         | <b>1,097,819,423</b> |

## Notes forming part of the Consolidated financial statements

(Amount in ₹)

| Note                                                                                                           | As at<br>March 31, 2013 | As at<br>March 31, 2012 |
|----------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>8. Other current liabilities</b>                                                                            |                         |                         |
| Unearned revenue                                                                                               | 52,150,372              | 83,719,945              |
| Unclaimed dividends (Refer Note below)                                                                         | 3,184,348               | 2,203,995               |
| Forward contract payables (net)                                                                                | —                       | 17,300,672              |
| Other payables                                                                                                 |                         |                         |
| - Statutory remittances and others (net)                                                                       | 372,472,442             | 175,743,582             |
| - Derivative Liability (Refer Note 26.1)                                                                       | 55,391,649              | —                       |
| - Payables on purchase of fixed assets                                                                         | 256,986,499             | 54,276,805              |
| - Deferred premium/discount on forward contracts                                                               | 640,441                 | 11,766,251              |
| - Advance from customers                                                                                       | 5,630,341               | 2,173,334               |
| - Other liabilities                                                                                            | 3,015,835               | 19,342,155              |
| <b>TOTAL</b>                                                                                                   | <b>749,471,927</b>      | <b>366,526,739</b>      |
| <b>Note:</b> There are no amounts due and outstanding to be credited to Investor Education and Protection Fund |                         |                         |
| <b>9. Short-term provisions</b>                                                                                |                         |                         |
| Provision for employee benefits                                                                                |                         |                         |
| Provision for gratuity (net) (Refer Note 30.2(i))                                                              | 54,885,135              | 18,240,080              |
| Provision for compensated absences (Refer Note 30.2(ii))                                                       | 100,567,054             | 79,896,771              |
| Provision - others:                                                                                            |                         |                         |
| Provision for estimated losses on derivative contracts (Refer Note 26.1)                                       | —                       | 194,624,042             |
| Provision for warranty (Refer Note 38)                                                                         | 2,383,485               | 2,325,197               |
| Provision for proposed equity dividend                                                                         | 279,007,418             | 139,269,078             |
| Provision for tax on proposed equity dividend                                                                  | 47,417,311              | 22,592,926              |
| Provision for taxation (net of advances)                                                                       | —                       | 20,542,868              |
| <b>TOTAL</b>                                                                                                   | <b>484,260,403</b>      | <b>477,490,962</b>      |

## Notes forming part of the Consolidated financial statements

### 10. FIXED ASSETS

(Amount in ₹)

| DESCRIPTION                                | GROSS BLOCK         |                           |                        |                                 | ACCUMULATED DEPRECIATION / AMORTISATION |                     |               |                        | NET BLOCK                       |                      |                      |
|--------------------------------------------|---------------------|---------------------------|------------------------|---------------------------------|-----------------------------------------|---------------------|---------------|------------------------|---------------------------------|----------------------|----------------------|
|                                            | As at April 1, 2012 | Additions during the year | Deletions/ Adjustments | Translation exchange difference | As at March 31, 2013                    | As at April 1, 2012 | For the year  | Deletions/ Adjustments | Translation exchange difference | As at March 31, 2013 | As at March 31, 2012 |
| <b>A. Tangible Assets</b>                  |                     |                           |                        |                                 |                                         |                     |               |                        |                                 |                      |                      |
| a. Land - Freehold (Refer Note (i) below)  | 15,571,954          | -                         | -                      | -                               | 15,571,954                              | -                   | -             | -                      | -                               | 15,571,954           | 15,571,954           |
| - Leasehold (Refer Note (ii) below)        | (15,571,954)        | -                         | -                      | -                               | (15,571,954)                            | -                   | -             | -                      | -                               | (15,571,954)         | (15,571,954)         |
|                                            | 149,219,020         | -                         | -                      | -                               | 149,219,020                             | 22,706,913          | 4,433,528     | -                      | -                               | 122,078,579          | 126,512,107          |
| b. Buildings (Refer Note (iii) below)      | 1,711,940,422       | 129,751,913               | 1,607,198              | -                               | 1,840,085,137                           | 219,302,230         | 65,999,624    | 614,395                | -                               | 1,555,797,678        | 1,492,638,192        |
| - Leasehold improvements                   | (1,632,857,961)     | (79,327,731)              | (245,270)              | -                               | (1,711,940,422)                         | (159,539,574)       | (60,007,926)  | (245,270)              | -                               | (1,492,638,192)      | (1,473,318,387)      |
| c. Leasehold improvements                  | 93,807,536          | -                         | 1,451,359              | 5,262,752                       | 97,618,929                              | 38,161,033          | 7,771,169     | 1,897,733              | -                               | 46,950,946           | 55,646,503           |
| - Computers                                | (66,362,279)        | (20,264,463)              | (1,861,001)            | (9,041,795)                     | (93,807,536)                            | (28,513,094)        | (7,928,499)   | (1,841,493)            | (3,560,933)                     | (55,646,503)         | (37,849,185)         |
| d. Computers                               | 1,395,531,236       | 227,383,491               | 22,813,173             | 5,187,251                       | 1,605,288,805                           | 1,100,901,708       | 183,063,557   | 22,380,101             | 4,039,606                       | 1,265,624,770        | 339,664,035          |
| - Plant and equipment                      | (1,269,003,811)     | (181,959,848)             | (90,530,732)           | (35,098,309)                    | (1,395,531,236)                         | (1,023,364,712)     | (137,765,177) | (89,788,614)           | (29,560,433)                    | (294,629,528)        | (245,639,099)        |
| e. Plant and equipment                     | 628,796,893         | 79,093,892                | -                      | -                               | 707,890,785                             | 267,307,355         | 60,355,913    | -                      | -                               | 380,227,517          | 361,489,538          |
| - Office equipment                         | (551,410,423)       | (77,386,470)              | -                      | -                               | (628,796,893)                           | (214,233,894)       | (53,073,461)  | -                      | -                               | (361,489,538)        | (337,176,529)        |
| f. Office equipment                        | 298,965,623         | 69,603,759                | 1,605,085              | 13,811,866                      | 380,776,163                             | 207,637,281         | 29,588,999    | 1,086,072              | 10,670,427                      | 133,965,528          | 91,328,342           |
| - Furniture and fixtures *                 | (255,074,859)       | (42,037,924)              | -                      | (1,852,840)                     | (298,905,623)                           | (143,111,065)       | -             | (839,803)              | (206,637,281)                   | (393,936,342)        | (62,588,447)         |
| g. Furniture and fixtures *                | 333,278,688         | 29,272,940                | 2,399,250              | 2,329,645                       | 362,482,023                             | 186,220,439         | 28,842,123    | 2,397,564              | 1,463,537                       | 214,128,535          | 147,058,249          |
| - Electrical installations                 | (298,146,151)       | (33,904,324)              | (5,645,325)            | (6,873,538)                     | (333,821,919)                           | (31,718,219)        | (155,585,143) | (5,636,362)            | (4,533,439)                     | (186,220,439)        | (142,561,009)        |
| h. Electrical installations                | 329,909,412         | 35,102,274                | 1,371,706              | 181,939                         | 363,821,919                             | 117,803,296         | 33,578,799    | 1,371,706              | 12,864                          | 213,798,666          | 212,106,116          |
| - Vehicles                                 | (279,217,522)       | (50,691,890)              | -                      | -                               | (329,909,412)                           | (80,044,983)        | (28,758,313)  | -                      | -                               | (212,106,116)        | (190,172,538)        |
| i. Vehicles                                | 11,981,729          | 3,322,178                 | 1,971,548              | 38,740                          | 13,981,729                              | 8,199,727           | 2,256,829     | 1,971,548              | 35,013                          | 8,520,021            | 3,782,002            |
| TOTAL                                      | 4,969,002,513       | 573,530,447               | 33,219,319             | 26,812,193                      | 5,536,125,834                           | 2,168,239,982       | 415,490,541   | 30,700,375             | 18,119,180                      | 2,571,149,328        | 2,800,762,531        |
| Previous year                              | (4,528,845,709)     | (485,572,650)             | (98,282,328)           | (52,866,482)                    | (4,969,002,513)                         | (1,887,229,480)     | (340,007,633) | (97,511,739)           | (38,514,608)                    | (2,800,762,531)      | (2,641,616,229)      |
| <b>B. Intangible Assets</b>                |                     |                           |                        |                                 |                                         |                     |               |                        |                                 |                      |                      |
| a. Computer software                       | 1,388,892,797       | 220,692,797               | 92,589                 | 7,539,931                       | 1,617,032,936                           | 1,157,394,042       | 170,258,714   | 72,119                 | 8,459,954                       | 1,336,040,591        | 231,498,755          |
| - Computer software                        | (1,207,053,801)     | (175,967,864)             | (8,659,305)            | (14,530,437)                    | (1,388,892,797)                         | (1,041,489,653)     | (105,656,381) | (659,283)              | (10,907,291)                    | (231,498,755)        | (165,564,145)        |
| b. Other intangible assets (Refer Note 4i) | 45,826,350          | 101,978,937               | -                      | -                               | 147,805,287                             | 19,524,980          | 84,677,600    | -                      | -                               | 66,202,580           | 26,301,370           |
| - Other intangible assets                  | (45,826,350)        | -                         | -                      | -                               | (45,826,350)                            | (4,524,980)         | (15,000,000)  | -                      | -                               | (19,524,980)         | (41,301,370)         |
| TOTAL                                      | 1,434,719,147       | 322,671,734               | 92,589                 | 7,539,931                       | 1,764,838,223                           | 1,176,919,022       | 216,936,314   | 72,119                 | 8,459,954                       | 1,402,243,171        | 257,800,125          |
| Previous year                              | (1,252,880,151)     | (175,967,864)             | (8,659,305)            | (14,530,437)                    | (1,434,719,147)                         | (1,046,014,633)     | (120,656,381) | (659,283)              | (10,907,291)                    | (231,498,755)        | (165,564,145)        |
| Grand Total                                | 6,403,721,660       | 896,202,181               | 33,311,908             | 34,352,124                      | 7,300,964,057                           | 3,345,159,004       | 632,426,855   | 30,772,494             | 26,579,134                      | 3,973,392,499        | 3,058,562,656        |
| Previous year                              | (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)                    | (3,345,149,004)      | (2,848,481,747)      |

\* Including Interior Work

Notes: (i) Includes ₹ 3,947,700 (31.03.2012: ₹ 3,947,700) in respect of which land allocation letters have been received, pending execution of conveyance deed.

(ii) Includes ₹ 9,283,720 (31.03.2012: ₹ 23,283,720) in respect of which land allocation letter has been received, pending the lease deed execution.

(iii) Includes ₹ 722,872,695 (31.03.2012: ₹ 600,273,588) Building constructed on leasehold land.

(iv) Amortisation for the year Includes ₹ 25,235,482 impairment of assets (2011-12 - ₹ Nil). Also Refer Note 4i.

(v) Figures in brackets relate to the previous year.

|                                                                          | As at March 31, 2013 | As at March 31, 2012 | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
|--------------------------------------------------------------------------|----------------------|----------------------|-----------------------------------|-----------------------------------|
| <b>C. Capital work-in-progress :</b>                                     |                      |                      |                                   |                                   |
| Construction related contracts                                           | 43,502,823           | 55,526,716           | 632,426,855                       | 460,664,014                       |
| Other fixed assets                                                       | 175,943,097          | 52,849,345           | 3,071,351                         | 33,470,618                        |
| TOTAL                                                                    | 219,445,920          | 108,376,061          | 635,498,206                       | 494,134,632                       |
| <b>D. Depreciation and amortisation expense:</b>                         |                      |                      |                                   |                                   |
| - Depreciation and amortisation on Tangible assets and Intangible assets |                      |                      | 632,426,855                       | 460,664,014                       |
| - Amortisation of goodwill on consolidation                              |                      |                      | 3,071,351                         | 33,470,618                        |
| TOTAL                                                                    |                      |                      | 635,498,206                       | 494,134,632                       |

## Notes forming part of the Consolidated financial statements

(Amount in ₹)

| Note                                                                                                                                      | As at<br>March 31, 2013 |                    | As at<br>March 31, 2012 |                    |
|-------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------------|-------------------------|--------------------|
| <b>11. Non-Current Investments</b>                                                                                                        |                         |                    |                         |                    |
| Trade (Unquoted)                                                                                                                          |                         |                    |                         |                    |
| (a) Investment in associate company                                                                                                       |                         |                    |                         |                    |
| Infotech Aerospace Services Inc., USA                                                                                                     | 243,733,398             |                    | 552,352,136             |                    |
| 490 shares of \$0.01 par value fully paid-up<br>(March 31, 2012: 490 shares of \$ 0.01 each fully paid)                                   |                         |                    |                         |                    |
| Add: Share of profit                                                                                                                      | 129,052,160             |                    | 100,092,712             |                    |
| Less: Dividend received                                                                                                                   | —                       |                    | 408,711,450             |                    |
|                                                                                                                                           |                         | 372,785,558        |                         | 243,733,398        |
| (b) Other entities                                                                                                                        |                         |                    |                         |                    |
| (i) Canesta, Inc. (a California Corporation)                                                                                              |                         | 98,206             |                         | 98,206             |
| 10,000 shares of \$ 0.19275 par value each fully paid-up<br>(March 31, 2012: 10,000 shares of \$ 0.19275 par<br>value each fully paid-up) |                         |                    |                         |                    |
| (ii) Trafficmaster Plc, United Kingdom                                                                                                    |                         |                    |                         |                    |
| 35,088 ordinary shares of GBP 1 each fully paid-up<br>(March 31, 2012: 35,088 ordinary shares of<br>GBP 1 each fully paid-up)             | 6,659,000               |                    | 6,659,000               |                    |
| Less: Provision for diminution in value of investment                                                                                     | 6,551,990               | 107,010            | 6,551,990               | 107,010            |
| <b>TOTAL</b>                                                                                                                              |                         | <b>372,990,774</b> |                         | <b>243,938,614</b> |
| <b>Note:</b>                                                                                                                              |                         |                    |                         |                    |
| Aggregate cost of unquoted investments                                                                                                    |                         | 372,990,774        |                         | 243,938,614        |
| Aggregate provision for diminution                                                                                                        |                         | 6,551,990          |                         | 6,551,990          |
| <b>12. Long term loans and advances</b>                                                                                                   |                         |                    |                         |                    |
| (Unsecured)                                                                                                                               |                         |                    |                         |                    |
| a) Capital advances, considered good                                                                                                      |                         | 18,995,520         |                         | 21,387,600         |
| b) Security deposits                                                                                                                      |                         |                    |                         |                    |
| Considered good                                                                                                                           | 83,727,245              |                    | 83,745,135              |                    |
| Considered doubtful                                                                                                                       | 16,200,000              |                    | 16,200,000              |                    |
|                                                                                                                                           | 99,927,245              |                    | 99,945,135              |                    |
| Less: Provision for doubtful deposits                                                                                                     | 16,200,000              | 83,727,245         | 16,200,000              | 83,745,135         |
| c) Prepaid expenses, considered good                                                                                                      |                         | 18,444,571         |                         | 63,991,760         |
| d) Advance income taxes (net of provisions)                                                                                               |                         | 257,823,344        |                         | 291,778,465        |
| e) MAT credit entitlement, considered good (Refer Note 35.5)                                                                              |                         | 1,624,969          |                         | —                  |
| f) Forward contract receivables (net)                                                                                                     |                         | —                  |                         | 9,827,371          |
| g) Balances with Government authorities                                                                                                   |                         |                    |                         |                    |
| Considered good                                                                                                                           | 531,839,227             |                    |                         |                    |
| Considered doubtful                                                                                                                       | 452,559                 |                    |                         |                    |
|                                                                                                                                           | 532,291,786             |                    |                         |                    |
| Less : Provision for doubtful                                                                                                             | 452,559                 | 531,839,227        |                         | 263,974,052        |
| <b>TOTAL</b>                                                                                                                              |                         | <b>912,454,876</b> |                         | <b>734,704,383</b> |

**Notes forming part of the Consolidated financial statements**
**(Amount in ₹)**

| Note                                                                                                                     | As at<br>March 31, 2013 | As at<br>March 31, 2012 |
|--------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>13. Other non-current assets</b>                                                                                      |                         |                         |
| <b>(Unsecured)</b>                                                                                                       |                         |                         |
| Long-term Deposits, considered good                                                                                      | 179,056                 | —                       |
| Others, considered good                                                                                                  | 13,086                  | —                       |
| <b>TOTAL</b>                                                                                                             | <b>192,142</b>          | <b>—</b>                |
| <b>14. Current Investments</b>                                                                                           |                         |                         |
| <b>Quoted trade investments</b>                                                                                          |                         |                         |
| <b>(at lower of cost and fair value)</b>                                                                                 |                         |                         |
| <b>Investment in mutual funds:</b>                                                                                       |                         |                         |
| 4,141,248 Units ₹ 10 each Birla Sun Life Dynamic Bond Fund - Retail Plan - Monthly Dividend                              | 43,636,788              | —                       |
| 4,039,128 Units of ₹ 10 each Peerless Liquid Fund - Super Institutional Daily Dividend - Reinvestment                    | 40,397,341              | —                       |
| 39,950 Units of ₹ 1000 each L&T Liquid Fund Daily Dividend Reinvestment Plan                                             | 40,414,877              | —                       |
| 40,389 Units of ₹ 1000 each Baroda Pioneer Liquid Fund Plan a - Daily Dividend Re-Investment                             | 40,414,659              | —                       |
| 3,875,259 Units of ₹ 10 JM High Liquidity Fund - Daily Dividend Option                                                   | 40,419,726              | —                       |
| 4,988,982 units of ₹ 10 each HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - Dividend Reinvestment | 50,293,432              | —                       |
| 4,184,507 Units of ₹ 10 each Sundaram Ultra Short Term Fund Regular Daily DR                                             | 41,999,900              | —                       |
| 499,134 Units of ₹ 100 each Birla Sun Life Cash Plus - Daily Dividend - Regular Plan - Reinvestment                      | 50,010,772              | —                       |
| 12,013,375 Units of ₹ 10 each IDFC Ultra Short Term Fund - Daily Dividend - (Regular Plan)                               | 120,283,918             | —                       |
| 1,177,710 Units of ₹ 1000 each Reliance Liquid Fund - Treasury Plan - Daily Dividend Option Dividend Reinvestment        | 20,134,005              | —                       |
| 39,272 Units of ₹ 10 each Reliance Medium Term Fund - Daily Dividend Plan Dividend Reinvestment                          | 60,036,050              | —                       |
| 61,625 Units of ₹ 1000 each Religare Ultra Short Term Fund - Daily Dividend                                              | 61,730,210              | —                       |
| 5,652,900 Units of ₹ 10 each Religare Short Term Plan A - Weekly Dividend Reinvestment                                   | —                       | 57,606,785              |
| 83,522 Units of ₹ 1000 each Baroda Pioneer Liquid Fund - Institutional Plan - Daily Dividend Reinvestment                | —                       | 83,574,409              |
| 4,080,494 Units of ₹ 10 each Reliance Quarterly Interval Plan Series II Institutional Plan - Dividend payout             | —                       | 40,940,000              |
| 1,999,540 Units of ₹ 10 each UTI- Fixed Income Interval Series II - Quarterly Interval Plan V Dividend payout            | —                       | 20,000,000              |
| 20,371 Units of ₹ 1000 each Taurus Liquid Fund Institutional Plan Daily Dividend Reinvestment                            | —                       | 20,372,520              |
| <b>TOTAL</b>                                                                                                             | <b>609,771,678</b>      | <b>222,493,714</b>      |
| <b>Note:</b> Aggregate cost of quoted investments                                                                        | <b>609,771,678</b>      | <b>222,493,714</b>      |
| Aggregate market value of quoted investments                                                                             | <b>610,029,013</b>      | <b>223,111,317</b>      |

## Notes forming part of the Consolidated financial statements

(Amount in ₹)

| Note                                                                                                            | As at<br>March 31, 2013     | As at<br>March 31, 2012     |
|-----------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| <b>15. 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                                                                                                 | 285,888,416                 | 100,244,741                 |
| Considered doubtful                                                                                             | 96,082,511                  | 91,852,636                  |
|                                                                                                                 | <u>381,970,927</u>          | <u>192,097,377</u>          |
| Less: Provision for doubtful trade receivables                                                                  | 96,082,511                  | 91,852,636                  |
| Other trade receivables, considered good                                                                        | <u>3,721,590,390</u>        | <u>3,574,720,882</u>        |
| <b>TOTAL</b>                                                                                                    | <b><u>4,007,478,806</u></b> | <b><u>3,674,965,623</u></b> |
| <b>16. Cash and cash equivalents</b>                                                                            |                             |                             |
| Cash on hand                                                                                                    | 455,969                     | 398,150                     |
| Cheques on hand                                                                                                 | 53,191,589                  | —                           |
| Balances with banks (Refer Note (i) below)                                                                      |                             |                             |
| In current accounts                                                                                             | 866,068,387                 | 815,962,071                 |
| In EEFC accounts                                                                                                | 139,930,540                 | 140,921,587                 |
| In deposit accounts (Refer Note (i) below)                                                                      | 3,767,644,648               | 3,485,009,153               |
| In earmarked accounts                                                                                           |                             |                             |
| Unpaid dividend accounts                                                                                        | 3,184,348                   | 2,203,994                   |
| In deposits held as margin money/security for bank guarantees (Refer Note (ii) below)                           | <u>19,132,823</u>           | <u>30,079,323</u>           |
| Remittance in transit                                                                                           | <u>133,901,581</u>          | <u>85,276,087</u>           |
| <b>TOTAL</b>                                                                                                    | <b><u>4,983,509,885</u></b> | <b><u>4,559,850,365</u></b> |
| Of the above, balances that meet the definition of cash and cash equivalents as per AS-3 Cash Flow Statement is | <b><u>4,961,192,714</u></b> | <b><u>4,527,567,048</u></b> |

### Notes:

- Balances with banks include deposits aggregating to ₹ 238,749,999 (31.03.2012 - ₹ 88,417,869) and margin monies amounting to ₹ 630,250 (31.03.2012 - ₹ 379,000) which have an original maturity of more than 12 months.  
Balances with banks include deposits amounting to ₹ Nil (31.03.2012 - ₹ Nil) and margin monies amounting to ₹ 276,250 (31.03.2012 - ₹ 379,000) which have a maturity of more than 12 months from the balance sheet date.
- Includes deposits placed as lien for credit facilities availed by a wholly owned subsidiary, Infotech Geospatial (India) Limited aggregating ₹ 17,026,561 (31.03.2012 - 29,729,323) and margin monies amounting to ₹ 2,106,262 (31.03.2012 - 350,000).

## Notes forming part of the Consolidated financial statements

(Amount in ₹)

| Note                                             | As at<br>March 31, 2013 |                             | As at<br>March 31, 2012 |                           |
|--------------------------------------------------|-------------------------|-----------------------------|-------------------------|---------------------------|
| <b>17. Short term loans and advances</b>         |                         |                             |                         |                           |
| <b>(Unsecured)</b>                               |                         |                             |                         |                           |
| Security deposits, considered good               |                         | 56,500                      |                         | 61,300                    |
| Loans and advances to employees                  |                         |                             |                         |                           |
| Considered good                                  | 24,704,722              |                             | 11,105,327              |                           |
| Considered doubtful                              | 235,718                 |                             | 235,719                 |                           |
|                                                  | <u>24,940,440</u>       |                             | <u>11,341,046</u>       |                           |
| Less: Provision for doubtful debts               | 235,718                 | 24,704,722                  | 235,719                 | 11,105,327                |
| Prepaid expenses, considered good                |                         | 409,290,385                 |                         | 211,345,744               |
| Forward contract receivables (net)               |                         | 7,305,875                   |                         | —                         |
| Derivative assets (Refer Note 26.1)              |                         | 56,828,828                  |                         | —                         |
| Other loans and advances                         |                         |                             |                         |                           |
| Considered good                                  | 91,065,096              |                             | 130,058,545             |                           |
| Considered doubtful                              | 473,827                 |                             | 473,827                 |                           |
|                                                  | <u>91,538,923</u>       |                             | <u>130,532,372</u>      |                           |
| Less : Provision for doubtful loans and advances | 473,827                 | 91,065,096                  | 473,827                 | 130,058,545               |
| <b>TOTAL</b>                                     |                         | <u><u>589,251,406</u></u>   |                         | <u><u>352,570,916</u></u> |
| <b>18. Other current assets</b>                  |                         |                             |                         |                           |
| Unbilled revenue                                 | 861,364,794             |                             | 586,934,831             |                           |
| Less: Provision for unbilled revenue             | <u>1,202,694</u>        | 860,162,100                 | —                       | 586,934,831               |
| Interest accrued on deposits                     |                         | 143,410,949                 |                         | 132,302,162               |
| <b>TOTAL</b>                                     |                         | <u><u>1,003,573,049</u></u> |                         | <u><u>719,236,993</u></u> |

## Notes forming part of the Consolidated financial statements

| Note                                                               | (Amount in ₹)                        |                                      |
|--------------------------------------------------------------------|--------------------------------------|--------------------------------------|
|                                                                    | For the year ended<br>March 31, 2013 | For the year ended<br>March 31, 2012 |
| <b>19. Other Income (net)</b>                                      |                                      |                                      |
| Interest income (Refer Note (i) below)                             | 358,048,081                          | 266,386,978                          |
| Dividend income from current investments                           | 15,495,295                           | 20,854,171                           |
| Gain/(loss) on sale of investment (net):                           |                                      |                                      |
| Current                                                            | (4,470)                              | 113,924                              |
| Non-current                                                        | —                                    | (9,182,829)                          |
| Gain/(loss) on foreign currency transactions and translation (net) | (23,116,827)                         | (130,542,085)                        |
| Other non-operating income (Refer Note (ii) below)                 | 30,677,179                           | 27,670,635                           |
| <b>TOTAL</b>                                                       | <b>381,099,258</b>                   | <b>175,300,794</b>                   |
| <b>20. Employee benefits expenses</b>                              |                                      |                                      |
| Salaries and bonus                                                 | 10,019,831,033                       | 8,625,079,050                        |
| Contribution to provident and other funds                          | 220,504,116                          | 145,468,489                          |
| Social security and other benefits for overseas employees          | 637,103,654                          | 513,629,080                          |
| Gratuity (Refer Note 30.2(i))                                      | 32,827,465                           | 53,728,970                           |
| Staff welfare expenses                                             | 495,721,017                          | 353,006,412                          |
| <b>TOTAL</b>                                                       | <b>11,405,987,285</b>                | <b>9,690,912,001</b>                 |
| <b>21. Operating, administration and other expenses</b>            |                                      |                                      |
| Rent including lease rentals (Refer Note 33)                       | 160,303,138                          | 112,986,363                          |
| Rates and taxes                                                    | 80,571,805                           | 51,334,765                           |
| Insurance                                                          | 54,035,439                           | 50,442,970                           |
| Travelling and conveyance                                          | 978,574,507                          | 948,415,287                          |
| Sub contracting charges                                            | 731,969,884                          | 379,850,543                          |
| Communication                                                      | 138,268,020                          | 128,067,359                          |
| Printing and stationery                                            | 33,564,194                           | 32,868,071                           |
| Power and fuel                                                     | 187,794,582                          | 129,637,831                          |
| Marketing expenses                                                 | 110,499,599                          | 65,247,653                           |
| Advertisement                                                      | 9,362,656                            | 5,750,471                            |
| Repairs and maintenance                                            |                                      |                                      |
| - Buildings                                                        | 8,709,953                            | 6,358,109                            |
| - Machinery                                                        | 439,221,643                          | 438,387,854                          |
| - Others                                                           | 72,619,605                           | 48,405,230                           |
| Directors remuneration:                                            |                                      |                                      |
| Non executive directors commission                                 | 7,650,000                            | 6,975,000                            |
| Directors sitting fees                                             | 7,281,035                            | 6,949,441                            |
| Legal & Professional charges                                       | 408,997,719                          | 352,668,008                          |
| Bad debts/advances written off                                     | 1,800,017                            | 984,307                              |
| Provision for doubtful debts (net)                                 | 23,712,149                           | 25,076,713                           |
| Loss on discard of fixed assets                                    | 22,156                               | —                                    |
| Auditors' remuneration (Refer Note (iii) below)                    | 22,809,428                           | 18,703,430                           |
| Recruitment expenses                                               | 43,851,390                           | 28,987,788                           |
| Training and development                                           | 33,949,777                           | 21,288,153                           |
| Software charges                                                   | 135,868,281                          | 124,747,521                          |
| Miscellaneous expenses                                             | 209,608,230                          | 165,214,840                          |
| <b>TOTAL</b>                                                       | <b>3,901,045,207</b>                 | <b>3,149,347,707</b>                 |

## Notes forming part of the Consolidated financial statements

| Notes                                                          | (Amount in ₹)                        |                                      |
|----------------------------------------------------------------|--------------------------------------|--------------------------------------|
|                                                                | For the year ended<br>March 31, 2013 | For the year ended<br>March 31, 2012 |
| <b>22. Financial costs</b>                                     |                                      |                                      |
| Interest expense on borrowings                                 | 449,525                              | 6,076,268                            |
| Interest expense others                                        | 2,424,819                            | 1,264,569                            |
| <b>TOTAL</b>                                                   | <b>2,874,344</b>                     | <b>7,340,837</b>                     |
| <b>Notes:</b>                                                  |                                      |                                      |
| i. Interest income comprises of:                               |                                      |                                      |
| Interest from banks on deposits                                | 357,876,593                          | 266,196,483                          |
| Others                                                         | 171,488                              | 190,495                              |
| <b>Total interest income</b>                                   | <b>358,048,081</b>                   | <b>266,386,978</b>                   |
| ii. Other non-operating income comprises of:                   |                                      |                                      |
| Liabilities/provisions no longer required written back (net)*  | 1,278,334                            | 1,043,559                            |
| Miscellaneous income                                           | 29,061,971                           | 19,956,421                           |
| (Loss)/profit on sale of fixed assets (net)                    | (599,673)                            | 5,024,405                            |
| Rental Income from operating lease                             | 936,547                              | 1,646,250                            |
| <b>Total other non-operating income</b>                        | <b>30,677,179</b>                    | <b>27,670,635</b>                    |
| * Includes write back off provision for customer receivables   | 2,319,739                            | -                                    |
| iii. Auditors' remuneration (net of service tax) comprises of: |                                      |                                      |
| <b>Company</b>                                                 |                                      |                                      |
| As auditors - statutory audit                                  | 5,000,000                            | 4,500,000                            |
| For other services                                             | 800,000                              | 790,000                              |
| Reimbursement of expenses                                      | 390,015                              | 275,000                              |
| <b>Subsidiaries</b>                                            |                                      |                                      |
| As auditors - statutory audit                                  | 16,619,413                           | 13,138,430                           |
| <b>Total Auditors' remuneration</b>                            | <b>22,809,428</b>                    | <b>18,703,430</b>                    |

## Notes forming part of the Consolidated financial statements

### 23. 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, 2013 | Extent of holding (%) as on March 31, 2012 |
|-----------------------------|-----------------------------------------------------------------------|--------------------------|--------------------------------------------|--------------------------------------------|
| <b><u>Subsidiaries</u></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 GmbH, (formerly AGS Berne) <sup>@1</sup>         | Switzerland              | 100%                                       | —                                          |
| 4                           | Infotech Enterprises America, Inc. (IEAI)                             | U.S.A                    | 100%                                       | 100%                                       |
| 5                           | Infotech Software Solutions Canada Inc. <sup>@2</sup>                 | Canada                   | 100%                                       | 100%                                       |
| 6                           | Infotech Enterprises GmbH (IEG)                                       | Germany                  | 100%                                       | 100%                                       |
| 7                           | Infotech Enterprises AB <sup>@3</sup>                                 | Sweden                   | 100%                                       | 100%                                       |
| 8                           | Infotech Geospatial (India) Limited (IGIL)                            | India                    | 100%                                       | 100%                                       |
| 9                           | Infotech Enterprises Japan KK (IEJKK)                                 | Japan                    | 100%                                       | 100%                                       |
| 10                          | Infotech Enterprises Information Technology Services Pvt. Ltd (IEITS) | India                    | 100%                                       | 100%                                       |
| <b><u>Associate</u></b>     |                                                                       |                          |                                            |                                            |
| 1                           | Infotech Aerospace Services Inc. <sup>@4</sup>                        | U.S.A                    | 49%                                        | 49%                                        |
| <b><u>Joint Venture</u></b> |                                                                       |                          |                                            |                                            |
| 1                           | Infotech HAL Limited <sup>@5</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> The Company's associate Infotech Aerospace Services Inc follows calendar year as its reporting period. The consolidated financial statements include audited figures of the associate for the year ended March 31, 2013 after making adjustments for the operations for the three months ended March 31, 2012 and the three months ended March 31, 2013.

<sup>@5</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

### 24. Contingent Liabilities and Commitments

#### 24.1 Contingent Liabilities

(Amount in ₹)

| Particulars                                                                     | As at<br>March 31, 2013 | As at<br>March 31, 2012 |
|---------------------------------------------------------------------------------|-------------------------|-------------------------|
| Claims against the Company not acknowledged as debt (Refer Note (i) below)      | 632,027,223             | 593,743,144             |
| Guarantees (Refer Note (ii) below)                                              | 443,662,000             | 426,680,000             |
| Other money for which the Group is contingently liable (Refer Note (iii) below) | 23,500,000              | 23,500,000              |

#### Notes:

- (i) a. The Company has disputed various demands (including draft notice of demand) raised by Income Tax authorities for the assessment years 1997-98 to 2009-10. The orders are pending at various stages of appeals. The aggregate amount of disputed tax not provided for is ₹ 404,555,682 (March 31, 2012 - ₹ 409,671,422). 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, 2012 - ₹ 20,096,061). The Company is confident that these appeals will be decided in its favour, based on professional advice. The above does not include show cause notices received by the Company.
- c. The Company has disputed various demands raised by the Service Tax authorities for the financial years 2006-07 to 2011-12. The Company has filed appeals, which are pending with the appropriate authorities. The aggregate amount of disputed tax not provided for is ₹ 207,375,480 (March 31, 2012 - ₹ 163,975,661). 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 ₹ 443,662,000 (March 31, 2012 - ₹ 426,680,000). The amount outstanding against such guarantee is ₹ 397,774 (March 31, 2012 - ₹ 3,759,677)
- (iii) 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.

#### 24.2 Commitments

(Amount in ₹)

| Particulars                                                                                                              | As at<br>March 31, 2013 | As at<br>March 31, 2012 |
|--------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances) |                         |                         |
| Tangible assets                                                                                                          | 82,571,908              | 108,693,798             |
| Intangible assets                                                                                                        | 51,930,958              | 12,357,384              |

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

- 24.3 The Company has/had certain outstanding export obligations/commitments as at March 31, 2013 and March 31, 2012. The Management is confident of meeting these obligations/commitments within the stipulated period of time/obtaining suitable extensions, wherever required.

## Notes forming part of the Consolidated financial statements

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

### 26. Derivative Instruments and Hedging - Company

26.1 Upto March 31, 2012, foreign exchange forward contracts in the nature of derivatives (derivative contracts) which were used to hedge the Company's risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecasted transactions were marked to market as at the Balance Sheet date and unrealised losses, if any, was dealt with in the Consolidated Statement of Profit and Loss. Unrealised gains, if any, on such derivatives were not recognised in the Consolidated Statement of Profit and Loss.

Accordingly, the marked to market losses aggregating to ₹ 215,585,193 relating to the outstanding derivative contracts as at March 31, 2012 was charged to the Consolidated Statement of Profit and Loss in that year and carried in the Consolidated Balance Sheet as provision for estimated losses on derivative contracts (Current portion aggregating ₹ 194,624,042 under short-term provisions and non-current portion aggregating ₹ 20,961,151 under long-term provisions)

With effect from April 1, 2012, the Company has applied the hedge accounting principles set out in Accounting Standard - 30 "Financial Instruments - Recognition and Measurement" (AS-30) in respect of such derivative contracts, designated in a hedging relationship, used to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecast transactions. Accordingly, in respect of all such contracts outstanding as on March 31, 2013, that were designated and effective as hedges of the future cash flows, gain aggregating ₹ 33,660,779 (net) has been recognised directly in the Hedging Reserve account (Refer Note 4).

Consequent to the above change, loss amounting to ₹ 23,168,049 for the year ended March 31, 2013 which would have been recognised in the Consolidated Statement of Profit and Loss, had the Company followed its earlier policy of providing for the unrealised losses on such outstanding forward contracts in the nature of derivatives which were marked to market, has not been recognised in the Consolidated Statement of Profit and Loss for the year ended March 31, 2013.

The fair values of such derivative contracts outstanding as at March 31, 2013 are:

(Amount in ₹)

| Particulars | Derivative Asset | Derivative Liability |
|-------------|------------------|----------------------|
| Current     | 56,828,828       | 55,391,649           |
| Non-current | —                | —                    |

Outstanding forward exchange contracts as on March 31, 2013:

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

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

Other income for the year under includes ₹ 87,310,292 (2011-12 - ₹ 152,914,544) towards loss on settlement of derivative contracts and ₹ 2,520,000 (2011-12 - ₹ 330,179,622) towards restatement loss on derivative contracts. ₹ 39,441,033 (2011-12 - ₹ Nil) towards loss on settlement of derivative contracts under principles of AS-30 and ₹ 11,262,449 (2011-12 - ₹ Nil) towards restatement loss on derivative contracts considered ineffective under principles of hedging under AS 30.

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

## Notes forming part of the Consolidated financial statements

Outstanding forward exchange contracts as on March 31, 2013.

| Currency | No of Contracts | Amount in foreign currency | Amount in ₹                  | Buy/Sell     | Cross currency   |
|----------|-----------------|----------------------------|------------------------------|--------------|------------------|
| USD      | Nil<br>(14)     | Nil<br>(11,600,000)        | Nil<br>(582,867,000)         | Nil<br>Sell  | Nil<br>Rupees    |
| GBP      | Nil<br>(3)      | Nil<br>(1,160,000)         | Nil<br>(88,134,800)          | Nil<br>Sell  | Nil<br>Rupees    |
| EURO     | 3<br>(3)        | 2,100,000<br>(2,100,000)   | 153,342,000<br>(153,342,000) | Sell<br>Sell | Rupees<br>Rupees |

**Note:** Figures in brackets relate to the previous year

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

**Company:**

As at March 31, 2013:

(Amount)

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

## Notes forming part of the Consolidated financial statements

As at March 31, 2012:

(Amount)

| Currency            | Cash and Cash equivalents | Current and Non-current |                      | Trade and other receivables | Trade Payables      | Other current liabilities | Grand Total          |
|---------------------|---------------------------|-------------------------|----------------------|-----------------------------|---------------------|---------------------------|----------------------|
|                     |                           | Loans & advances        | Other current assets |                             |                     |                           |                      |
| AED                 | 232,532                   | 70,268                  | -                    | 161,444                     | -                   | -                         | 464,244              |
| AUD                 | 1,693,006                 | 22,599                  | 763,528              | 4,698,527                   | (196,641)           | -                         | 6,981,019            |
| CAD                 | 116,823                   | 6,667                   | -                    | -                           | (59,673)            | -                         | 63,817               |
| USD                 | 1,525,039                 | 3,539,694               | 3,381,306            | 22,820,514                  | (937,483)           | (424,203)                 | 29,904,867           |
| GBP                 | 384,963                   | 72,939                  | 120,654              | 1,224,701                   | (81,216)            | -                         | 1,722,041            |
| EUR                 | 1,438,485                 | 131,924                 | 1,010,615            | 2,908,116                   | (88,189)            | -                         | 5,400,951            |
| NOK                 | 44,629                    | -                       | -                    | 572,492                     | (77,115)            | -                         | 540,006              |
| MYR                 | 307,982                   | -                       | 2,678,041            | 86,000                      | (13,625)            | (178,117)                 | 2,880,281            |
| SGD                 | 245,299                   | 18,819                  | -                    | 316,328                     | (1,648)             | (4,724)                   | 574,074              |
| NZD                 | 31,306                    | -                       | 850                  | 38,637                      | (807)               | -                         | 69,986               |
| JPY                 | -                         | -                       | -                    | 4,974,162                   | -                   | (1,950,844)               | 3,023,318            |
| QAR                 | -                         | -                       | -                    | 257,600                     | (186,820)           | -                         | 70,780               |
| CHF                 | -                         | -                       | -                    | 150,261                     | -                   | -                         | 150,261              |
| SEK                 | -                         | -                       | -                    | -                           | (7,660)             | -                         | (7,660)              |
| <b>₹ Equivalent</b> | <b>326,100,660</b>        | <b>182,993,418</b>      | <b>338,701,003</b>   | <b>1,740,978,886</b>        | <b>(77,761,890)</b> | <b>(23,442,277)</b>       | <b>2,487,569,800</b> |

### Subsidiaries:

| Currency | March 31, 2013                           |                                    | March 31, 2012                           |                                    |
|----------|------------------------------------------|------------------------------------|------------------------------------------|------------------------------------|
|          | Receivable/(Payable) in Foreign currency | Receivable/(Payable) (Amount in ₹) | Receivable/(Payable) in Foreign currency | Receivable/(Payable) (Amount in ₹) |
| CHF      | 36,171                                   | 2,071,530                          | 75,320                                   | 4,346,717                          |
| DKK      | (835,078)                                | (7,816,331)                        | (12,058)                                 | (112,739)                          |
| EUR      | 1,729,212                                | 120,249,384                        | 2,042,292                                | 139,570,127                        |
| GBP      | 2,607,425                                | 214,643,230                        | 4,651,392                                | 380,437,375                        |
| NOK      | 1,392,129                                | 12,988,560                         | 2,206,150                                | 20,098,025                         |
| SEK      | (5,993,578)                              | (50,226,185)                       | 331,509                                  | 2,602,348                          |
| USD      | 4,175,179                                | 227,088,000                        | 2,594,582                                | 132,712,885                        |
| CHF      | (67,274)                                 | (3,852,803)                        | (202,544)                                | (11,688,798)                       |
| DKK      | 601,654                                  | 5,631,479                          | (21,915)                                 | (204,902)                          |
| EUR      | (675,868)                                | (46,999,839)                       | (523,043)                                | (35,744,740)                       |
| GBP      | (721,856)                                | (59,423,216)                       | (814,909)                                | (66,651,385)                       |
| NOK      | (336,220)                                | (3,136,929)                        | (588,392)                                | (5,360,251)                        |
| SEK      | (4,286,157)                              | (35,917,993)                       | (23,415)                                 | (183,808)                          |
| SGD      | -                                        | -                                  | (27,360)                                 | (1,482,365)                        |
| USD      | (400,554)                                | (21,786,123)                       | (625,502)                                | (31,984,190)                       |

## Notes forming part of the Consolidated financial statements

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

| (Amount in ₹)                                                                                                                                    |                      |                      |
|--------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Particulars                                                                                                                                      | March 31, 2013       | March 31, 2012       |
| 2,724,000 Compulsorily convertible preference shares (CCPS) of ₹ 360 each issued to GA Global Investments Limited, Cyprus (Refer Note (i) below) | 980,640,000          | 980,640,000          |
| 4,417,277 equity shares of ₹ 5 each at premium of ₹ 355 per share issued to GA Global Investments Limited, Cyprus                                | 1,590,219,720        | 1,590,219,720        |
| 1,166,420 equity shares of ₹ 5 each at a premium of ₹ 355 per share issued to Carrier International Mauritius Limited, Mauritius                 | 419,911,200          | 419,911,200          |
| <b>Total amount received on preferential issue of shares (A)</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>                                                                                                                 | <b>1,486,566,772</b> | <b>1,486,566,772</b> |
| <b>Balance (C)=(A)-(B)</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           | 16,882,171           |
| Dividend received on investments                                                                                                                 | 222,464,083          | 212,558,432          |
| Interest received on investments (Net)                                                                                                           | 649,738,353          | 470,860,046          |
| Interest accrued but not received, included above                                                                                                | (100,102,752)        | (94,865,373)         |
| <b>Total (D)</b>                                                                                                                                 | <b>788,981,855</b>   | <b>605,435,276</b>   |
| <b>Total Net Balance (E)=(C)+(D)</b>                                                                                                             | <b>2,293,186,003</b> | <b>2,109,639,424</b> |
| <b>Total Net balance, represented by-</b>                                                                                                        |                      |                      |
| Short-Term Deposits with various banks                                                                                                           | 2,187,819,003        | 1,887,145,708        |
| Investments in Mutual Funds                                                                                                                      | 105,367,000          | 222,493,716          |
|                                                                                                                                                  | <b>2,293,186,003</b> | <b>2,109,639,424</b> |

#### Notes:

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

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

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

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

## Notes forming part of the Consolidated financial statements

### 28. Amalgamation:

#### 28.1 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 Consolidated Statement of Profit and Loss for ₹ 9,665,397 is net of accumulated goodwill amortised amounting to ₹ 67,636.

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> |

#### 28.2 Daxcon Engineering Services Inc.

- During the previous year, 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 of ₹ 41,418,884) adjusted to the surplus in the Consolidated Statement of Profit and Loss on amalgamation is ₹ 195,154,184. Deferred tax credit on amalgamation adjusted to reserves is ₹ 77,372,083.
- During the year, the balance amount of consideration relating to the performance payment was paid out amounting to ₹ 6,610,945. The same was adjusted to the surplus in the Consolidated Statement of Profit and Loss as amalgamation was effected w.e.f., April 01, 2011.

#### 28.3 Wellsco Inc.

During the Current year, Wellsco Inc., a wholly owned subsidiary of Infotech Enterprises America Inc., ("IEAI") was merged with IEAI effective from April 01, 2012. 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 of ₹ 4,548,033) adjusted to the Surplus in the Consolidated Statement of Profit and Loss on amalgamation is ₹ 90,371,720.

#### 28.4 Infotech Enterprises Electronic Design Services Inc.

During the Current year, Infotech Enterprises Electronic Design Services., a wholly owned subsidiary of Infotech Enterprises America Inc., ("IEAI") was merged with IEAI effective April 01, 2012. 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 of ₹ 60,132,242) adjusted to the Surplus in the Statement of Profit and Loss on amalgamation is ₹ 89,219,953.

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

During the previous year, the Company acquired the remaining 26% stake in IGIL. The reserve acquired on acquisition was ₹ 17,494,554.

## Notes forming part of the Consolidated financial statements

### 29. Goodwill

(Amount in ₹)

| Particulars                                                                 | For the year ended<br>31 March, 2013 | For the year ended<br>31 March, 2012 |
|-----------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Opening Balance                                                             | 209,025,451                          | 471,056,708                          |
| Add: on acquisition of subsidiary during the year<br>(Refer Note (i) below) | —                                    | 30,713,507                           |
| Less: Adjustments on amalgamation                                           |                                      |                                      |
| - Daxcon (Refer Note (ii) below)                                            | —                                    | 258,532,596                          |
| - Wellsco (Refer Note 28.3)                                                 | 90,371,720                           | —                                    |
| - IEEDS (Refer Note 28.4)                                                   | 89,219,953                           | —                                    |
| - TIIT                                                                      | —                                    | 741,551                              |
| <b>Gross Value</b>                                                          | <b>29,433,778</b>                    | <b>242,496,068</b>                   |
| Less: Accumulated amortisation                                              | 3,071,351                            | 33,470,617                           |
| <b>Net Goodwill</b>                                                         | <b>26,362,427</b>                    | <b>209,025,451</b>                   |

- (i) During the previous year the Company acquired the remaining 26% in Infotech Geospatial (India) Limited at a cost of ₹ 14,000,000. The goodwill on the acquisition has been determined as follows:

| Particulars                                        | Amount in ₹  |
|----------------------------------------------------|--------------|
| Consideration paid (including existing investment) | 43,600,000   |
| Less: 100% of net assets as on November 3, 2011    | (12,886,493) |
| Goodwill                                           | 30,713,507   |

- (ii) During the previous year Daxcon Engineering Services Inc., a wholly owned subsidiary of Infotech Enterprises America Inc. (IEAI) was amalgamated with IEAI. The Goodwill (net of amortisation ₹ 41,418,884) of ₹ 258,532,595 was adjusted.

### 30. Employee Benefits:

The employee benefit schemes are as under:

#### 30.1 Defined contribution plans

##### i. Provident Fund:

The Company and two of its subsidiaries and one joint venture makes provident fund contributions which are defined contribution retirement benefit plans for qualifying employees. Under the scheme, the Company, the subsidiaries and the joint venture are 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 Consolidated Statement of Profit and Loss in the period they are incurred. Total expenditure recognised during the year aggregated ₹ 193,284,547 (2011-12 - ₹ 168,138,969).

##### ii. (a) Superannuation fund - India

The qualifying employees of the Company receive benefit under a Superannuation scheme which is a defined contribution scheme wherein the Company contributes 15% of the basic salary of the covered employee. These contributions are made to a fund administrated by Life Insurance Corporation of India. The Company's monthly contributions are charged to the Consolidated Statement of Profit and Loss in the period they are incurred. Total expense recognised during the year aggregated ₹ 23,601,447 (2011-12 - ₹ 18,792,344).

##### (b) Superannuation fund - Australia

The employees at the Australia branch of the Company are also covered under a superannuation scheme with various super funds. The Company contributes 9% of the basic salary of the employee. The Company's monthly contributions are charged to the Consolidated Statement of Profit and Loss in the period they are incurred. Total expense recognised during the year aggregated ₹ 59,601,253 (2011-12 - ₹ 38,582,881).

## Notes forming part of the Consolidated financial statements

### 30.2 Defined Benefit Plans

#### i. Gratuity:

Gratuity expense for the Group for the year ended March 31, 2013 is ₹ 32,827,465 (2011-12 - ₹ 53,728,970).

In accordance with the 'Payment of Gratuity Act, 1972' of India, the Company and two of its subsidiaries 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 Consolidated 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, 2013 and March 31, 2012 for the Company and its subsidiary in India:

(Amount in ₹)

| Particulars                                                                 | For the year ended<br>March 31, 2013 | For the year ended<br>March 31, 2012 |
|-----------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>Change in benefit obligation</b>                                         |                                      |                                      |
| Projected benefit obligation at the beginning of the year                   | 293,820,370                          | 264,019,886                          |
| Current service cost                                                        | 50,320,395                           | 47,498,657                           |
| Interest cost                                                               | 28,271,814                           | 23,948,307                           |
| Actuarial (gain)/loss                                                       | (46,987,384)                         | (17,317,064)                         |
| Benefits paid                                                               | (23,062,367)                         | (24,329,416)                         |
| Past service cost                                                           | —                                    | —                                    |
| Settlements                                                                 | —                                    | —                                    |
| <b>Projected benefit obligation at the end of the year</b>                  | <b>302,362,828</b>                   | <b>293,820,370</b>                   |
| <b>Change in Plan assets</b>                                                |                                      |                                      |
| Plan assets at the beginning of the year                                    | 23,268,235                           | 3,233,273                            |
| Expected return on plan assets                                              | 2,392,698                            | 1,209,691                            |
| Employer contribution                                                       | 45,504,573                           | 44,018,343                           |
| Benefits payment                                                            | (23,062,367)                         | (24,329,416)                         |
| Asset loss                                                                  | 589,222                              | (863,656)                            |
| <b>Plan Assets at the end of the year</b>                                   | <b>48,692,361</b>                    | <b>23,268,235</b>                    |
| Actual return on plan assets                                                | 3,134,676                            | 346,034                              |
| <b>Amount recognised in the balance sheet</b>                               |                                      |                                      |
| Projected benefit obligation at the end of the year                         | 302,362,828                          | 293,820,370                          |
| Fair value of plan assets at the end of the year                            | (48,692,361)                         | (23,268,234)                         |
| <b>Liability recognised in the Balance Sheet</b>                            | <b>253,670,467</b>                   | <b>270,552,136</b>                   |
| <b>Cost of employee benefits for the year</b>                               |                                      |                                      |
| Current service cost                                                        | 50,320,395                           | 47,498,657                           |
| Interest cost                                                               | 28,271,814                           | 23,948,307                           |
| Expected return on plan assets                                              | (2,392,698)                          | (1,209,691)                          |
| Net actuarial (gain)/loss recognised during the year                        | (47,576,606)                         | (16,453,408)                         |
| Past service cost                                                           | —                                    | —                                    |
| <b>Net cost recognised in the Consolidated Statement of Profit and Loss</b> | <b>28,622,905</b>                    | <b>53,783,865</b>                    |
| <b>Actuarial Assumptions used in accounting for the Gratuity Plan</b>       |                                      |                                      |
| Discount rate (%)                                                           | 8.00%                                | 8.50%                                |
| Expected return on plan assets                                              | 9.25%                                | 9.25%                                |
| Long term rate of compensation increase (%)                                 | 6.00%-8.00%                          | 7.50%-10.00%                         |
| Attrition (%)                                                               | 17%                                  | 15%                                  |
| Mortality table                                                             | LIC (1994-96)<br>Ultimate            | LIC (1994-96)<br>Ultimate            |
| Expected company contributions for the next year                            | 56,512,000                           | 60,000,000                           |

**Note:** The above table excludes provision for gratuity made at overseas subsidiaries.

## Notes forming part of the Consolidated financial statements

| Experience adjustments                      |                     | (Amount in ₹)       |                  |                  |                     |
|---------------------------------------------|---------------------|---------------------|------------------|------------------|---------------------|
| Gratuity                                    | March 31, 2013      | March 31, 2012      | March 31, 2011   | March 31, 2010   | March 31, 2009      |
| Fair value of plan assets, end of period    | 48,692,361          | 23,268,234          | 3,233,273        | 5,530,741        | 3,799,634           |
| Projected benefit obligation, end of period | 302,362,828         | 293,820,370         | 258,199,857      | 182,005,037      | 142,575,941         |
| (Surplus)/deficit in the plan               | 253,670,467         | 270,552,136         | 254,966,584      | 176,474,296      | 138,776,307         |
| Experience adjustments on plan assets       | 589,222             | (863,656)           | (427,125)        | —                | —                   |
| (Gains)/losses due to change in assumptions | (75,703,649)        | (8,779,263)         | 12,905,568       | (8,435,503)      | (33,673,245)        |
| Experience (gains)/losses on PBO            | 28,716,265          | (8,537,801)         | (5,771,633)      | 12,842,555       | 2,725,953           |
| <b>Total (gain)/loss</b>                    | <b>(46,987,384)</b> | <b>(17,317,064)</b> | <b>7,133,935</b> | <b>4,407,052</b> | <b>(30,947,292)</b> |

The estimates of future salary increases considered in the actuarial valuation take account of price inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market. The discount rate is based on the prevailing market yields of Government of India securities as at Balance Sheet date for the estimated term of the obligation.

### Composition of plan assets

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

#### ii. a) Compensated absences - India:

| Actuarial assumptions for long-term compensated absences | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
|----------------------------------------------------------|-----------------------------------|-----------------------------------|
| Discount rate                                            | 8.00%                             | 8.50%                             |
| Expected return on plan assets                           | NA                                | NA                                |
| Salary escalation                                        | 6.00% - 8.00%                     | 7.50% - 10.00%                    |
| Attrition                                                | 17.00%                            | 15.00%                            |

#### b) Compensated absences - Overseas Branches and Subsidiaries:

| Actuarial assumptions for long-term compensated absences | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
|----------------------------------------------------------|-----------------------------------|-----------------------------------|
| Discount rate                                            | 8.00%                             | 8.50%                             |
| Expected return on plan assets                           | NA                                | NA                                |
| Salary escalation                                        | 4.00%                             | 4.00%                             |
| Attrition                                                | 5.00%                             | 5.00%                             |

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

The estimates of future salary increases considered in the actuarial valuation take account of price inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market. The discount rate is based on the prevailing market yields of Government of India securities as at Balance Sheet date for the estimated term of the obligation.

#### (iii) IEAI 401(K) benefit plan :

The amount payable towards 401(K) benefit plan in IEAI was ₹ 6,822,503 (March 31, 2012 - ₹ 5,160,910).

## Notes forming part of the Consolidated financial statements

### 31. Segment 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.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market/fair value factors.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under "unallocable revenue/expenses/assets/liabilities".

| Business Segment                                                                   | (Amount in ₹)        |                       |                       |
|------------------------------------------------------------------------------------|----------------------|-----------------------|-----------------------|
| For the year ended March 31, 2013                                                  | N&CE                 | EMI                   | Total                 |
| External revenue                                                                   | 6,199,655,053        | 12,558,770,003        | 18,758,425,056        |
| Less inter-segment revenues                                                        | 6,002,889            | 21,788,612            | 27,791,501            |
| <b>Total revenue</b>                                                               | <b>6,193,652,164</b> | <b>12,536,981,391</b> | <b>18,730,633,555</b> |
| <b>Segment results</b>                                                             | <b>1,078,201,771</b> | <b>2,284,315,798</b>  | <b>3,362,517,569</b>  |
| Un-allocable expenses (net of un-allocable income)                                 |                      |                       | (196,189,798)         |
| Exceptional items                                                                  |                      |                       | (18,117,242)          |
| Profit before tax                                                                  |                      |                       | 3,148,210,529         |
| Tax expense                                                                        |                      |                       | 966,671,815           |
| Profit after tax before share of profit in associate company and minority interest |                      |                       | 2,181,538,714         |
| Share of profit in associate company                                               |                      |                       | 129,052,160           |
| <b>Profit for the year</b>                                                         |                      |                       | <b>2,310,590,874</b>  |

## Notes forming part of the Consolidated financial statements

(Amount in ₹)

| For the year ended March 31, 2012                                                  | N&CE                 | EMI                   | Total                 |
|------------------------------------------------------------------------------------|----------------------|-----------------------|-----------------------|
| 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>Segment results</b>                                                             | 706,787,733          | 1,999,483,910         | 2,706,271,643         |
| Un-allocable expenses (net of un-allocable income)                                 |                      |                       | (341,372,630)         |
| Exceptional items                                                                  |                      |                       | (15,916,183)          |
| Profit before tax                                                                  |                      |                       | 2,348,982,830         |
| Tax expense                                                                        |                      |                       | 835,320,841           |
| Profit after tax before share of profit in associate company and minority interest |                      |                       | <b>1,513,661,989</b>  |
| Share of profit in associate company                                               |                      |                       | 100,092,712           |
| <b>Profit for the year</b>                                                         |                      |                       | <b>1,613,754,701</b>  |

The segment disclosures for the previous year have been reclassified to conform to the current year's presentation.

### Geographic Segments

#### Segment Revenue

(Amount in ₹)

| Geographic Location | March 31, 2013        | March 31, 2012        |
|---------------------|-----------------------|-----------------------|
| India               | 5,091,748,862         | 4,132,884,551         |
| North America       | 8,398,750,929         | 6,391,428,972         |
| Europe              | 4,020,343,959         | 3,439,924,543         |
| Rest of World       | 1,219,789,805         | 1,567,095,330         |
| <b>TOTAL</b>        | <b>18,730,633,555</b> | <b>15,531,333,396</b> |

#### Segment Assets

(Amount in ₹)

| Geographic Location | March 31, 2013        | March 31, 2012        |
|---------------------|-----------------------|-----------------------|
| India               | 10,362,371,853        | 9,064,780,182         |
| North America       | 2,206,131,942         | 2,136,335,545         |
| Europe              | 1,796,533,065         | 1,662,344,755         |
| Rest of World       | 687,440,731           | 434,315,191           |
| <b>TOTAL</b>        | <b>15,052,477,591</b> | <b>13,297,775,673</b> |

#### Segment Capital Expenditure

(Amount in ₹)

| Geographic Location | March 31, 2013     | March 31, 2012     |
|---------------------|--------------------|--------------------|
| India               | 837,964,742        | 588,882,228        |
| North America       | 39,915,753         | 55,690,290         |
| Europe              | 18,321,686         | 16,855,043         |
| Rest of World       | —                  | 112,953            |
| <b>TOTAL</b>        | <b>896,202,181</b> | <b>661,540,514</b> |

## Notes forming part of the Consolidated financial statements

### 32. Related Party Transactions

(i) Infotech Group has transactions with the following related parties:

a. Joint Venture:

| Name of the Joint Venture Company | Country of incorporation | Extent of holding (%) as at March 31, 2013 | Extent of holding (%) as at March 31, 2012 |
|-----------------------------------|--------------------------|--------------------------------------------|--------------------------------------------|
| Infotech HAL Ltd                  | India                    | 50%                                        | 50%                                        |

b. Associate:

| Name of the Associate             | Country of incorporation | Extent of holding (%) as at March 31, 2013 | Extent of holding (%) as at March 31, 2012 |
|-----------------------------------|--------------------------|--------------------------------------------|--------------------------------------------|
| Infotech Aerospace Services Inc., | USA                      | 49%                                        | 49%                                        |

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.

d) Key Managerial Personnel:

| Name                 | Designation                                                                                                          |
|----------------------|----------------------------------------------------------------------------------------------------------------------|
| B V R Mohan Reddy    | Chairman and Managing Director                                                                                       |
| B Sucharitha         | Whole Time Director                                                                                                  |
| Krishna Bodanapu     | President and Chief Operating Officer ("COO") and Relative of Chairman and Managing Director and Whole Time Director |
| John Patrick Renard  | President - N&CE                                                                                                     |
| S.A.Lakshminarayanan | Chief Operating Officer - N&CE (upto October 3, 2012)                                                                |
| Ajay Aggarwal        | Chief Financial Officer                                                                                              |
| Bhanu Cherukuri      | Chief Strategy Officer (Upto August 14, 2012 there on CEO of IEITS from October 4, 2012)                             |
| A Ramaswami          | Chief Information Officer                                                                                            |
| Martin Trostel       | Managing Director - IEG                                                                                              |
| William K Whitley    | President - IEAL, USA                                                                                                |
| Ravi Murty           | Director - IEJJKK                                                                                                    |

**Relative of Chairman and Managing Director and Whole Time Director**

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

## Notes forming part of the Consolidated financial statements

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

(a) Transactions during the year:

(Amount in ₹)

| Nature of the transaction                                                          | Party name                                                   | For the year ended March 31, 2013 | For the year ended 31 March 31, 2012 |
|------------------------------------------------------------------------------------|--------------------------------------------------------------|-----------------------------------|--------------------------------------|
| Share of Profits from Associate                                                    | Investment in Infotech Aerospace Services Inc., Puerto Rico. | 129,052,160                       | 100,092,712                          |
| Dividend From Associate                                                            | Investment in Infotech Aerospace Services Inc., Puerto Rico. | –                                 | 408,711,450                          |
| Other Income                                                                       | Infotech HAL Ltd                                             | 661,500                           | 1,370,250                            |
| Operating Expenses                                                                 | Key2Data GmbH                                                | 5,131,145                         | 712,511                              |
| Remuneration to Key Managerial Personnel #                                         | Chairman & Managing Director                                 | 43,326,995                        | 37,460,999                           |
|                                                                                    | Wholtime Director                                            | 2,371,467                         | 2,371,467                            |
|                                                                                    | President & Chief Operating Officer (Refer Note below)       | 16,806,047                        | 7,121,746                            |
|                                                                                    | Other KMP                                                    | 91,019,478                        | 104,495,052                          |
| Rental expenses                                                                    | Wholtime Director                                            | 5,461,346                         | 5,201,277                            |
| Loan given to KMP                                                                  | Ajay Aggarwal                                                | –                                 | 1,000,000                            |
| Interest recovered from loan to KMP                                                | B. Ashok Reddy                                               | 39,264                            | 39,264                               |
|                                                                                    | Ajay Aggarwal                                                | 60,000                            | 45,000                               |
| Repayment of Loan by KMP                                                           | B. Ashok Reddy                                               | 93,960                            | 93,960                               |
|                                                                                    | Ajay Aggarwal                                                | 305,052                           | 228,789                              |
| Remuneration to relative of Chairman and Managing Director and Whole Time Director | B. Ashok Reddy                                               | 7,104,322                         | 6,216,266                            |
| Dividend                                                                           | Dividend to KMPs                                             | 75,111,608                        | 58,881,916                           |

# Does not include provision for compensated absences.

(b) Balances at the year-end:

| Nature of the balance              | Party name                                              | As at March 31, 2013 | As at March 31, 2012 |
|------------------------------------|---------------------------------------------------------|----------------------|----------------------|
| Advance receivables                | Infotech HAL Limited                                    | 1,245,099            | 2,188,440            |
| Trade payable                      | Key2Data GmbH                                           | 544,498              | 1,485,807            |
| Outstanding balance payable to KMP | Chairman & Managing Director                            | 35,594,886           | 33,595,147           |
|                                    | President and Chief Operating Office (Refer Note below) | 7,440,000            | –                    |
| Loan recoverable from KMP          | B. Ashok Reddy                                          | 641,829              | 735,789              |
|                                    | Ajay Aggarwal                                           | 466,159              | 771,211              |

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

The remuneration paid during the year is based on the existing approval from the Central Government vide its approval dated October 27, 2010.

## Notes forming part of the Consolidated financial statements

33. Lease payments made under operating leases aggregating to ₹ 160,303,138 (2011-12 - ₹ 112,986,363) have been recognised as an expense in the Consolidated 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, 2013     | March 31, 2012     |
|--------------------------------------------------------------------|--------------------|--------------------|
| Not later than one year                                            | 144,153,808        | 96,115,490         |
| Later than one year but not later than five years                  | 326,625,448        | 205,628,442        |
| Later than five years                                              | 27,681,914         | 41,026,542         |
| <b>TOTAL</b>                                                       | <b>498,461,170</b> | <b>342,770,474</b> |

### 34. Earnings per Share (EPS)

(Amount in ₹)

| Particulars                                                               | March 31, 2013 | March 31, 2012 |
|---------------------------------------------------------------------------|----------------|----------------|
| Profit after taxation                                                     | 2,310,590,874  | 1,613,754,701  |
| <b>Basic:</b>                                                             |                |                |
| Number of shares outstanding at the year end                              | 111,602,967    | 111,415,262    |
| Weighted average number of equity shares                                  | 111,498,793    | 111,382,222    |
| Earnings per share (₹)                                                    | 20.72          | 14.49          |
| <b>Diluted:</b>                                                           |                |                |
| Effect of potential equity shares on employee stock options outstanding   | 251,998        | 23,943         |
| Weighted average number of equity shares outstanding (including dilution) | 111,750,791    | 111,406,165    |
| Earnings per share (₹)                                                    | 20.68          | 14.49          |

### 35. Provision for taxation

#### 35.1 Current tax

##### Company:

The Company has made provision towards current tax in respect of its domestic operations for the year ended March 31, 2013. 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 ₹ 232,325,564 (2011-12 - ₹ 151,405,859) has been included under Current tax expense in respect of the subsidiaries of the Company.

#### 35.2 Deferred Taxes

##### Company:

(Amount in ₹)

| Particulars                                          | As at March 31, 2013 | As at March 31, 2012 |
|------------------------------------------------------|----------------------|----------------------|
| <b>(A) Deferred tax liability</b>                    |                      |                      |
| Depreciation                                         | (145,743,368)        | (135,584,668)        |
| <b>Sub-Total (A)</b>                                 | <b>(145,743,368)</b> | <b>(135,584,668)</b> |
| <b>(B) Deferred tax asset</b>                        |                      |                      |
| (i) Employee benefits                                | 134,365,747          | 127,995,424          |
| (ii) Others                                          | 26,310,893           | 93,972,911           |
| <b>Sub-Total (B)</b>                                 | <b>160,676,640</b>   | <b>221,968,335</b>   |
| <b>Net Deferred tax Assets/(Liability) [(A)+(B)]</b> | <b>14,933,272</b>    | <b>86,383,667</b>    |

## Notes forming part of the Consolidated financial statements

### Subsidiaries:

The breakup of deferred tax assets/liabilities is as follows:

(Amount in ₹)

| Particulars                                          | As at<br>March 31, 2013 | As at<br>March 31, 2012 |
|------------------------------------------------------|-------------------------|-------------------------|
| <b>(A) Deferred tax (liability)</b>                  |                         |                         |
| (i) Depreciation                                     | —                       | (48,817)                |
| (ii) Others                                          | (45,073,722)            | (33,013,930)            |
| <b>Sub-Total (A)</b>                                 | <b>(45,073,722)</b>     | <b>(33,062,747)</b>     |
| <b>(B) Deferred tax asset</b>                        |                         |                         |
| (i) Employee benefits                                | 1,578,504               | 1,197,563               |
| (ii) Unabsorbed losses and depreciation              | 544,482                 | 99,840                  |
| (iii) Others                                         | 21,340,022              | (24,460,748)            |
| <b>Sub-Total (B)</b>                                 | <b>23,463,008</b>       | <b>(23,163,345)</b>     |
| <b>Net Deferred tax Assets/(Liability) [(A)+(B)]</b> | <b>(21,610,714)</b>     | <b>(56,226,092)</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, 2013 and March 31, 2012.

### 35.3 Tax pertaining to earlier years

Relates to adjustment made to tax provision for earlier year arising from the Income tax assessments ₹ 1,002,705 (2011-12 - ₹ 2,625,209)

### 35.4 Transfer pricing

The Company has entered into international transactions with related parties. In this regard, the Management is of the opinion that all necessary documents as prescribed by the Income Tax Act, 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.

### 35.5 Minimum Alternate Tax (MAT) credit entitlement

(Amount in ₹)

| Particulars                                       | March 31, 2013 | March 31, 2012 |
|---------------------------------------------------|----------------|----------------|
| Opening MAT credit entitlement                    | —              | 234,666,597    |
| Add: made during the year (Refer Note below)      | 62,179,626     | —              |
| Less: utilised during the year (Refer Note below) | 60,554,657     | 234,666,597    |
| Closing MAT credit entitlement                    | 1,624,969      | —              |

**Note:** The MAT credit entitlement made and utilised during the year pertains to the excess MAT credit of earlier years utilised in the current year arising on account of certain Return of Income adjustments made for AY 2012-13.

## 36. Research and Development Expenses - Company

Revenue expenditure pertaining to Research and Development charged to the Consolidated Statement of Profit and Loss ₹ 13,520,592 (2011-12 - ₹ 14,410,554).

## Notes forming part of the Consolidated financial statements

### 37. 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:

(Amount in ₹)

| Particulars                   | As at<br>March 31, 2013 | As at<br>March 31, 2012 |
|-------------------------------|-------------------------|-------------------------|
| Reserves and surplus          | (17,809,371)            | (17,098,607)            |
| Short-term provisions         | 18,485                  | 9,800                   |
| Long-term provisions          | 227,966                 | 157,489                 |
| Trade payables                | 5,757,444               | 4,596,514               |
| Other current liabilities     | —                       | 361,001                 |
| Fixed assets                  | 81,042                  | 197,787                 |
| Long-term loans and advances  | 1,155,235               | 356,631                 |
| Trade receivables             | 1,679,248               | 1,690,137               |
| Cash and cash equivalents     | 2,129,145               | 2,555,892               |
| Short-term loans and advances | 347,108                 | 1,974,592               |
| Other current assets          | 2,802,748               | 1,251,158               |

#### Consolidated Statement of Profit and loss:

(Amount in ₹)

| Particulars                           | Year ended<br>March 31, 2013 | Year ended<br>March 31, 2012 |
|---------------------------------------|------------------------------|------------------------------|
| Sale of services                      | 13,167,447                   | 11,120,096                   |
| Other Income                          | 325,264                      | 188,660                      |
| Employee benefits expenses            | 2,688,638                    | 2,665,908                    |
| Other expenses                        | 11,374,688                   | 12,862,563                   |
| Finance costs                         | —                            | 11,266                       |
| Depreciation and Amortisation expense | 140,149                      | 1,297,002                    |

### 38. Details of provisions

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

(Amount in ₹)

| Particulars            | As at<br>April 1, 2012 | Additions   | Utilisation | Reversal<br>(withdrawn as no<br>longer required) | As at<br>March 31,<br>2013 |
|------------------------|------------------------|-------------|-------------|--------------------------------------------------|----------------------------|
| Provision for warranty | 2,325,197              | 2,383,485   | —           | 2,325,197                                        | 2,383,485                  |
|                        | (2,804,079)            | (1,402,373) |             | (1,881,255)                                      | (2,325,197)                |

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

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

(Amount in ₹)

| Particulars            | As at<br>March 31, 2013 | As at<br>March 31, 2012 |
|------------------------|-------------------------|-------------------------|
| Provision for warranty | 2,383,485               | 2,325,197               |

## Notes forming part of the Consolidated financial statements

### 39. Associate Stock Option Plans

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

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

As at March 31, 2013 & March 31, 2012, 80,900 equity shares of ₹ 10 each have been allotted to the Infotech ESOP trust.

#### Bonus Issue

The members of the Company 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 - 2001 (ASOP 2001)

The Company instituted ASOP 2001 in April 2001 and earmarked 225,000 equity shares of ₹ 10 each for issue to the employees under ASOP. The Company modified ASOP 2001 and adjusted the number of options and exercise price on account of stock split cum bonus issue during 2006-07. Under ASOP 2001, options will be issued to employees at an exercise price, which shall not be less than the market price on the date of grant. These options vest over a period ranging from one to three years from the date of grant, starting with 10% at the end of first year, 15% at the end of one and half years, 20% after two years, 25% at the end of two and half years and 30% at the end of third year.

As at March 31, 2013, 1,650,630 (March 31, 2012 - 1,650,630) equity shares of ₹ 5 each has been allotted to the associates under ASOP 2001 plan. Accordingly, options (net of cancellations) for a total number of Nil (March 31, 2012 - Nil) equity shares of ₹ 5 each were outstanding as at March 31, 2013.

#### 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, 2013 | March 31, 2012 |
|-----------------------------------------------------------|----------------|----------------|
| Options outstanding at the beginning of the year          | 170,840        | 197,915        |
| Granted                                                   | —              | —              |
| Forfeited                                                 | (12,620)       | (27,075)       |
| Exercised                                                 | —              | —              |
| Options outstanding at the end of year                    | 158,220        | 170,840        |

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

As at March 31, 2013, 2,123,507 (March 31, 2012 - 2,123,507) equity shares of ₹ 5 each has been allotted to the associates under ASOP 2002 plan. Accordingly, options (net of cancellations) for a total number of 158,220 (March 31, 2012 - 170,840) equity shares of ₹ 5 each were outstanding as at March 31, 2013.

## Notes forming part of the Consolidated financial statements

### Associate Stock Option Plan - 2004 (ASOP 2004)

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

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

| Changes in number of options outstanding were as follows: | March 31, 2013 | March 31, 2012 |
|-----------------------------------------------------------|----------------|----------------|
| Options outstanding at the beginning of the year          | 1,618,618      | 1,867,611      |
| Granted                                                   | —              | —              |
| Forfeited                                                 | (1,252,450)    | (110,000)      |
| Exercised                                                 | (148,892)      | (138,993)      |
| Options outstanding at the end of year                    | 217,276        | 1,618,618      |

Out of the total outstanding options, 6,079 (March 31, 2012 - 225,760) options pertain to options granted to the associates of subsidiary companies. There are no Grants during the year

As at March 31, 2013, 3,184,893 (March 31, 2012 - 3,036,001) equity shares of ₹ 5 each has been allotted to the associates under ASOP 2004 plan. Accordingly, options (net of cancellations) for a total number of 217,276 (March 31, 2012 - 1,618,618) equity shares of ₹ 5 each were outstanding as at March 31, 2013.

### 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, 2013 | March 31, 2012 |
|-----------------------------------------------------------|----------------|----------------|
| Options outstanding at the beginning of the year          | 1,208,835      | 1,336,685      |
| Granted                                                   | —              | 39,000         |
| Forfeited                                                 | (71,059)       | (166,850)      |
| Exercised                                                 | (38,813)       | —              |
| Options outstanding at the end of year                    | 1,098,963      | 1,208,835      |

Out of the total outstanding options, 35,000 (March 31, 2012 - 55,000) options pertain to options granted to the associates of subsidiary companies. There are no Grants during the year.

As at March 31, 2013, 38,813 (March 31, 2012 - Nil) equity shares of ₹ 5 each has been allotted to the associates under ASOP 2008 plan. Accordingly, options (net of cancellations) for a total number of 1,098,963 (March 31, 2012 - 1,208,835) equity shares of ₹ 5 each were outstanding as at March 31, 2013.

## Notes forming part of the Consolidated financial statements

### 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 recognized 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                         | Year ended<br>March 31, 2013 | Year ended<br>March 31, 2012 |
|-------------------------------------|------------------------------|------------------------------|
| <b>A. Profit After Tax</b>          |                              |                              |
| - As reported                       | 2,310,590,874                | 1,613,754,701                |
| - Proforma                          | 2,307,778,437                | 1,603,245,366                |
| <b>B. Earnings Per Share</b>        |                              |                              |
| <b>Basic</b>                        |                              |                              |
| - Weighted average number of shares | 111,498,793                  | 111,382,222                  |
| - EPS as reported (₹)               | 20.72                        | 14.49                        |
| - Proforma EPS (₹)                  | 20.70                        | 14.39                        |
| <b>Diluted</b>                      |                              |                              |
| - Weighted average number of shares | 111,750,791                  | 111,406,165                  |
| - EPS as reported (₹)               | 20.68                        | 14.49                        |
| - Proforma EPS (₹)                  | 20.65                        | 14.39                        |

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

| Particulars                                | March 31, 2013<br>Black-Scholes<br>Model | March 31, 2012<br>Black-Scholes<br>Model |
|--------------------------------------------|------------------------------------------|------------------------------------------|
| Exercise price (₹) (ASOP 2004),(ASOP 2002) | 125 - 188                                | 111 - 131                                |
| Grant Date share price (₹) (ASOP 2008)     | NA                                       | 142                                      |
| Dividend yield (%)                         | 1.93                                     | 1.61                                     |
| Expected volatility (%)                    | 46.50 - 51.30                            | 53.19 - 60.27                            |
| Risk-free interest (%)                     | 7.80 - 8.00                              | 8.24 - 8.42                              |
| Expected term (in years)                   | 0.2- 2.2                                 | 3- 4                                     |

As no grants were made during the year ended March 31, 2013 and March 31, 2012 in respect of ASOP 2002 and ASOP 2004, the assumptions have not been changed.

### 40. Share application money pending allotment

As at March 31, 2013, the Company has received an amount of ₹ 3,920,750 towards share application money towards equity shares of the Company (As at March 31, 2012- Nil) . The share application money was received from associates pursuant to Associate Stock Option Plan (ASOP) 2004.

### 41. Intangible Assets

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

- (a) On January 01, 2013, the Company capitalised as an Intangible asset an amount of ₹ 101,978,937 in relation to the agreement with Government of Karnataka for the Urban Property Ownership Records Project amounts aggregating ₹ 89,508,676 was capitalised as intangible assets under development for the project as at March 31, 2012.

## Notes forming part of the Consolidated financial statements

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

### 42. Exceptional items:

- (a) Exceptional items pertains to interest provided on certain disputed Service Taxes payable aggregating ₹ 18,117,242 (2011-12 - ₹ Nil).
- (b) Exceptional items for the previous 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.

### 43. Regrouping/Reclassification

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

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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 25, 2013

**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, 2013                      | March 31, 2013                    | March 31, 2013                  | March 31, 2013                      | March 31, 2013                      | March 31, 2013                                                       |
| 2. Shares of Subsidiary Company held on the above date and extent of holding                                                                             |                                     |                                   |                                 |                                     |                                     |                                                                      |
| I) Number of Shares held                                                                                                                                 | 185,000,000                         | 500,500                           | 1126                            | 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<br>NIL                          | NIL<br>NIL                        | NIL<br>NIL                      | NIL<br>NIL                          | NIL<br>NIL                          | NIL<br>NIL                                                           |
| II) not dealt with in the accounts of Infotech Enterprises Limited Equivalent ₹                                                                          | (GBP 1,167,422)<br>(₹ 100,340,972)  | USD 5,255,443<br>INR 373,286,373  | EUR 1,189,725<br>₹ 83,168,762   | (JPY 44,433,113)<br>(₹ 28,028,605)  | (₹ 7,235,426)<br>(₹ 7,235,426)      | ₹ 22,092,850<br>₹ 22,092,850                                         |
| 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<br>₹ 64,840,475         | USD 620,000<br>₹ 26,712,700       | EUR 1,005,556<br>₹ 63,814,128   | NIL<br>NIL                          | NIL<br>NIL                          | NIL<br>NIL                                                           |
| II) not dealt with in the accounts of Infotech Enterprises Limited Equivalent ₹                                                                          | GBP 1,139,776<br>₹ 92,442,002       | USD 15,391,389<br>₹ 697,578,292   | EUR 10,954,732<br>₹ 661,599,250 | (JPY 114,376,722)<br>(₹ 51,772,515) | (₹ 21,570,122)<br>(₹ 21,570,122)    | (₹ 17,736,033)<br>(₹ 17,736,033)                                     |

## Information on Subsidiaries for 2012-13

| 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 |
|-------------------------------------------|-------------------------------------|-----------------------------------|---------------------------|-------------------------------|-------------------------------------|----------------------------------------------------------------------|
|                                           | ₹                                   | ₹                                 | ₹                         | ₹                             | ₹                                   | ₹                                                                    |
| Financial year of the subsidiary ended on | March 31, 2013                      | March 31, 2013                    | March 31, 2013            | March 31, 2013                | March 31, 2013                      | March 31, 2013                                                       |
| (A) Capital                               | 145,442,075                         | 992,873,272                       | 25,427,950                | 4,787,622                     | 40,000,000                          | 100,000                                                              |
| (B) Reserves                              | 70,289,722                          | 592,493,400                       | 857,802,644               | (91,317,783)                  | (28,558,883)                        | 4,356,817                                                            |
| (C) Total Assets                          | 382,520,144                         | 2,250,918,283                     | 1,430,214,986             | 40,151,542                    | 51,556,950                          | 108,772,240                                                          |
| (D) Total Liabilities                     | 166,788,347                         | 665,551,610                       | 546,984,392               | 126,681,703                   | 40,115,833                          | 104,315,423                                                          |
| (E) Details of Investment                 | 144,328                             | 98,206                            | —                         | —                             | —                                   | —                                                                    |
| (F) Turnover                              | 886,010,894                         | 8,583,639,754                     | 3,130,547,849             | 87,359,408                    | 26,060,036                          | 196,259,809                                                          |
| (G) Profit Before Taxation                | (98,929,635)                        | 537,529,592                       | 110,428,194               | (27,986,686)                  | (7,728,703)                         | 25,715,619                                                           |
| (H) Provision for Taxation                | 1,411,337                           | 164,243,219                       | 27,259,432                | 41,919                        | (493,458)                           | 3,622,769                                                            |
| (I) Profit After Taxation                 | (100,340,972)                       | 373,286,373                       | 83,168,762                | (28,028,605)                  | (7,235,245)                         | 22,092,850                                                           |
| (J) Dividends paid                        | —                                   | —                                 | —                         | —                             | —                                   | —                                                                    |

## 10 Year Historical Data – Standalone

| Particulars                                      | 2003-04  | 2004-05  | 2005-06  | 2006-07  | 2007-08  | 2008-09  | 2009-10  | 2010-11  | 2011-12   | 2012-13   |
|--------------------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|-----------|
| <b>For the year</b>                              |          |          |          |          |          |          |          |          |           |           |
| <b>Total Revenue</b>                             | 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  | 10,888.66 |
| EBITDA                                           | 307.19   | 418.32   | 493.77   | 988.77   | 1,091.92 | 1,123.29 | 1,960.04 | 1,667.73 | 2,645.64  | 3,196.24  |
| Financial charges                                | 2.38     | 1.11     | 3.03     | 3.61     | 28.70    | 35.14    | 4.71     | 0.80     | 5.65      | 0.85      |
| Depreciation & Amortization                      | 160.36   | 124.07   | 139.34   | 222.69   | 343.03   | 426.64   | 407.07   | 375.48   | 411.59    | 563.23    |
| Provision for Income Tax                         | 43.00    | 92.50    | 65.00    | 100.08   | 94.30    | 110.00   | 125.70   | 125.78   | 714.59    | 699.14    |
| Deferred Tax                                     | (20.65)  | (22.42)  | (7.88)   | (1.34)   | 25.02    | (174.10) | 154.92   | 9.76     | (72.15)   | 71.45     |
| Fringe Benefit Tax                               | —        | —        | 10.51    | 13.27    | 15.29    | 17.00    | —        | —        | —         | —         |
| Profit Before Exceptional item                   | 122.10   | 223.06   | 283.76   | 650.45   | 585.57   | 708.62   | 1,267.65 | 1,155.91 | 1,585.96  | 1,861.56  |
| Exceptional items                                | —        | —        | —        | —        | —        | —        | —        | (22.89)  | —         | 18.12     |
| <b>Profit after tax from ordinary activities</b> | 122.10   | 223.06   | 283.76   | 650.45   | 585.57   | 708.62   | 1,267.65 | 1,178.80 | 1,585.96  | 1,843.45  |
| Dividend                                         | 18.23    | 22.09    | 34.24    | 51.92    | 62.55    | 82.84    | 222.00   | 138.97   | 278.54    | 585.50    |
| <b>As at the end of the year</b>                 |          |          |          |          |          |          |          |          |           |           |
| Share capital                                    | 145.81   | 147.27   | 152.19   | 230.77   | 1,241.28 | 276.15   | 277.50   | 556.38   | 557.08    | 558.01    |
| Reserves and surplus                             | 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  | 11,108.27 |
| <b>Net Worth</b>                                 | 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 | 11,666.28 |
| Share application money pending allotment        | —        | —        | —        | —        | —        | —        | —        | —        | —         | 3.92      |
| Loan funds                                       | 1.52     | 2.40     | 2.31     | 151.74   | 380.54   | 186.67   | —        | —        | —         | —         |
| Gross block                                      | 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  | 6,810.10  |
| Capital investment                               | 91.37    | 241.45   | 553.09   | 644.06   | 1,380.27 | 838.50   | 293.99   | 514.12   | 625.84    | 833.87    |
| Net Current assets                               | 649.80   | 603.57   | 757.40   | 1,046.02 | 1,766.40 | 3,203.98 | 2,651.53 | 4,495.57 | 5,438.16  | 6,230.26  |
| Debt – equity ratio                              | 0.001    | 0.001    | 0.001    | 0.055    | 0.061    | 0.027    | —        | —        | —         | —         |
| <b>Per share data</b>                            |          |          |          |          |          |          |          |          |           |           |
| Bonus/Capital History                            | —        | —        | 1:2      | —        | —        | —        | 1:1      | —        | —         | —         |
| Basic earnings per share (₹) (EPS)               | 8.41     | 15.23    | 18.80    | 14.18    | 11.54    | 13.30    | 11.45    | 10.60    | 14.24     | 16.53     |
| Dividend Per Share (₹) (DPS)                     | 1.25     | 1.50     | 2.25     | 1.13     | 1.20     | 1.50     | 2.00     | 1.25     | 2.50      | 4.50      |
| Dividend (%)                                     | 12.5%    | 15.0%    | 22.5%    | 22.5%    | 24.0%    | 30.0%    | 40.0%    | 25.0%    | 50.0%     | 90.0%     |
| Dividend Pay-out (%)                             | 14.9%    | 9.9%     | 12.1%    | 8.0%     | 10.7%    | 11.7%    | 17.5%    | 11.8%    | 17.6%     | 27.2%     |
| Book Value (₹)                                   | 105      | 118      | 139      | 59       | 120      | 125      | 72       | 82       | 93        | 105       |
| Face Value (₹)                                   | 10       | 10       | 10       | 5        | 5        | 5        | 5        | 5        | 5         | 5         |

## Financial Analysis – Standalone

### Balance Sheet

(₹ Million and Percentage)

|                                           | 2012-13   | %      | 2011-12   | %      | 2010-11  | %      | 2009-10  | %      | 2008-09  | %      |
|-------------------------------------------|-----------|--------|-----------|--------|----------|--------|----------|--------|----------|--------|
| <b>SOURCES OF FUNDS</b>                   |           |        |           |        |          |        |          |        |          |        |
| Shareholders' Funds                       |           |        |           |        |          |        |          |        |          |        |
| Share Capital                             | 558.01    | 4.65   | 557.08    | 5.19   | 556.38   | 5.91   | 277.50   | 3.45   | 276.15   | 3.90   |
| Reserves and Surplus                      | 11,108.27 | 92.53  | 9,792.34  | 91.21  | 8,523.12 | 90.60  | 7,760.85 | 96.55  | 6,622.86 | 93.47  |
| Net worth                                 | 11,666.28 | 97.18  | 10,349.42 | 96.40  | 9,079.50 | 96.52  | 8,038.35 | 100.00 | 6,899.01 | 97.37  |
| Share application money pending allotment | 3.92      | 0.03   | —         | —      | —        | —      | —        | —      | —        | —      |
| Loan Funds                                |           |        |           |        |          |        |          |        |          |        |
| Secured                                   | —         | —      | —         | —      | —        | —      | —        | —      | 186.67   | 2.63   |
| Unsecured                                 | —         | —      | —         | —      | —        | —      | —        | —      | —        | —      |
| <b>Total debt</b>                         | —         | —      | —         | —      | —        | —      | —        | —      | 186.67   | 2.63   |
| Long Term Liabilities                     | —         | —      | —         | —      | 4.24     | 0.05   | —        | —      | —        | —      |
| Long Term Provisions                      | 334.94    | 2.79   | 386.41    | 3.60   | 323.35   | 3.44   | —        | —      | —        | —      |
| <b>TOTAL</b>                              | 12,005.14 | 100.00 | 10,735.83 | 100.00 | 9,407.09 | 100.00 | 8,038.35 | 100.00 | 7,085.68 | 100.00 |
| <b>APPLICATION OF FUNDS</b>               |           |        |           |        |          |        |          |        |          |        |
| Fixed Assets Gross                        | 6,810.10  | 56.73  | 5,976.23  | 55.67  | 5,350.39 | 56.88  | 4,836.26 | 60.16  | 4,542.28 | 64.11  |
| Depreciation & Amortization               | 3,464.11  | 28.86  | 2,924.36  | 27.24  | 2,590.40 | 27.54  | 2,236.96 | 27.83  | 1,866.40 | 26.34  |
| Net block                                 | 3,345.99  | 27.87  | 3,051.87  | 28.43  | 2,759.99 | 29.34  | 2,599.30 | 32.34  | 2,675.88 | 37.76  |
| Non Current Investments                   | 1,447.04  | 12.05  | 1,447.04  | 13.48  | 1,459.21 | 15.51  | 2,763.52 | 34.38  | 1,026.91 | 14.49  |
| Deferred Tax Assets                       | 14.93     | 0.12   | 86.38     | 0.80   | 14.23    | 0.15   | 23.99    | 0.30   | 178.91   | 2.52   |
| Long Term loans & Advances                | 966.91    | 8.05   | 712.37    | 6.64   | 671.15   | 7.13   | —        | —      | —        | —      |
| Other Non Current Assets                  | —         | —      | —         | —      | 6.95     | 0.07   | —        | —      | —        | —      |
| <b>Current Assets</b>                     |           |        |           |        |          |        |          |        |          |        |
| Current Investment                        | 609.77    | 5.08   | 222.49    | 2.07   | 334.12   | 3.55   | —        | —      | —        | —      |
| Trade Receivables                         | 1,802.63  | 15.02  | 1,813.01  | 16.89  | 1,424.55 | 15.14  | 1,131.06 | 14.07  | 1,540.46 | 21.74  |
| Cash & Cash Equivalents                   | 4,248.05  | 35.39  | 3,908.31  | 36.40  | 2,938.63 | 31.24  | 1,860.56 | 23.15  | 2,729.16 | 38.52  |
| Short Term Loans and Advances             | 590.89    | 4.92   | 251.88    | 2.35   | 330.37   | 3.51   | 1,304.31 | 16.23  | 464.59   | 6.56   |
| Other Current Assets                      | 814.06    | 6.78   | 477.50    | 4.45   | 293.29   | 3.12   | —        | —      | —        | —      |
| <b>Total Current assets</b>               | 8,065.40  | 67.18  | 6,673.19  | 62.16  | 5,320.96 | 56.56  | 4,295.92 | 53.44  | 4,734.20 | 66.81  |
| Less: Current Liabilities                 | 1,835.14  | 15.29  | 1,235.03  | 11.50  | 825.39   | 8.77   | 1,644.39 | 20.46  | 1,530.21 | 21.60  |
| <b>Net current Assets</b>                 | 6,230.26  | 51.90  | 5,438.16  | 50.65  | 4,495.57 | 47.79  | 2,651.53 | 32.99  | 3,203.98 | 45.22  |
| <b>TOTAL</b>                              | 12,005.14 | 100.00 | 10,735.83 | 100.00 | 9,407.09 | 100.00 | 8,038.35 | 100.00 | 7,085.68 | 100.00 |

## Financial Analysis – Standalone

### Profit and Loss Summary

|                                 | 2012-13          | %             | 2011-12         | %             | 2010-11         | %             | 2009-10         | %             | 2008-09         | %             |
|---------------------------------|------------------|---------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|
| (₹ Million and Percentage)      |                  |               |                 |               |                 |               |                 |               |                 |               |
| <b>INCOME</b>                   |                  |               |                 |               |                 |               |                 |               |                 |               |
| Revenue from Operations         | 10,515.56        | 96.57         | 8,638.00        | 94.16         | 6,476.67        | 95.61         | 5,618.00        | 92.41         | 5,665.72        | 104.19        |
| Other Income                    | 373.10           | 3.43          | 535.79          | 5.84          | 297.57          | 4.39          | 461.50          | 7.59          | (227.61)        | (4.19)        |
| <b>Total Income</b>             | <b>10,888.66</b> | <b>100.00</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      | 4,994.72         | 45.87         | 4,247.76        | 46.30         | 3,320.94        | 49.02         | 2,786.82        | 45.84         | 2,725.33        | 50.12         |
| Operating, Administration       |                  |               |                 |               |                 |               |                 |               |                 |               |
| And Other Expenses              | 2,697.70         | 24.78         | 2,280.38        | 24.86         | 1,785.56        | 26.36         | 1,332.64        | 21.92         | 1,589.49        | 29.23         |
| Finance Costs                   | 0.85             | 0.01          | 5.65            | 0.06          | 0.80            | 0.01          | 4.71            | 0.08          | 35.14           | 0.65          |
| Depreciation And Amortisation   |                  |               |                 |               |                 |               |                 |               |                 |               |
| Expenses                        | 563.23           | 5.17          | 411.59          | 4.49          | 375.48          | 5.54          | 407.07          | 6.70          | 426.64          | 7.85          |
| <b>Total Expenditure</b>        | <b>8,256.51</b>  | <b>75.83</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                         | 2,632.15         | —             | 2,228.40        | 24.29         | 1,291.45        | 19.06         | 1,548.26        | 25.47         | 661.52          | 12.16         |
| Exceptional items               | 18.12            | 0.17          | —               | —             | (22.89)         | (0.34)        | —               | —             | —               | —             |
| Profit after exceptional items  |                  |               |                 |               |                 |               |                 |               |                 |               |
| and before tax                  | 2,614.03         | 24.01         | 2,228.40        | 24.29         | 1,314.34        | 19.40         | 1,548.26        | 25.47         | 661.52          | 12.16         |
| Provision for Income Tax        | 699.14           | 6.42          | 714.59          | 7.79          | 125.78          | 1.86          | 125.70          | 2.07          | 110.00          | 2.02          |
| Deferred Tax                    | 71.45            | 0.66          | (72.15)         | (0.79)        | 9.76            | 0.14          | 154.92          | 2.55          | (174.10)        | (3.20)        |
| Fringe Benefit Tax              | —                | —             | —               | —             | —               | —             | —               | —             | 17.00           | 0.31          |
| <b>PROFIT AFTER TAX</b>         | <b>1,843.45</b>  | <b>16.93</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>  |

## Financial Analysis – Consolidated

### Balance Sheet

(₹ Million and Percentage)

|                                           | 2012-13          | %             | 2011-12          | %             | 2010-11          | %             | 2009-10         | %             | 2008-09         | %             |
|-------------------------------------------|------------------|---------------|------------------|---------------|------------------|---------------|-----------------|---------------|-----------------|---------------|
| <b>SOURCES OF FUNDS</b>                   |                  |               |                  |               |                  |               |                 |               |                 |               |
| <b>Shareholders' Funds</b>                |                  |               |                  |               |                  |               |                 |               |                 |               |
| Share Capital                             | 558.01           | 4.09          | 557.08           | 4.60          | 556.38           | 5.18          | 277.50          | 3.05          | 276.15          | 3.49          |
| Reserves and Surplus                      | 12,663.51        | 92.76         | 11,017.74        | 91.05         | 9,736.74         | 90.63         | 8,785.95        | 96.47         | 7,427.16        | 94.00         |
| Net worth                                 | 13,221.53        | 96.85         | 11,574.81        | 95.65         | 10,293.12        | 95.81         | 9,063.45        | 99.52         | 7,703.31        | 97.49         |
| Share application money pending allotment | 3.92             | 0.03          | —                | —             | —                | —             | —               | —             | —               | —             |
| Loan Funds                                |                  |               |                  |               |                  |               |                 |               |                 |               |
| Secured                                   | —                | —             | —                | —             | —                | —             | 43.99           | 0.48          | 194.72          | 2.46          |
| Unsecured                                 | —                | —             | —                | —             | —                | —             | —               | —             | —               | —             |
| Total debt                                | —                | —             | —                | —             | —                | —             | 43.99           | 0.48          | 194.72          | 2.46          |
| Long term Liabilities                     | —                | —             | —                | —             | 19.87            | 0.18          | —               | —             | —               | —             |
| Long term Provisions                      | 380.84           | 2.79          | 493.14           | 4.08          | 420.02           | 3.91          | —               | —             | —               | —             |
| Minority Interest                         | —                | —             | —                | —             | —                | —             | —               | —             | 3.31            | 0.04          |
| Deferred Tax Liability                    | 45.07            | 0.33          | 33.06            | 0.27          | 10.66            | 0.10          | —               | —             | —               | —             |
| <b>TOTAL</b>                              | <b>13,651.37</b> | <b>100.00</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>APPLICATION OF FUNDS</b>               |                  |               |                  |               |                  |               |                 |               |                 |               |
| Fixed Assets Gross (Including Goodwill)   | 7,555.77         | 56.26         | 6,810.63         | 56.28         | 6,326.70         | 58.89         | 5,546.62        | 60.90         | 5,197.81        | 65.78         |
| Depreciation & Amortization               | 3,973.39         | 30.02         | 3,345.16         | 27.64         | 2,933.24         | 27.30         | 2,392.22        | 26.27         | 2,189.25        | 27.71         |
| Net block                                 | 3,582.38         | 26.24         | 3,465.47         | 28.64         | 3,393.46         | 31.59         | 3,154.40        | 34.64         | 3,008.56        | 38.08         |
| Non Current Investments                   | 372.99           | 2.73          | 243.94           | 2.02          | 578.62           | 5.39          | 2,022.74        | 22.21         | 402.38          | 5.09          |
| Deferred Tax Assets                       | 38.40            | 0.28          | 63.22            | 0.52          | 25.31            | 0.24          | 29.22           | 0.32          | 164.82          | 2.09          |
| Long term loans and advances              | 912.45           | 6.68          | 734.70           | 6.07          | 634.98           | 5.91          | —               | —             | —               | —             |
| Other non-current assets                  | 0.19             | 0.00          | —                | —             | 24.98            | 0.23          | —               | —             | —               | —             |
| <b>Current Assets</b>                     |                  |               |                  |               |                  |               |                 |               |                 |               |
| Current Investment                        | 609.77           | 4.47          | 222.49           | 1.84          | 334.12           | 3.11          | —               | —             | —               | —             |
| Trade Receivables                         | 4,007.48         | 29.36         | 3,674.97         | 30.37         | 2,567.03         | 23.89         | 2,389.06        | 26.23         | 2,627.77        | 33.26         |
| Cash and cash equivalents                 | 4,983.51         | 36.51         | 4,559.85         | 37.68         | 3,507.49         | 32.65         | 2,337.23        | 25.66         | 3,333.50        | 42.19         |
| Short-term loans and advances             | 589.25           | 4.32          | 352.57           | 2.91          | 372.76           | 3.47          | 1,337.46        | 14.69         | 602.63          | 7.63          |
| Other current assets                      | 1,003.57         | 7.35          | 719.24           | 5.94          | 414.31           | 3.86          | —               | —             | —               | —             |
| <b>Total Current Assets</b>               | <b>11,193.58</b> | <b>82.00</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>  |
| Current Liabilities                       | 2,448.63         | 17.94         | 1,935.44         | 15.99         | 1,109.38         | 10.33         | 2,162.66        | 23.75         | 2,238.32        | 28.33         |
| <b>Net current Assets</b>                 | <b>8,744.95</b>  | <b>64.06</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>TOTAL</b>                              | <b>13,651.37</b> | <b>100.00</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> |

## Financial Analysis – Consolidated

### Profit and Loss Summary

(₹ Million and Percentage)

|                                                 | 2012-13          | %             | 2011-12          | %             | 2010-11          | %             | 2009-10         | %             | 2008-09         | %             |
|-------------------------------------------------|------------------|---------------|------------------|---------------|------------------|---------------|-----------------|---------------|-----------------|---------------|
| <b>INCOME</b>                                   |                  |               |                  |               |                  |               |                 |               |                 |               |
| Revenues from Operations                        | 18,730.63        | 98.01         | 15,531.33        | 98.88         | 11,883.12        | 97.76         | 9,531.21        | 95.36         | 8,897.50        | 103.42        |
| Other Income                                    | 381.10           | 1.99          | 175.30           | 1.12          | 271.70           | 2.24          | 463.71          | 4.64          | (294.50)        | (3.42)        |
| <b>Total Income</b>                             | <b>19,111.73</b> | <b>100.00</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                      | 11,405.99        | 59.68         | 9,525.70         | 60.65         | 7,413.11         | 60.99         | 5,427.21        | 54.30         | 4,894.92        | 56.90         |
| Operating, Administration<br>And Other Expenses | 3,901.05         | 20.41         | 3,314.56         | 21.10         | 2,671.45         | 21.98         | 2,020.90        | 20.22         | 2,217.54        | 25.78         |
| Finance Costs                                   | 2.87             | 0.02          | 7.34             | 0.05          | 9.57             | 0.08          | 31.24           | 0.31          | 40.30           | 0.47          |
| Depreciation And Amortisation<br>Expenses       | 635.50           | 3.33          | 494.13           | 3.15          | 485.91           | 4.00          | 435.69          | 4.36          | 465.59          | 5.41          |
| <b>Total Expenditure</b>                        | <b>15,945.41</b> | <b>83.43</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<br>and tax      | 3,166.33         | 16.57         | 2,364.90         | 15.06         | 1,574.78         | 12.96         | 2,079.87        | 20.81         | 984.66          | 11.45         |
| Exceptional Items                               | 18.12            | 0.09          | 15.92            | 0.10          | (22.89)          | (0.19)        | —               | —             | —               | —             |
| Profit after exceptional items<br>and tax       | 3,148.21         | 16.47         | 2,348.98         | 14.96         | 1,597.67         | 13.14         | 2,079.87        | 20.81         | 984.66          | 11.45         |
| Provision for Income Tax                        | 929.83           | 4.87          | 866.00           | 5.51          | 263.49           | 2.17          | 349.66          | 3.50          | 303.65          | 3.53          |
| Deferred Tax                                    | 36.84            | 0.19          | (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                | 2,181.54         | 11.41         | 1,513.66         | 9.64          | 1,327.87         | 10.92         | 1,574.81        | 15.76         | 844.50          | 9.82          |
| Extraordinary item (OCD's)                      | —                | 0.00          | —                | —             | —                | —             | —               | —             | —               | —             |
| Share of Profit in<br>Associate Company         | 129.05           | 0.68          | 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          | —               | —             |
| <b>POST TAX PROFIT</b>                          | <b>2,310.59</b>  | <b>12.09</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>  |

## Ratio Analysis - Standalone

| Ratio analysis for the year ended March 31             | 2013   | 2012   | 2011    | 2010   | 2009   |
|--------------------------------------------------------|--------|--------|---------|--------|--------|
| <b>Ratio - Financial Performance</b>                   |        |        |         |        |        |
| Revenue from Operations/Total revenue (%)              | 96.57  | 94.16  | 95.61   | 92.41  | 104.19 |
| Other Income/Total revenue (%)                         | 3.43   | 5.84   | 4.39    | 7.59   | (4.19) |
| Employee cost/Total revenue (%)                        | 45.87  | 46.30  | 49.02   | 45.84  | 50.12  |
| Administration expenses/Total revenue (%)              | 24.78  | 24.86  | 26.36   | 21.92  | 29.23  |
| Operating expenses/Total revenue (%)                   | 70.65  | 71.16  | 75.38   | 67.76  | 79.34  |
| Depreciation/Total revenue (%)                         | 5.17   | 4.49   | 5.54    | 6.70   | 7.85   |
| Financial Charges/Total revenue (%)                    | 0.01   | 0.06   | 0.01    | 0.08   | 0.65   |
| Tax /Total revenue (%)                                 | 6.42   | 7.79   | 1.86    | 2.07   | 2.02   |
| TAX/PBT (%)                                            | 26.75  | 32.07  | 9.57    | 8.12   | 16.63  |
| EBIDTA/Total revenue (%)                               | 29.19  | 28.84  | 24.62   | 32.24  | 20.66  |
| Net Profit (PAT)/Total revenues (%)                    | 16.93  | 17.29  | 17.40   | 20.85  | 13.03  |
| Net Profit (PAT)/Average net worth (%)                 | 16.75  | 16.33  | 13.77   | 16.97  | 10.77  |
| ROCE (PBIT/Average capital employed) (%)               | 23.92  | 23.00  | 15.10   | 20.79  | 10.59  |
| <b>Ratios- Balance sheet</b>                           |        |        |         |        |        |
| Debt-equity ratio                                      | —      | —      | —       | —      | 0.027  |
| Debtors turnover (Days)                                | 63     | 77     | 80      | 87     | 99     |
| Current ratio                                          | 4.39   | 5.40   | 6.45    | 2.61   | 3.09   |
| Cash & cash equivalents/Total assets (%)               | 30.69  | 34.51  | 32.01   | 19.17  | 31.68  |
| Cash & cash equivalents/Total revenue (%)              | 39.01  | 45.03  | 48.31   | 30.60  | 50.19  |
| Depreciation/Average gross block (%)                   | 8.81   | 7.27   | 7.37    | 8.68   | 10.35  |
| Total Revenue/Average Net Fixed Assets                 | 3.40   | 3.16   | 2.53    | 2.31   | 2.24   |
| Total Revenue/Average Total Assets                     | 0.84   | 0.83   | 0.68    | 0.65   | 0.68   |
| <b>Ratios - Growth*</b>                                |        |        |         |        |        |
| Revenue from Operations revenue (%)                    | 21.74  | 33.37  | 15.28   | (0.84) | 30.19  |
| Total revenue (%)                                      | 18.69  | 35.42  | 11.43   | 11.79  | 19.76  |
| Operating expenses (%)                                 | 17.83  | 27.84  | 23.96   | (4.53) | 25.11  |
| EBIDTA (%)                                             | 20.81  | 58.64  | (14.91) | 74.49  | 2.87   |
| Net Profit (%)                                         | 16.24  | 34.54  | (7.01)  | 78.89  | 21.01  |
| <b>Per Share Data</b>                                  |        |        |         |        |        |
| Basic earnings per share (₹)                           | 16.53  | 14.24  | 10.60   | 11.45  | 13.30  |
| Cash Earnings per share (₹)                            | 21.56  | 17.93  | 13.98   | 15.09  | 20.56  |
| Book value (₹) **                                      | 104.53 | 92.89  | 81.67   | 72.42  | 124.91 |
| Price/Earning, end of year                             | 10.29  | 10.49  | 15.26   | 16.10  | 6.39   |
| Price/Cash Earning, end of year                        | 7.89   | 8.33   | 11.57   | 12.22  | 4.14   |
| Price/Book value , end of year                         | 1.63   | 1.61   | 1.98    | 2.55   | 0.68   |
| Share price as on March 31 (National Stock Exchange)   | 170.15 | 149.30 | 161.75  | 184.43 | 85.00  |
| No. of Share Outstanding as on March 31, (in Millions) | 111.60 | 111.42 | 111.18  | 111.00 | 55.23  |
| Dividend Per Share (Rs.)                               | 4.50   | 2.50   | 1.25    | 2.00   | 1.50   |
| Dividend (%)                                           | 90%    | 50%    | 25%     | 40.0%  | 30.0%  |

## Ratio Analysis - Consolidated

| Ratio analysis for the year ended March 31             | 2013   | 2012   | 2011    | 2010   | 2009   |
|--------------------------------------------------------|--------|--------|---------|--------|--------|
| <b>Ratio - Financial Performance</b>                   |        |        |         |        |        |
| Other Income/Total Revenue (%)                         | 1.99   | 1.12   | 2.24    | 4.64   | (3.42) |
| Employee cost/Total Revenue (%)                        | 59.68  | 60.65  | 60.99   | 54.30  | 56.90  |
| Operating & Administration expenses/Total Revenue (%)  | 20.41  | 21.10  | 21.98   | 20.22  | 25.78  |
| Depreciation & Amortization/Total Revenue (%)          | 3.33   | 3.15   | 3.99    | 4.36   | 5.41   |
| Financial Charges/Total Revenue (%)                    | 0.02   | 0.05   | 0.08    | 0.31   | 0.47   |
| TAX/PBT (%)                                            | 30.71  | 35.56  | 16.89   | 24.28  | 14.23  |
| EBIDTA/Total Revenue (%)                               | 19.91  | 18.25  | 17.03   | 25.48  | 17.33  |
| Net Profit/Total Revenue (%)                           | 12.09  | 10.27  | 11.49   | 17.10  | 10.75  |
| Net Profit/Average Net Worth (%)                       | 18.64  | 14.76  | 14.43   | 20.38  | 12.82  |
| ROCE (PBIT/Average capital employed)                   | 25.56  | 21.70  | 16.37   | 25.18  | 14.21  |
| <b>Ratios- Balance sheet</b>                           |        |        |         |        |        |
| Debt-equity ratio                                      | —      | —      | —       | —      | 0.03   |
| Debtors turnover (Days)                                | 95     | 99     | 96      | 96     | 108    |
| Current ratio                                          | 4.57   | 4.92   | 6.49    | 2.80   | 2.93   |
| Cash & Cash Equivalents/Total Assets (%)               | 30.95  | 34.07  | 32.41   | 20.74  | 32.88  |
| Cash & Cash Equivalents/Total Revenue (%)              | 26.08  | 30.45  | 31.61   | 23.38  | 38.75  |
| Depreciation & Amortization/Average gross block (%)    | 8.77   | 8.11   | 9.47    | 8.11   | 10.03  |
| Revenue/Average Net Fixed Assets                       | 5.32   | 4.53   | 3.63    | 3.09   | 3.36   |
| Revenue/Average Total Assets                           | 1.24   | 1.20   | 1.03    | 0.89   | 0.96   |
| <b>Ratios - Growth*</b>                                |        |        |         |        |        |
| Operating Revenue (%)                                  | 20.60  | 30.70  | 24.68   | 7.12   | 31.99  |
| Operating Expenses (%)                                 | 19.80  | 27.33  | 35.40   | 4.72   | 28.75  |
| EBIDTA (%)                                             | 32.74  | 38.45  | (18.71) | 70.86  | 3.24   |
| Net Profit (%)                                         | 43.18  | 15.52  | (18.25) | 84.76  | 8.08   |
| <b>Per Share Data</b>                                  |        |        |         |        |        |
| Basic earnings per share (₹)                           | 20.72  | 14.49  | 12.56   | 15.44  | 17.36  |
| Cash Earnings per share (₹)                            | 26.40  | 18.92  | 16.93   | 19.32  | 25.18  |
| Book value (₹)                                         | 118.67 | 103.89 | 92.58   | 81.65  | 139.48 |
| Price/Earning, end of year                             | 8.21   | 10.30  | 12.87   | 11.95  | 4.90   |
| Price/Cash Earning, end of year                        | 6.45   | 7.89   | 9.55    | 9.55   | 3.38   |
| Price/Book value , end of year                         | 1.44   | 1.44   | 1.75    | 2.26   | 0.61   |
| Share price as on March 31 (National Stock Exchange)   | 170.15 | 149.3  | 161.75  | 184.43 | 85.00  |
| No. of Share Outstanding as on March 31, (in Millions) | 111.60 | 111.42 | 111.18  | 111.00 | 55.23  |
| Bonus Issue                                            |        |        | 1:1     |        |        |
| Dividend Per Share (₹)                                 | 4.50   | 2.50   | 1.25    | 2.00   | 1.50   |
| Dividend (%)                                           | 90.00% | 50.00% | 25.00%  | 40.00% | 30.00% |

## Significant Milestones in the history of the Company

|      |                  |                                                                                                                                                                                                                                                                                     |
|------|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1991 | <i>August</i>    | Infotech Enterprises was incorporated as a private limited company                                                                                                                                                                                                                  |
| 1995 | <i>August</i>    | The company received its first ISO 9002 certification from BVQi London for its conversion services                                                                                                                                                                                  |
| 1997 | <i>March</i>     | Re-organized as a public limited company; IPO of Equity shares at ₹ 20 per share and listed in all major stock exchanges in India                                                                                                                                                   |
|      | <i>April</i>     | Acquisition of SRG Infotech, a 16-year-old local software company providing software services in Oracle and Visual basic client server environments. The acquisition brought into the company the assets, customers, technologies, employees and over 500 person years of expertise |
|      | <i>October</i>   | Partner in Development with IBM for developing Enterprise wide Information System. Infotech Enterprises diversifies into Business software development by adding 50 developers, creating an independent profit centre                                                               |
| 1998 | <i>December</i>  | Infotech Enterprises signs a break-through contract to provide GIS conversion, Consulting and Mapping services worth US\$ 5.5 million to Analytical Surveys, Inc. (ASI)                                                                                                             |
| 1999 | <i>January</i>   | Infotech Enterprises enters into an agreement with Navionics Italy the world leader in seamless marine electronic charts for digitization and Conversion services                                                                                                                   |
|      | <i>June</i>      | Infotech and ASI sign a long term contract for ASI to source US\$ 33 million in conversion and software services from Infotech Enterprises                                                                                                                                          |
|      | <i>July</i>      | Infotech Enterprises establishes a wholly owned subsidiary Infotech Software Solutions Inc. in the United states of America in the state of California. The Corporation is primarily engaged in the business of supplying computer software and related services                    |
|      | <i>August</i>    | Infotech Enterprises announces acquisition of Europe based GIS software solution company- Dataview Solutions Limited. The company acquired Dataview with an upfront cash payment of US \$ 1.80 million and issue of stock of Infotech for US \$1.80 million over the next two years |
|      | <i>September</i> | Infotech Enterprises acquires Cartographic Sciences Pvt. Mumbai- India from Analytical Surveys Inc. - US                                                                                                                                                                            |
|      | <i>September</i> | Infotech Enterprises receives an ISO 9001 for its software development services                                                                                                                                                                                                     |
|      | <i>September</i> | Infotech Enterprises earned the coveted Fast Track Award from Smallworld Pte. Ltd. U.K. for completion of a prestigious GIS project at Bharti Telenet Limited in a record time of five months                                                                                       |
|      | <i>November</i>  | Infotech Enterprises signed a shareholder agreement with Walden Nikko and GE Capital for issue of equity/optionally convertible debentures aggregating to 11,50,000 equity shares of ₹ 10 each at a price of ₹ 350 each                                                             |
| 2000 | <i>January</i>   | Inauguration of the state-of-the-art software development centre spread across 1,30,000 sq.ft. area in Infocity- Hyderabad. The state-of-the-art development centre built at an approximate cost of ₹ 12 crore and can accommodate 4,000 software engineers                         |
|      | <i>April</i>     | Merger of Cartographic Sciences with the Company                                                                                                                                                                                                                                    |

|             |                  |                                                                                                                                                                                                                                                                    |
|-------------|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>2000</b> | <b>May</b>       | Infotech Enterprises enters into a Master Services Agreement with Pratt & Whitney, a division of United Technologies Corporation, a Fortune 100 company                                                                                                            |
|             | <b>October</b>   | 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                                                    |
|             | <b>November</b>  | Infotech Enterprises wins a multimillion dollar GIS project from the Dutch multi-national group, FUGRO                                                                                                                                                             |
| <b>2001</b> | <b>April</b>     | Infotech Europe acquires European GIS distributor Map Centric - a leading independent GIS distributor in Europe                                                                                                                                                    |
|             | <b>May</b>       | Infotech Enterprises bags a contract worth US \$ 7 million to provide Photogrammetry service to Triathlon, a leading full fledged geomatics company in Canada                                                                                                      |
|             | <b>May</b>       | Infotech Enterprises ranks 5th among Top Ten Exporters from Andhra Pradesh for the Year 2000-2001                                                                                                                                                                  |
|             | <b>June</b>      | Infotech Enterprises acquires 10-acres of land to set up a software development campus at Manikonda, Hyderabad.                                                                                                                                                    |
|             | <b>July</b>      | 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                                                                                                                 |
|             | <b>August</b>    | Infotech Enterprises attains the coveted SEI CMM LEVEL 4 certification for its software development centre at Infocity, Hyderabad                                                                                                                                  |
|             | <b>November</b>  | Infotech Enterprises receives ISO 9001:2000 for Software and Engineering Services lines of business by BVQi London                                                                                                                                                 |
|             | <b>December</b>  | Infotech Enterprises announces the opening of the state-of-the-art Engineering services facility in Bangalore, India                                                                                                                                               |
| <b>2002</b> | <b>February</b>  | 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 |
|             | <b>April</b>     | Infotech Enterprises achieves SEI CMM Level 5 for its Software Development & Services Division                                                                                                                                                                     |
|             | <b>April</b>     | Infotech Enterprises' Board recommends issue of Bonus Shares at 1:1 ratio                                                                                                                                                                                          |
|             | <b>August</b>    | Infotech Enterprises bags a major GIS contract from KPN Telecom, the largest telecommunications company in the Netherlands, to provide spatial data management services.                                                                                           |
|             | <b>September</b> | 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)                                                                               |
| <b>2003</b> | <b>April</b>     | 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>September</b> | Infotech Enterprises announces the inauguration of a new development center in Puerto Rico to provide engineering design services                                                                                                                                  |
|             | <b>September</b> | Infotech Enterprises signs long term outsourcing contact with Bombardier Transportation to provide Engineering Services in India                                                                                                                                   |

|             |                  |                                                                                                                                                      |
|-------------|------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>2004</b> | <i>January</i>   | Infotech Enterprises acquires VARGIS - a GIS Company in the US                                                                                       |
|             | <i>July</i>      | Change in Business Model. Verticalization brought into place                                                                                         |
|             | <i>September</i> | Infotech Enterprises divests 51% of its stake in Infotech Aerospace Services Inc. in favour of United Technologies Corporation                       |
|             | <i>September</i> | Infotech Enterprises conferred with BS 7799 standards                                                                                                |
| <b>2005</b> | <i>March</i>     | Infotech Enterprises acquires Tele Atlas India Pvt. Ltd. Tele Atlas (Netherlands) joins as a strategic partner with preferential allotment of shares |
|             | <i>March</i>     | Infotech Enterprises opens branch office in Singapore                                                                                                |
|             | <i>April</i>     | Infotech Enterprises opens branch office in Melbourne, Australia                                                                                     |
|             | <i>May</i>       | Inaugurated Geospatial production facility at Frostburg, Maryland, USA                                                                               |
|             | <i>July</i>      | Infotech Enterprises opens branch office in Dubai                                                                                                    |
|             | <i>September</i> | Wins a landmark GIS contract from KPN Telecom and also signs a 5-year major Engineering Design Agreement with Alstom Transport                       |
|             | <i>October</i>   | Completed 5 years of relationship with Pratt & Whitney                                                                                               |
| <b>2006</b> | <i>March</i>     | Signs a major GIS contract with GE for Swisscom                                                                                                      |
|             | <i>December</i>  | Infotech Enterprises opens branch office at Canada                                                                                                   |
| <b>2007</b> | <i>June</i>      | Acquires 74% stake in Geospatial Integra and renamed the company as Infotech Geospatial (India) Limited                                              |
|             | <i>July</i>      | Preferential allotment of shares to GA Global Investments Limited & Carrier International Mauritius Limited                                          |
|             | <i>August</i>    | Set up Infotech HAL Limited, a Joint Venture Company with HAL, a Navaratna PSU under the Ministry of Defence, at Bangalore                           |
| <b>2008</b> | <i>October</i>   | Acquired TTM (India) Private Limited and TTM Inc; made foray into Hitech Vertical                                                                    |
|             | <i>December</i>  | Established wholly owned subsidiary in Japan                                                                                                         |
| <b>2009</b> | <i>December</i>  | Infotech Enterprises opens branch office in Malaysia                                                                                                 |
| <b>2010</b> | <i>January</i>   | Infotech Enterprises signs a long term engineering services contract with Hamilton Sundstrand                                                        |
|             | <i>January</i>   | Acquired Daxcon Engineering Inc., USA (Step down subsidiary)                                                                                         |
|             | <i>August</i>    | Acquired Wellsco Inc., USA (Step down subsidiary)                                                                                                    |
| <b>2011</b> | <i>May</i>       | Awarded 'Supplier of the year' by Boeing                                                                                                             |
|             | <i>November</i>  | IGIL becomes a wholly owned subsidiary                                                                                                               |
| <b>2012</b> | <i>October</i>   | Set up branch in South Korea                                                                                                                         |
|             | <i>October</i>   | Won Golden Peacock Award for excellence in Corporate Governance                                                                                      |
| <b>2013</b> | <i>January</i>   | Inaugurated New Development Centre in SEZ at Kakinada                                                                                                |

## Shareholder Handbook

### When was Infotech Enterprises Limited (company) founded?

The company was incorporated as a Private Limited Company on August 28th, 1991 under the Companies Act, 1956. The Company was converted into a Public Limited Company vide resolution dated 21 April 1995.

### What is the company's area of operations?

Infotech Enterprises provides leading-edge engineering solutions, including product development and life-cycle support, process, network and content engineering to major organizations worldwide. With over two decades of continuous growth, Infotech leverages a global delivery and collaborative engineering model to achieve measurable and substantial benefits for our clients. Whether your organization needs to design innovative products faster, optimize R&D costs, increase market share, enhance operational efficiency or maximize the return on investment in your networks, Infotech Enterprises is the ideal partner.

Infotech has 10,000+ associates across 36 global locations. We adopt a proactive approach to serve our clients with our best-in-class delivery centers in North America, Europe, Middle East and Asia Pacific. Our clients span multiple industries such as Aerospace, Consumer, Energy, Medical, Oil and Gas, Mining, Heavy Equipment, HiTech, Transportation, Telecom and Utilities and include 22 'Fortune 500' and 27 'Global 500' blue chip organizations.

In order to create and deliver services that exceed clients' expectations consistently and enhance their business agility, Infotech employs a framework of robust internal processes to ensure IP security, quality of solution and on-time delivery. Infotech aligns with industry best practices and internationally renowned standards and frameworks including International Standards Organization (ISO) 9001:2008, Information Security 27001:2005, Aerospace (AS9100 C), and Medical Devices (ISO 13485).

### 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.

### 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.

### 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 are the quality certifications that the company has?

Infotech is certified by Bureau Veritas Certification (India) Pvt. Ltd. (BVCI) for compliance with 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 with AS 9100 Rev C (Aerospace Quality Management Systems) covering Hyderabad & Bangalore locations. Medical and Rail practice groups are certified with respect to ISO 13485:2003 (Medical Devices Quality Management System) and IRIS Rev 2 (International Railway Industry Standards) for Hyderabad location.

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 stands for Achieving Competitive Excellence and forms the Quality Operating System of United Technology Corporation.

IT divisions of Infotech are gearing up for CMMI - DEV Version 1.3 appraisal in the first quarter of FY 2013-14.

**Where is the company located?**

The company is headquartered in Hyderabad, India and has a global presence across 36 locations. Full details of the locations are published elsewhere in this Annual Report.

**What is the address of the company's registered office?**

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.

**What is the company's financial year?**

The Company follows a financial year that begins on April 1 and ends on March 31.

**Who are the company's auditors?**

Internal Auditors: Bhaskara Rao & Company

Statutory Auditors: Deloitte Haskins & Sells

**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                | 2006  | 2007  | 2008 | 2009 | 2010 | 2011 | 2012<br>(Interim) | 2012<br>(Final) | 2013*<br>(Interim) | 2013^<br>(Final) |
|---------------------|-------|-------|------|------|------|------|-------------------|-----------------|--------------------|------------------|
| <b>Dividend (%)</b> | 22.5% | 22.5% | 24%  | 30%  | 40%  | 25%  | 25%               | 25%             | 40%                | 50%              |

\* On November 7, 2012 the Board of Directors of the Company recommended and paid an interim dividend of 40% for the financial year 2012-13

^ On April 25, 2013, the Board of Directors of the Company recommended a final dividend of 50% for the financial year 2012-13.

**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.

**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 : +91-40-44655000/44655152  
Fax : +91-40-44655024/23420814  
Email : mohsin.mohd@karvy.com; einward.ris@karvy.com  
Website : www.karvycomputershare.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.

### **In which stock exchanges are the company's shares listed and what are the codes?**

The company's equity shares are listed in India on the National Stock Exchange (NSE: INFOTECENT) and the Bombay Stock Exchange (BSE: 532175).

### **What is the company's ISIN code?**

Infotech Enterprises' ISIN code is INE136B01020

### **How many shares are outstanding?**

As of March 31, 2013, the company had 111,602,967 shares outstanding.

### **What is the record date and payment date of the interim/final dividend?**

You can find the record date/payment date for the last announced dividend in the Announcements section of the Investor page on our website. These details are also notified to the stock exchanges on the same day of the announcement of the dividend and available on the BSE and NSE websites.

### **Does the company have a quiet period? When is that?**

The quiet period at the company begins 14 days before the date of the board meeting and lasts until the day after the quarter's earnings release. During this period, the company's management refrains from communicating with market participants.

### **When is the AGM held?**

The Annual General Meeting (AGM) is typically held in mid-July. The formal announcement will be published on the Investors page of our website, closer to the event. If you are a shareholder, you will receive a formal notice of the meeting, containing details of the date, time and venue, alongside the Annual Report.

### **How does a person buy the company's shares?**

The company's shares can be purchased in the open market in India through either a stock broker or any financial institution that provides brokerage services at the BSE or NSE.

### **How can a shareholder access information about the company?**

Information about the company is available on its website. Further, all information that is material in nature is notified to stock exchanges and appropriate advertisements are also issued in the news papers.

### **Does the company accept fixed deposits from the public?**

The Company does not accept fixed deposits.

### **How does a shareholder record a change in my address?**

For physical holdings, please send a letter, duly signed by the first holder, stating the new address and folio numbers of the shares you own to our R & T agents. An acknowledgement will be sent to your new address confirming the updation of the change in our records.

In the case of dematerialized holdings, please write to your Depository Participant (DP) intimating them of the change and ask for a confirmation that their records reflect the new address.

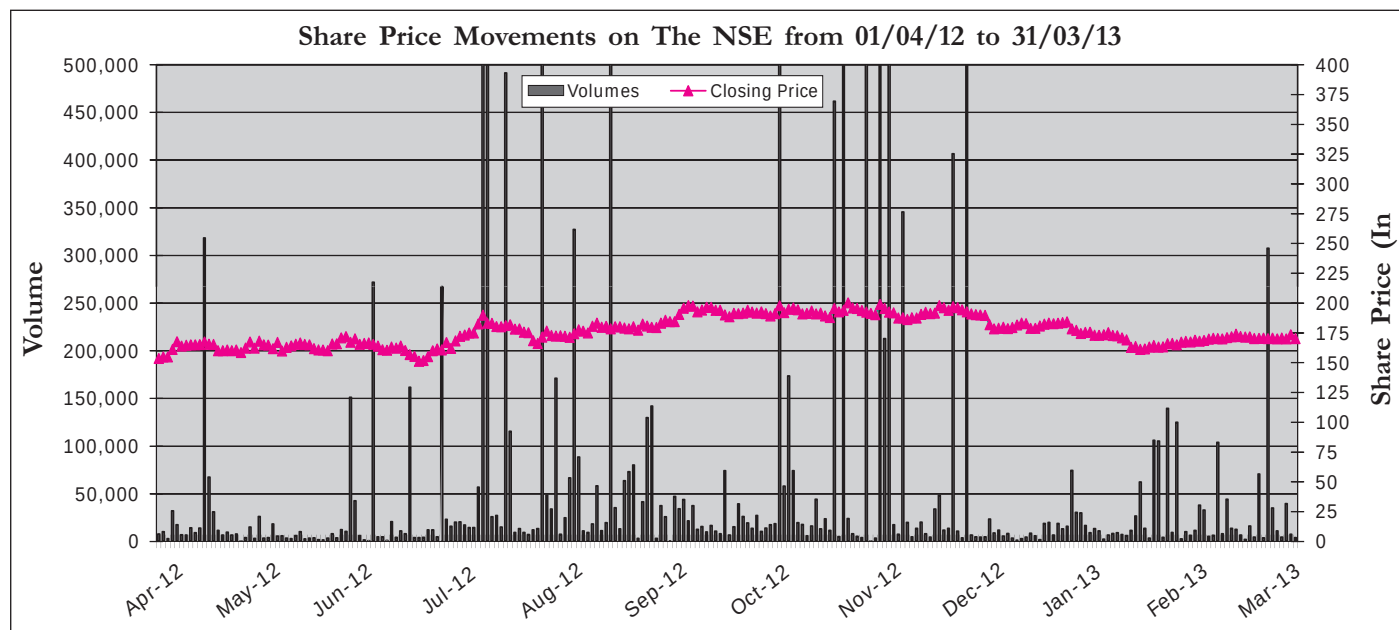
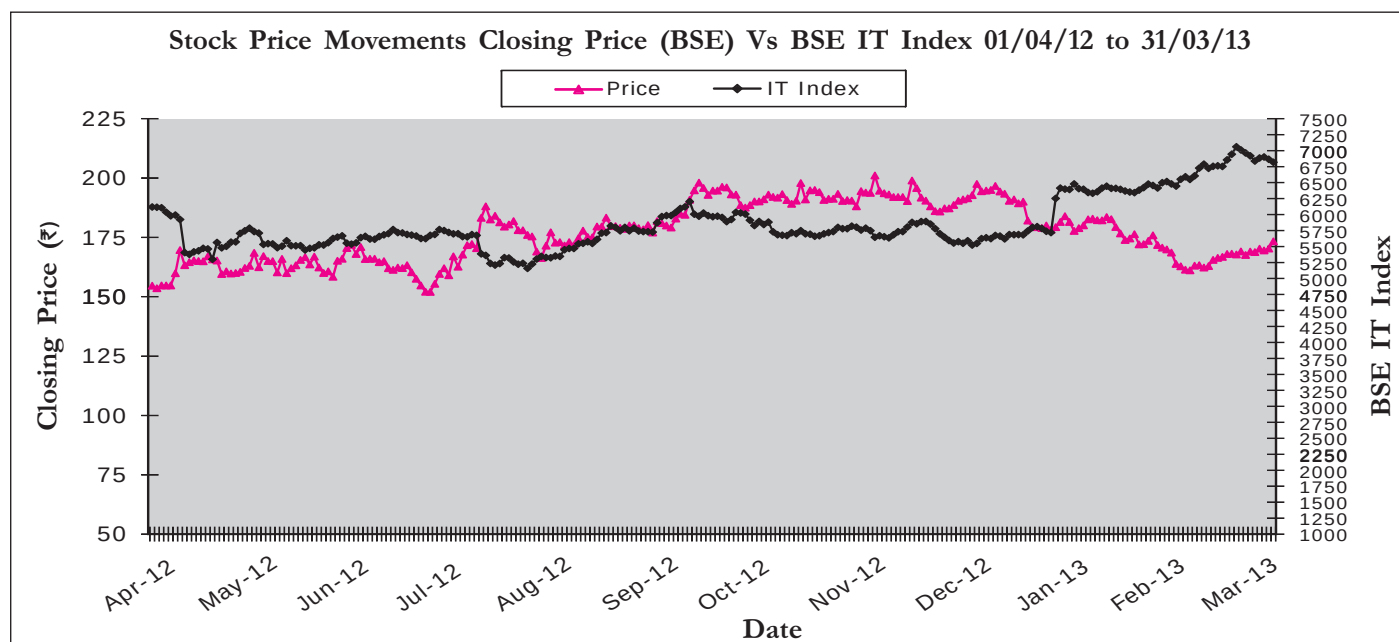
### **My dividend cheque is lost/was never received/has expired. How do I get a fresh cheque re-issued?**

Please write to our R&T Agent, with details of folio numbers (in the case of physical holdings) or the DP ID and Client ID in the case of dematerialized holdings. After verification, they will issue a fresh instrument.

To avoid this problem in the future, you can use the ECS facility in which the dividend amount is automatically credited to the bank account of your choice. To avail of this facility, give your request to our R&T agent in writing.

Also, you might consider dematerializing your holdings through a Depository Participant. This would not only eliminate the issues of storage and risk of loss of paper certificates but also ensure automatic crediting of dividends to your bank account.

## Share Price Movements



Company 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 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)

## Technology Centres

### India

**Infotech Enterprises Ltd.**  
11, Software Units Layout,  
Infocity, Madhapur,  
Hyderabad – 500 081.  
Tel: +91-40-23110357

**Infotech Enterprises Ltd.**  
2, IT Park,  
Nanakramguda, Manikonda,  
Hyderabad – 500 032.  
Tel: +91-40-23139100

**Infotech Enterprises Ltd.**  
NSL SEZ Arena, 9th Floor,  
Block-6, Survey No.1,  
Plot No.6  
Ramanthapur Road, Uppal,  
Hyderabad- 500 039  
Tel: +91-40-67043434

**Infotech Enterprises Ltd.**  
Katayani Hi-Tech Complex,  
13-1-61/64, Surya Rao Peta,  
Main Road, Opp. Apollo  
Hospital,  
Kakinada – 533 001.  
Tel: +91-884-6661848

**Infotech Enterprises Ltd.**  
1,2,3, 4 & 5A, APIIC IT SEZ,  
Sarpavaram,  
Kakinada - 533 005  
Tel: +91-884-23267000

**Infotech Enterprises Ltd.**  
Survey No. 410, Plot No. 14,  
SEZ Units, Hill No. 3,  
Rushikonda, Madhuravada (V),  
Visakhapatnam-530 007  
Tel: +91-891-6693100

**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

**Infotech Enterprises Ltd.**  
7, NSEZ, Phase-II,  
Noida-201 305  
Tel: +91-120-

### USA

**Infotech Enterprises America, Inc.**  
330 Roberts Street, Suite 102,  
East Hartford, CT 06108.  
Tel: +1-860-5285430

**Infotech Enterprises America, Inc.**  
2055 Laurelwood Road,  
Santa Clara, CA 95054.  
Tel: +1-408-2130370

**Infotech Enterprises America, Inc.**  
1707 Linwood Drive,  
Paragould, AR 72450  
Tel: +1-870-2361080

**Infotech Enterprises America, Inc.**  
8001, N. University Street,  
Peoria, IL-61607  
Tel: +1-309-6975975

## 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.**  
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.  
Tel: +44-20-74040640

**Infotech Enterprises GmbH**  
Dorfstrasse 12,  
3032 Hinterkappen,  
Switzerland.

**Infotech Enterprises GmbH**  
Mollenbachstrasse 37,  
71229 Leonberg, Germany.  
Tel: +49-7152-9452-0

**Infotech Enterprises Goteborg 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.**  
Minervum 7491, 4817 ZP,  
Breda,  
The Netherlands.  
Tel: +31-76-5722-966

**Infotech Enterprises GmbH**  
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,  
Tel: +61-386054815

**Infotech Enterprises Ltd.**  
37 Bligh Street,  
Sydney NSW 2000  
Tel: +61-2-82336100

**Infotech Enterprises Ltd.**  
45 Ventnor Avenue,  
West Perth, WA 6005  
Tel: + 61-8-94298812

### New Zealand

**Infotech Enterprises Ltd.**  
Level 27, PWC Towers,  
188 Quay Street,  
Auckland.

### Dubai

**Infotech Enterprises Ltd.**  
Dubai Airport Free Zone  
Authority (DAFZA),  
P.O. Box 54713, Dubai.  
Tel: + 971-50-6867045

### Japan

**Infotech Enterprises Japan KK**  
Sho-Building, 6 F, 3-14-5,  
Nihonbashi, Chuou-ku,  
Tokyo 103-0027  
Tel: +81-3-35279825

### 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.**  
7575 Trans-Canada Hwy.,  
Suite 500  
St. Laurent, Québec H4T 1V6  
Canada  
Tel: +514-4890370

### Malaysia

**Infotech Enterprises Ltd.**  
Level 28,  
The Gardens South Tower,  
Mid Valley City,  
Lingkar Syed  
Putra,  
59200, Kuala Lumpur

### South Korea

**Infotech Enterprises Ltd.**  
21 F Seoul Finance Centre, 84  
Taepyeongro 1 -ga, Jung-gu,  
Seoul, 100-768.

### Taiwan

**Infotech Enterprises Ltd.**  
4F, No.607, Rulguang Road,  
Neihu Dist., Taipei City, 11492  
Tel: +886-9-17737868

## **Additional facility provided to the shareholders to vote on the Annual General Meeting resolutions in the electronic mode**

The company recognizes the fact that all shareholders do not attend the Annual General Meeting (AGM) of the company and despite the fact that the resolutions proposed thereat are passed with the requisite majority, a holistic response of the shareholders is not reflected in the same.

As a good governance practice and to enhance the levels of corporate democracy, the company proposes to introduce a non-mandatory ballot through the internet as a channel for shareholders to informally provide their consent/dissent on the resolutions included for transaction at the AGM. This process will enable the company to assess the views of the shareholders who do not attend and participate in the AGM.

It may be kindly noted that the said non-mandatory postal ballot being conducted through electronic mode (via the internet) is not in lieu of or in substitution of the right of the shareholder to attend, participate and vote at the AGM. It is a shareholder friendly initiative to encourage wider participation in the business of the AGM. The non-mandatory ballot will not have the force of a legally binding vote and will not be construed as a vote in the AGM.

Further, it may be noted that regardless of your participating in this non-mandatory ballot through the internet, you as a shareholder are entitled to attend and vote at the AGM or appoint a proxy in lieu.

A summary of the non-mandatory voting results will be announced at the AGM.

### **Instructions for Online Voting**

**Instructions for Online Voting are as follows :**

To access the non-mandatory online voting portal, use the following URL:

**<http://karisma.karvy.com/infotech>**

**Instructions for voting:**

1. Shareholders will have to choose between the three modes of holding - holding shares in physical form, holding shares in a demat account with a depository participant connected to National Securities Depository Limited (NSDL) or holding shares in a demat account with a depository participant connected to the Central Depository Services (India) Limited (CDSL).
2. Investors having a demat account with a depository participant connected to NSDL: Enter the depository participant identification number (DP ID) and client identification number (Client ID).

Example : DP ID - IN302902 and Client ID - 11111111

3. Investors having demat account with a depository participant connected to CDSL: Enter the 16-digit demat account number.

**Example:** Demat Account Number is 1234567832145678

4. Investors holding shares in physical form: Enter the registered folio number.

**Example:** Folio - IEL000123.

5. If valid entries are done as mentioned in steps 2, 3 or 4, you will be able to cast your ballot successfully. Cast your ballot by clicking on the check box corresponding to each resolution and make your selection by choosing "In Favour", "Against" or "Abstain" for each resolution. Alternatively, you can also click on the SELECT ALL button and cast your ballot.
6. Click the SAVE/NEXT button to preview the options that you had selected in the previous step.
7. Click the SUBMIT button to cast your vote for the online ballot.
8. Investors may cast their non-mandatory ballot only once on a resolution, using a specific demat account. If an investor has multiple demat accounts, he/she will be able to participate in the non-mandatory ballot separately, for each demat account, by using the respective DP ID and Client ID.
9. The portal will be open for voting from 8 July 2013 to 15 July 2013.



## 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

Current

Cash Credit

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)



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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 Thursday, the 18th day of July, 2013 at 2:30 p.m. at L&D Centre, Plot No. 2, IT Park, Nanakramguda, Manikonda, Hyderabad - 500 032, 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

[illegible]

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 Thursday, the 18th day of July, 2013 at 2:30 p.m.  
at L&D Centre, Plot No. 2, IT Park, Nanakramguda, Manikonda, Hyderabad - 500 032, India, or/any adjournment thereof.

Signed this..... day of ..... 2013

Member's Folio Number/Client ID No.....

Number of shares held.....

Name & address.....

.....

**Affix  
Revenue  
Stamp**

NOTE: The proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.

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## Notes

## Notes

## Notes

## Notes



Infotech receives the Golden Peacock Award for Excellence in Corporate Governance



Infotech receives "Supplier of the Year" from Boeing for the Second Time



**Global Headquarters:** Infotech Enterprises Limited, Plot No. 11, Software Units Layout, Infocity, Madhapur, Hyderabad - 500081, India

Tel: +91 40 2311 0357 | Fax: +91 40 2312 4043

[www.infotech-enterprises.com](http://www.infotech-enterprises.com)