19th ANNUAL REPORT 2009-10

Infotech

Creating Business Impact

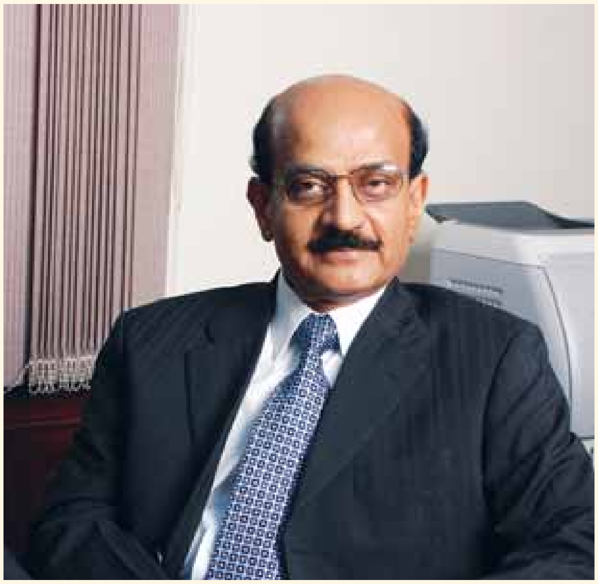
ALL SET TO SCALE NEW HEIGHTS

VIEW FROM THE TOP

It's exhilarating. It's challenging. And it feels as if you're on top of the world. It takes guts of steel to fight against numerous odds and come up on top. The year that passed by was a tough one for everyone. Thankfully, we not only managed to maintain our leadership position during this turbulent time with ease, but also post impressive results. Thanks to our rock solid strategies and the dedication of every associate.

When we look back at the year that went by, it was packed with challenges and triumph. For the very first time in the history of Infotech, we reached an annual total income of Rs. 1,000 Crores. We were able to further bolster our position through strategic acquisitions and contracts. And this year will witness the Infotech flag flying higher than ever before.

FROM THE CHAIRMAN



Dear Shareholders,

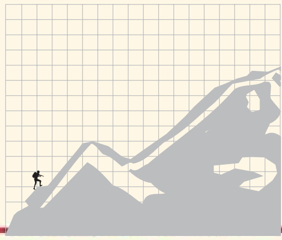
I am happy to share with you my thoughts on the performance of your Company during the financial year (FY) 2009-10, and also on what future holds for all of us.

Without debate, FY '09-10 was a very challenging year for the industry and so was it for your Company. All markets your Company operates in had significant economic challenges, customers worldwide had to confront steep demand fall and cuts in consumer spending which impacted their business in ways not seen in recent times.

However, your Company's strong business model, deep engagement with customers, robust systems and processes, focus on creating value for customers and a strategic business mix provided the resilience required to withstand the rough weather. In fact, not only did we withstand heavy headwinds, we did grow and have crossed some significant milestones too!

Major highlights of our financial performance are:

- Total Income reached Rs. 1,000 Crores - a major milestone
- Operating Revenues at Rs. 953 Crores; growth of 7.1% over FY '09
- Operating Revenues of over $200 million
- Operating Margins at 21.9%, an increase of 180 basis points over FY '09 – a reflection of your Company's sustained efforts on improving efficiencies in all areas of operations



From the Chairman

- Profit before Taxes at Rs. 208 Crores, crossing Rs. 200 Crores for the first time
- Profit after Taxes at Rs. 171 Crores, growth of 84.7% over FY '09
- Strong cash balance of Rs. 383.6 Crores
- Top-10 and Top-5 customers grew healthily (7% and 4% respectively) – a reflection of your Company's continued focus on creating long-term value for its customers
- Business pipeline looks very strong as we close the year – we have signed large long-term contracts with Hamilton Sundstrand, Westinghouse Electric, Seawell Corp., Volker Wessels Telecom (VWT) and many others
- The Board of Directors have proposed a dividend of 40% and also an issue of bonus shares in the ratio of 1:1. The issue of bonus shares has been approved by the members through postal ballot and the payment of dividend is being presented for your approval at the AGM

Not only did your Company grow, but also has made significant investments in FY '10 through acquisitions and investments. Your Company has recently acquired Daxcon Engineering Inc based in Peoria, Illinois, USA. Established in 1996, Daxcon is a pure-play engineering services company focusing on heavy engineering and commercial vehicles industries. This acquisition brings to your Company 150 plus domain experts, another global delivery centre in USA and long-term relationships with key customers in the two industries that Daxcon operates. Your Company has completed the integration of Daxcon into the engineering business and results that we have seen in the first few months post-acquisition have been very encouraging.

As FY '10 ended, I believe your Company is in a very strong position to grow further and consolidate its position as one of the world's best engineering services providers. Let me elaborate further on what your Company is doing for the future.

Business segments

Engineering - Effective Apr. 01, 2010, your Company has reorganised its internal structure and has brought all engineering businesses under the unified leadership of Mr. Krishna Bodanapu. While the practice-based focus continues, I believe that this reorganisation will help your Company serve customers better with the sharing of best practices, and more importantly, attain economies of scale, and build large, long-term engagements with key customers. This reorganisation also helps bring different competencies under one roof and thus help engage with customers on multiple service lines.

Utilities, Telecom and Government (UTG) – In this vertical, your Company has continued its strategy of widening its service offerings into adjacent areas beyond Geospatial data and Software services. In the context of transforming its UTG business into an "Engineering Solutions" provider, the Company has developed a range of end-to-end solutions that focus on the design, planning, operation, optimisation and support of Utilities, Telecom and large Government networks. Examples of new business lines in these verticals include Network Engineering and Operational Support Services, which will underpin the rollout of new fiber broadband networks in various geographies, as well as Smart Metering and Smart Data Solutions to support the deployment of next generation Smart Grids.

To support this transformation, I am pleased to report that significant investments have been made in building the skills and expertise in both our Utilities and Telecom Practice groups. At the delivery level, the Company now has both onshore and offshore delivery capability to support its ability to deliver engineering solutions to Utility, Telecom and Government clients worldwide. For example, with the opening of Delivery Centre in Dallas, Georgia, the Company has a dedicated Telecom Delivery Centre in each of its core markets – one in the US, one in the UK and one in Australia.

As you would see from the above, your Company is taking the path of Engineering Solutions – Product Development Engineering (PDE) and Infrastructure Management and Networking Engineering (INE) - in the major vertical segments it operates in. This, we believe will definitely help us become the Engineering partner of choice.

Innovation

Your Company always has accorded high priority to innovation along multiple lines – product, process and business. In FY '09-10 we have made significant progress along these. Innovation along these three lines will continue to be the centerpiece of growth:

- Product innovation along with customers (many of the products that your Company has designed and developed have been path-breaking and led to IP creation)
- Process innovation – Optimising internal business processes and project execution methodologies has been central to our financial performance during FY '09. Your Company will continue to focus on

From the Chairman

minimising operational inefficiencies and bring in process innovation in all facets of operations

- Business Innovation – Your Company already has leadership position in business model innovation (ODC, BOT, JV, Equity, Co-location, etc.) in the industry. During FY '09-10, we have adopted innovative pricing models, which have significantly helped us in winning business. Associate profit sharing models should motivate our Associates. Going forward, I believe, innovation around business models and pricing models will be critical as customers' expectations from vendors are increasing. Having had a headstart over competition, your Company will continue to focus on these areas and strengthen its leadership position.

Global Collaborative Engineering

Your Company believes form and factor of product development will undergo a major change in years to come. Customers the world over are looking for partners (not just vendors) who can help them conceive-design-develop-deploy great products in a global environment. Realising this, your Company has already started transforming itself into becoming a world leader in Global Collaborative Engineering. We are leveraging the existing building blocks and putting together an overarching framework around these blocks aimed at:

- Reducing total cost of Engineering
- Improving Engineering and R&D efficiency by leveraging domain expertise, product knowledge and global delivery models
- Help customers localise products for various market segments and geographies

People

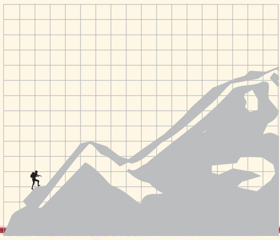
People have been the single most competitive resource for your Company over the years, and will continue to be so for years to come. It is this strong belief that has led your Company to adopt some of the industry-best people practices. People development is a major focus area for your Company and thus we continuously invest in building domain, process, and technology expertise.

Given the fast-paced growth in India, the war for talent is getting intense every day. In these times, talent development/ retention becomes even more critical than talent acquisition. Recognising this trend, your Company has enhanced its focus on leadership development multifold in the last two years. Our robust leadership development framework lays requisite emphasis on each of the three layers of management - strategic, middle and the frontline leadership. We have defined the unique blend of leadership competencies for our businesses and have put in place an in-depth process to develop the same using the 270 degree feedback mechanism, psychometric profiling, internal and external training programmes, coaching, mentoring, job shadowing and on-the-job learning for developing specific individual needs. We lay additional emphasis on the development of soft skills as Associates move up the ladder.

I believe leadership development at all levels will be critical to your Company realising its vision of 'Being a $1 Billion Enterprise'.

Processes

Process excellence has been a major contributor to your Company's success ever since its inception. As your Company embarks on a journey of rapid growth, we realise that 'scalable process excellence' is going to be very critical and hence have increased our thrust on building robust,



From the Chairman

integrated and scalable processes and systems. A slew of systems aimed at internal process excellence like SAP, standard costing, project profitability, asset tracking and utilisation have been rolled out.

Another set of processes aimed at performance excellence like project management methodologies, automation through technology deployment, and developing reusable solutions are increasingly being thrust upon in every customer engagement. Investments in industry/customer specific standards, certifications continue to be a focus area, and I believe these are going to be critical differentiating factors as we seek and deliver more system/ sub-system level engineering.

Customer Centricity

Your Company has a great track record of acquiring-engaging-scaling relationships with some of the world's best companies. All of this has been attributed to the customer-centric philosophy that your Company has adopted over the years. The same philosophy has been our biggest boon in the challenging times that we had last year – every single important engagement that your Company had has grown healthily during the FY '09-10.

The recent reorganisation we have done is another initiative in increasing customer centricity in the Organisation even further. Your Company has embarked upon a strategy of 'Must-Own' customers in each practice we focus on, and has developed detailed plans on owning these customers by adopting a multi-pronged strategy centered on customer centricity.

Mergers and Acquisitions

M&A is an integral part of our business strategy. The year 2009 was relatively a quiet year due to the global economic turbulence. During this period, we focused on improving our processes and incorporate the learnings from the previous acquisitions to establish a robust integration process that has resulted in a flawless integration of Daxcon earlier this year.

We also integrated our previous acquisition of TTM Inc. in 2008 through the extremely turbulent times in the semiconductor markets, demonstrating both resilience and the strategic focus your Company has in these markets. I am pleased to inform that it is one of the fastest growing divisions of your Company.

We continue to follow a disciplined M&A process to accelerate our business strategy. Keeping in line with our desire and our customer expectations of being a strategic engineering partner to meet their future engineering needs, our M&A is focused on:

- Strengthening domain expertise in new market segments within existing verticals – to address either adjacencies or deep-diving
- Establishing a global network of design engineering centres that offer our customers the right mix of proximity, skill and price
- Forging strategic, long-term relationships with large engineering companies

This year, we saw tremendous amount of team effort to surpass market expectations, in spite of economic challenges. On your behalf, I would like to place on record the contribution made by the associates and congratulate them for creating value for our customers, which in turn has helped your Company grow even stronger.

I also thank you for supporting us through this difficult year and standing by us. All of us greatly appreciate it and without your continued support, it would not have been possible for us to deliver results.

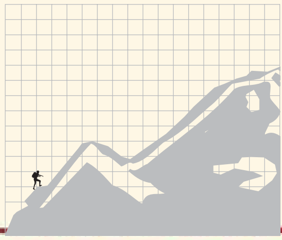
Warm regards,

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

INTRODUCTION

When you dream big and work towards it, the entire universe conspires to make it happen. We at Infotech believe in this philosophy to the core. The year that passed by has helped us take pride in our strengths and trust in our capabilities. We're on the path to scale new heights this year. Thanks to the commitment of our associates, our pursuit of excellence and our passion to create value to all stakeholders.

We all are geared up to take on 2010 with a never before fervour and strategic focus. We are set to scale greater heights in the coming months. To create new landmarks and take Infotech to the next level.



The year at a glance 2009-10

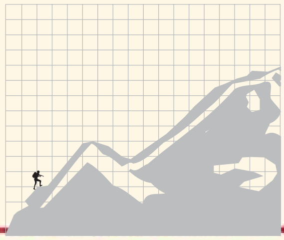
THE YEAR AT A GLANCE - CONSOLIDATED

(In millions, except as otherwise stated)

Particulars	March 31, 2010		March 31, 2009	
	Rs.	USD	Rs.	USD
For the Year				
Operating Revenue	9,531.21	201.04	8,897.50	193.42
Total Income	9,994.91	210.82	8,603.00	187.02
Operating Profit (EBIDTA)	2,083.09	43.94	1,785.04	38.81
Net Profit After Tax (PAT)	1,708.76	36.04	924.84	20.11
EBIDTA as a percentage of Operating Revenue	21.86%	21.86%	20.06%	20.06%
PAT as percentage of Total Income	17.10%	17.10%	10.75%	10.75%
Basic Earnings per Share (Rs.)	30.88	0.65	17.36	0.38
Dividend per Share (Rs.)	2.00	0.04	1.50	0.03
Dividend Amount	111.00	2.34	82.84	1.80
Fixed Assets - Addition (Net)	393.31	8.34	1,109.81	24.13
At the end of the Year				
Total Assets	11,270.10	237.72	10,509.50	228.47
Fixed Assets (Net)	3,154.40	66.53	3,008.56	65.40
Cash and Bank Balance	2,337.23	49.30	3,333.50	72.47
Working Capital	3,901.09	82.28	4,325.58	94.03
Total Debt	43.99	0.93	194.72	4.23
Net Worth	9,063.45	191.17	7,703.31	167.46
Equity	277.50	5.85	276.15	6.00
Market Capitalisation	20,471.00	431.79	4,527.30	98.42
USD Exchange Rate (Rs.)	--------	47.41	--------	46.00

Market Capitalisation is calculated by considering the share price at the National Stock Exchange of India Limited on March 31 of the respective years on the shares outstanding as on the date.

* Figures are regrouped and reclassified wherever necessary

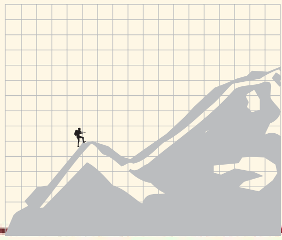


Key performance highlights 2009-10

- Reached Rs. 1,000 Crores in Total Income - a major milestone in the history of Infotech
- Recorded revenues of over $200 million, a 7.1% increase over FY '08-09
- Entered into a long term engineering services contract with Hamilton Sundstrand, in the Avionics domain
- Signed a long term engineering services contract with Seawell, a global Oil and Gas major for setting up an engineering design centre
- Signed an agreement with Westinghouse Electric Company, for the provision of engineering services in India. Infotech will augment the engineering resources of Westinghouse as it prepares for global nuclear energy business growth, and will lay the foundation for the Westinghouse AP1000™ nuclear power plant work in India
- Signed a three-year agreement with the Dutch telecommunications engineering and technology company Volker Wessels Telecom for providing specialist solutions in Telecommunications Engineering to the Telecommunications Industry worldwide
- Signed a multi-year contract with inCONTROL Tech (iTECH), Malaysia, to implement an Enterprise GIS Information System for Tenega Nasional Berhad (TNB), the largest electric utility company in Malaysia
- New services launched: Engineering - plant engineering, sustenance engineering and requirement-based engineering; Utilities - solutions to cater to Smart Grid programmes
- Won the Urban Property Ownership Records "Technical Service Provider" project for 5 towns in Karnataka
- Pratt and Whitney, Canada Site and Quality Cell at Bangalore received the ACE Gold Certification. Pratt and Whitney USA and Hamilton Sundstrand recertified as ACE Gold Cells
- Bombay Stock Exchange (BSE) included Infotech Enterprises Limited in its BSE Mid Cap Index
- Acquired Daxcon Engineering Inc., Peoria, Illinois, USA, in an all-cash deal
- Inaugurated a state-of-the-art Learning Centre at the Manikonda Facility, Hyderabad
- The Board of Directors recommended 40% dividend (Rs. 2 per equity share of Rs. 5 face value)
- The Board of Directors recommended a 1:1 bonus issue of shares

THE INFOTECH EDGE

Over the years, Infotech has evolved into a world class organisation, where excellence, compassion and camaraderie are given utmost importance. Our passion for excellence has helped us emerge as one of the world's best engineering services providers. And our commitment towards this camaraderie has helped us build a cohesive workforce. There's lot more that makes Infotech the best.



Engineering Services Highlights for 2009-10

Contract with Hamilton Sundstrand Corporation

On 18 January, 2010, Infotech signed a long-term agreement with Hamilton Sundstrand Corporation (HSC) to provide embedded software and electronic engineering design services worldwide. This new contract builds on a relationship that started in 2005, and will enable Infotech to work with all HSC divisions across multiple disciplines and projects in a real time engineering environment, with an opportunity to add 400 engineers in the next three years.

Infotech signs up with Westinghouse Electric

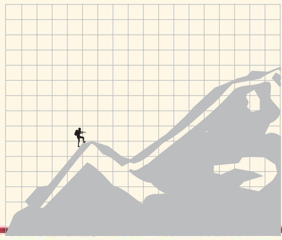
Infotech signed up with Westinghouse Electric to set up the Westinghouse India Engineering Centre (WIEC) at its facility in Hyderabad. The centre was inaugurated on 28 April, 2010 by Ms. Meena Mutyala, CEO, Westinghouse India, in the presence of leaders from both Westinghouse and Infotech. The US Consulate General, Mr. Cornelius Keur presided over the function. The strategic partnership enables Westinghouse to strengthen its engineering capability for continuing growth in the global nuclear energy business and will lay the foundation for the Westinghouse AP1000™ nuclear power plant project in India.

Infotech acquires engineering firm in US

Infotech acquired Daxcon Engineering Inc. in an all-cash deal to strengthen its domain expertise. The deal also helps in forging long-term relationships with large engineering companies. Daxcon is a great strategic fit for Infotech and would enable the Company to offer a more complete solution to establish a global network of design engineering centres that offer customers the right mix of proximity, skill and cost advantage.

Daxcon is an engineering services company focused on heavy equipment engineering, commercial vehicles and aerospace sectors based in Peoria, IL. The company was incorporated in 1996 and has over 150 people operating out of 3 offices in the USA. It has developed a leadership position in the market segments in which it operates, and is engaged with industry leaders in each of these segments as its long-term customers.

With this acquisition, Infotech would inherit deep domain expertise in these segments, strong long-term customer relationships and a US delivery capability – all of which are very critical to accelerated growth. Infotech's larger geographic presence and reach complements Daxcon's strong relationships in the heavy equipment engineering and commercial vehicle industry. The deal enables Infotech to become a dominant player in the heavy engineering segment by futher bolstering its dominant position in the Aerospace, Rail and Energy segments.



UTG Highlights for 2009-10

Infotech joins hands with VWT Infra

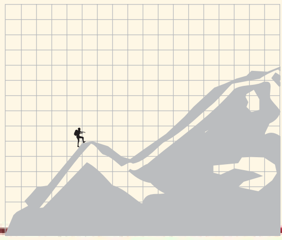
Infotech signed a three year agreement with the Dutch telecom engineering and technology company Volker Wessels Telecom. The agreement will enable Infotech to provide a new service offering in telecom engineering to the telecom industry worldwide. Infotech and Volker Wessels Telecom Infra have a long standing relationship that started during the KPN total conversion project, in which Infotech converted 130,000 km of telecom network data and Volker Wessels Telecom provided Infotech with a Quality Team, and was also responsible for the onshore back office.

Volker Wessels Telecom is a leading supplier of infrastructure services to European telecommunications providers. The collaboration with Infotech will enable Volker Wessels Telecom Infra to extend its capacity to carry out drawing registration and engineering work for copper and fiber telecom networks, using Infotech's resources and expertise.

Infotech enters South East Asia by opening office in Malaysia

Infotech opened a new office in Malaysia to serve the South East Asian markets. This new office in Kuala Lumpur will meet the needs of Infotech's existing customers and provide a platform for new business development for its UTG vertical in the South East Asian region.

Infotech has already established a strong presence in the South East Asian market by securing a large multi-year/multi-million dollar GIS implementation project from Tenaga Nasional Berhad (TNB). TNB is the largest electricity utility company in Malaysia, serving over 7 million customers. In addition, Infotech is also implementing another prestigious project for a telecom company based in Singapore. With a local presence in this market, Infotech will be able to further consolidate its position in the region.



UTG Highlights for 2009-10

Infotech wins the TeleAtlas Performance Cup – The TeleAtlas Challenge

At the beginning of 2009, TeleAtlas announced a competition among their six production plants worldwide:

- TeleAtlas (Poland, US, Thailand, Belgium)
- RITU (China) • Infotech

The performance of each production unit was measured quarterly on operational parameters covering Process Compliance, Efficiencies, Quality, Delivery and Cost.

Infotech took up this challenge with fervour and our team ensured that we stay ahead of the competition every step in the process. The race culminated in a Grand Finale with TeleAtlas acknowledging Infotech's performance and awarding us with the TeleAtlas Cup for 2009.

Kakinada makes it big

Infotech's Kakinada facility received an award as the "BEST IT COMPANY – Kakinada" from ITsAP, an IT & ITES industry association (formerly HYSEA) of Andhra Pradesh, during their annual products showcase and awards function held on 12 and 13 March 2010 at the HICC, Hyderabad.

Focus on Quality

Infotech received the International Railway Industry Standard (IRIS) Rev. 02 Certification in its first attempt on 12 March, 2010, audited by DQS GmbH International auditor team with a score of 78%. So far Infotech is the only rail engineering services company in India that has received the Rev. 02 Certification. Developed by UNIFE, the Independent Association of European Railway Industries, and supported by system integrators, equipment manufacturers and operators, IRIS is an internationally recognised standard for the evaluation of railway industry management systems. The main objective of IRIS is to improve the quality in the rail sector by reduction of efforts and costs. IRIS adds additional requirements to ISO 9001:2008, including best practices, to meet rail industry needs.

Corporate Social Responsibility

Lending a helping hand-CSR initiatives at Infotech

Corporate Social Responsibility at Infotech is woven into our very organisational fabric. CSR activities are carried out under the aegis of Infotech Enterprises Charitable Trust (IECT).

CSR activities at Infotech are mainly aimed at imparting primary education to children who are less fortunate. For we believe, the future of our nation is in the hands of these children. As part of our CSR initiative, we have been actively involved in improving the infrastructure at the Gachibowli Upper Primary School and Shamsiguda Zilla Parishad High School – Hyderabad over the last few years.

TeleAtlas visit to GUPS

The state of government schools in our country is not up to the mark. With poor infrastructure, dwindling attendance and lack of quality teachers, several government schools are being shut down in our country. Which is why IECT has been focusing on enhancing the overall standard of government schools, one school at a time. We adopt a school, and provide it with everything we can to make it into a model school. Our aim is to make government schools as good as any other private school, by providing better classrooms, library, computer labs and better teaching methods.

As a result of better infrastructural facilities provided by Infotech, the student strength at the GUPS has gone up from 450 in 2007 to 625 in 2009, attendance increased and the number of dropouts reduced dramatically.

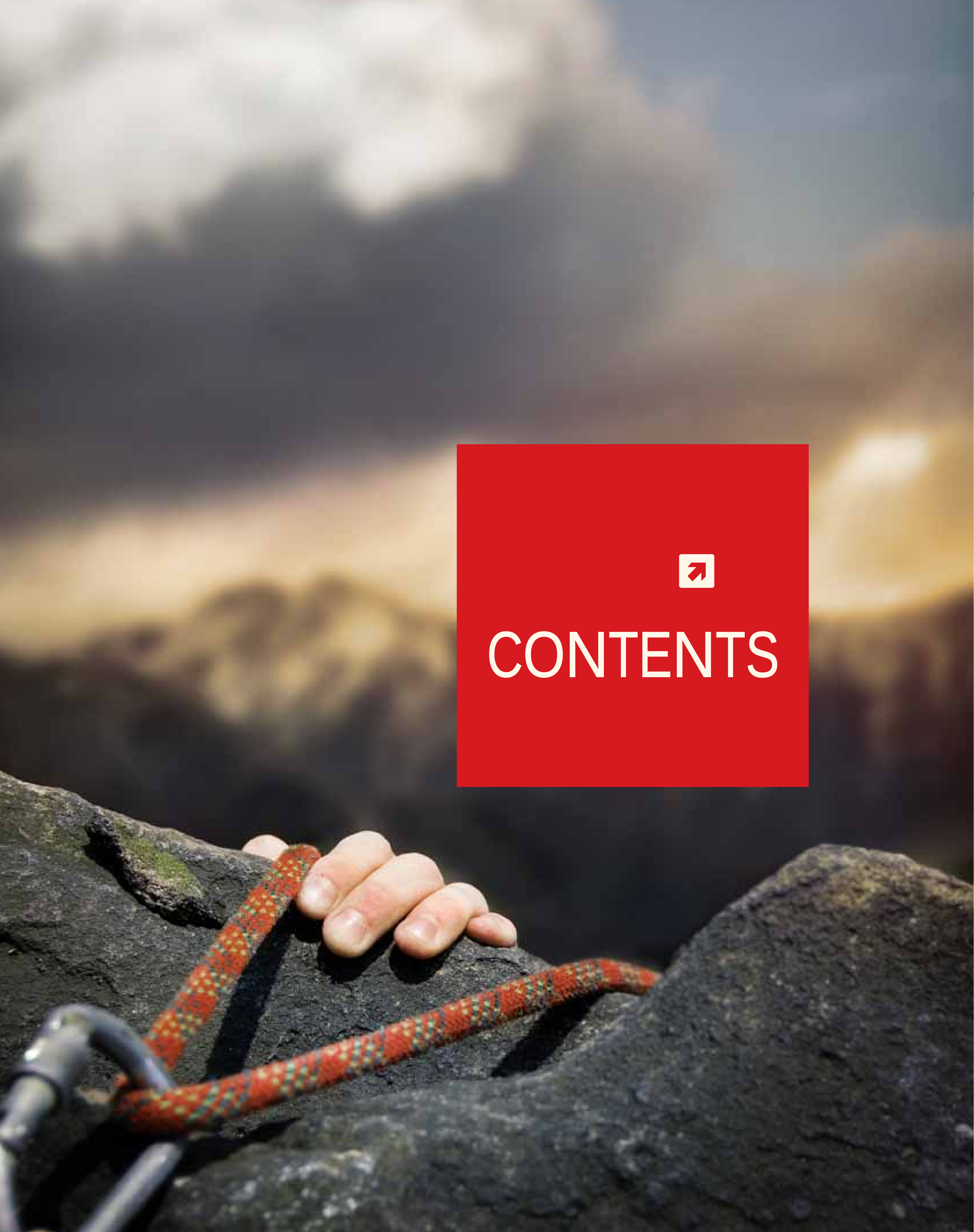
We are receiving overwhelming voluntary participation, both from senior management Associates and volunteers who participate in several events conducted at the schools adopted by IECT. Not only our Associates, but our esteemed customers also lend their helping hand in making this initiative a grand success.

0.5 % of the net profit of the Company (on a standalone basis) is earmarked for CSR activities on a yearly basis.

Donation for flood relief

Infotech donated Rs. 60 lakhs to the Government of Andhra Pradesh. The cheque was handed over in person to the Chief Minister of Andhra Pradesh, Mr. K. Rosaiah by our CMD, Mr. B.V.R. Mohan Reddy and Mr. B. Ashok Reddy, President-Global HR and CA. The contributions were made jointly by IECT funds and voluntary donation by our Associates contributing their one day salary, to extend financial support as a humanitarian gesture to those who were afflicted by the floods in Andhra Pradesh in October 2009. Similarly in Bangalore, we donated a cheque of Rs. 10.20 lakhs to Chief Minister Mr. B.S. Yeddyurappa towards the Chief Minister's Relief Fund.

Mr. B.V.R. Mohan Reddy presenting a cheque to the Andhra Pradesh Chief Minister, Mr. K. Rosaiah



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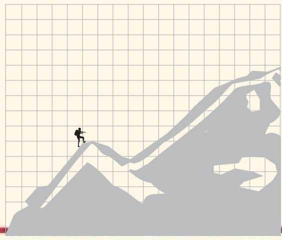


Board of Directors

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

B. Sucharitha
Whole Time Director

M.M. Murugappan
Independent Director

Ranjan Chak
Independent Director
(Up to 12 October 2009)

Paul Roger Adams
Non-Executive Director

G.V. Prasad
Independent Director

William Grabe
Non-Executive Director

William Henry
Independent Director
(Up to 21 April 2010)

J. Ramachandran
Independent Director

Jaithirth Rao
Independent Director
(w.e.f. 20 July 2009)

K. Ramachandran
Independent Director
(w.e.f. 20 July 2009)

Alain De Taeye
Independent Director
(w.e.f. 21 April 2010)

David B. Carter
Alternate Director to
Paul Roger Adams

Sunish Sharma
Alternate Director to
William Grabe

Key Executives

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

Sundar Viswanathan
Chief Financial Officer

B. Ashok Reddy
President – Global HR & Corporate Affairs

John Renard
President – Utilities, Telecom and Government

Krishna Bodanapu
President - Engineering

Bhanu Cherukuri
Chief Strategy Officer

K. Ashok Kumar
Chief Technology Officer

Corporate Information

Auditors

Deloitte Haskins and Sells,
1-8-384 and 385, 3rd Floor,
Gowra Grand, S.P. Road,
Secunderabad - 500 003.
Tel.: +91 40 40312600

Internal Auditors

M. Bhaskara Rao and Co.,
5-D, 5th Floor, “Kautilya”,
6-3-652, Somajiguda,
Hyderabad - 500 082.
Tel.: +91 40 23311245

Risk Auditors

KPMG,
KPMG House,
Kamala Mills Compound,
Lower Parel,
Mumbai - 400 013.
Tel.: +91 22 39896000

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 Building,
S.D. Road, Secunderabad – 500 003.
Tel.: +91 40 27704935

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

Registrar and 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 and Compliance Officer

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

THE HUMAN ELEMENT

Organisations are nothing but brick and mortar if you don't take into consideration the people who work in them. We at Infotech consider our associates as our greatest asset. And we do everything we possibly can to acquire, retain and nurture talent. We follow the best people management practices. No wonder, our associates consider Infotech as their second home.

Infotech Intangible Assets Monitor 2009-10

Contents

We believe that it takes two to tango; a right chemistry between customers and associates is required to ensure growth and success for an organisation. In short, “Boosting profitability by attracting and retaining the right customers and associates” has been the mantra for this year, in one of the toughest years we have witnessed.

In all these years, since we began reporting our findings in our Intangible Assets Monitor, we have witnessed constant changes in the internal and external environment; in spite of these changes, it is our constant endeavour to excel.

Our objective has been to synergise both tangible as well as intangible assets to ensure long-term profitability for the Company. To ensure we achieve this goal, we have built an agile and reliable framework with inputs from all stakeholders.

The broad objectives of the framework can be summed up as follows:

- Building a highly effective corporate culture
- Attracting the right talent, engaging the talent and retaining them
- Winning prestigious customers and earning their loyalties
- Optimum utilisation of resources by closely monitoring the KRAs
- Harvesting individual competencies into organisation tools and processes
- Creating barriers to stop competition from poaching our Customers and Associates

Our efforts in monitoring intangible assets have been very exciting, rewarding and an inspiring practice. Each of our stakeholders, including senior leaders, can measure the alignments of each step with the strategic goals of the organisation. Our Associates can align to the Monitor to familiarise themselves with the key factors driving our business, as well as track the progress.

While we have come a long way and have many success stories to share, we have to constantly set new milestones for ourselves and together take this organisation to newer heights. We welcome any kind of feedback and/or suggestions on bettering each of our experiences. Please feel free to reach me at:

Plot No.11, Software Units Layout, Infocity, Madhapur, Hyderabad – 500 081, India. Email: ashok.reddy@infotech-enterprises.com

With best regards,

B. Ashok Reddy

President – Global HR & Corporate Affairs

Infotech Intangible Assets Monitor 2009-10

Infotech Intangible Assets Monitor, 2009-2010 (IEL Standalone)

Our Customers			Our Organisation			Our People		
External Structure			Internal Structure			Competencies		
	FY '10	FY '09		FY '10	FY '09		FY '10	FY '09
Growth / Renewal			Growth / Renewal			Growth / Renewal		
Revenue Growth	-0.8%	30.2%	Revenues from New Services (In Lakhs)	4108.06	4650.00	Avg. Professional Exp. (Yrs.)	3.33	3.61
Image Enhancing Customers (New)	5	4	Investments in IT, R&D (In Lakhs)	1478.60	1925.20	Competence Enhancing Customers (New)	4	4
No. of New Customers	10	9				Associates with Bachelors Degree and Above	3939	4721
						Associates with Diplomas and Others	2701	2057
						Education Index	11993	12811
Efficiency			Efficiency			Efficiency		
Revenues per Customer (In Lakhs)	236.05	197.41	Proportion of Support Staff	4.77%	4.82%	Turnover per Revenue Person (In Lakhs)	9.01	8.53
			Turnover per Support Staff (In Lakhs)*	176.11	172.21	Turnover per Associate (In Lakhs)*	8.57	8.13
			Y-o-Y Growth in Turnover per Support Staff	2.27%	-	Y-o-Y Growth in Turnover per Associate	5.47%	-
Stability			Stability			Stability		
Repeat Orders	97.42%	99.25%	Support Staff Turnover	13.57%	15.41%	Revenue Persons Turnover - Total	17.97%	21.92%
5 Largest Customers	33.5%	34.6%	Voluntary	12.86%	10.51%	Voluntary	7.79%	10.41%
10 Largest Customers	38.5%	39.4%	Compulsory	0.71%	4.90%	Compulsory	10.18%	11.51%
			Avg. Age of Support Staff (Yrs.)	33.21	33.61	Avg. Age of Revenue Persons (Yrs.)	29.15	28.08
			Associates with < 2 Yrs. Tenure	37.24%	67.70%	Avg. Age of all Associates (Yrs.)	28.36%	28.05

Notes:

- Image enhancing customers are those who enhance our reputation and market worthiness
- Revenue per Customer is arrived by dividing total revenues by the total customers
- Revenues from new services are the revenues earned by venturing into the new services in our existing lines of business
- Education index is an aggregate of weightage given to the education levels of our associates (Diploma -1, BE – 2, ME/MCA/MBA – 3, PhD – 4)
- Turnover per Associate is total turnover divided by effective associates, which is arrived by applying weightage

* Please note we have divided our manpower in support staff *i.e.*, HRD, Sales & Marketing, Finance and N&S from FY '09 so the earlier year numbers are not comparable

Infotech Intangible Assets Monitor 2009-10

Infotech Performance – a HR Perspective
(IEL Standalone)

Description of Item	09 - 10	08 - 09	07 - 08	06 - 07	05 - 06
Revenue (In Rs. Lakhs)	56180	56657	43519	34461	19766
Profit (In Rs. Lakhs)	12676	7086	5856	6505	2536
Effective Associates *	6554	6971	5300	3947	2447
Effective Billable Staff	6235	6642	5193	3851	2342
Effective Support Staff	319	329	107	96	105
Associate Strength (As on 31st March)	6681	6820	6466	4737	3119
% of New Associates	18.77	32.21	37.95	24.34	31.29
% of Support Staff	4.77	4.82	1.65	2.03	3.37
Revenue per Associate (In Rs. Lakhs)	8.57	8.13	8.21	8.73	8.08
Profit per Associate (In Rs. Lakhs)	1.93	1.02	1.10	1.65	1.04
Revenue per Associate (In US $) - RpA	18080	17669	20405	19278	18350
Profit per Associate (In US $) - PpA	4079	2210	2746	3639	2354
$ 1 - Rs.	47.41	46.00	40.24	45.29	44.02
% Incr. in RpA	5.47%	0.97%	-5.95%	8.09%	3.31%
% Incr. in PpA	89.21%	-5.45%	-33.33%	59.01%	-8.59%

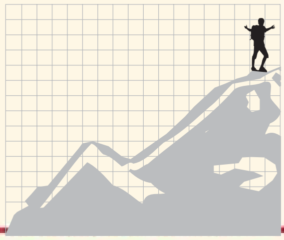
* Arrived after applying the weightage

Notes:

Billable Staff: Associates who are directly involved in business / revenue generation. Associates, who plan, produce, process or present the product or services for customers. These also include associates who are directly involved with the customers, though they are not in production.

Support Staff: Associates who are in functions like F&A, HRD, Administration, etc. Some may perhaps be offended by this segmentation into revenue and non-revenue persons. Surely all staff create revenue.

(We believe all associates facilitate generating revenue, and the above categorisation signifies revenue generation as a primary activity for few, and hence the categorisation.)



Infotech Intangible Assets Monitor 2009-10

Human Capital:

The Resource Challenge:

Everything that can be measured can be bettered, leading to improved internal performance.

The intellectual capital of the organisation plays a pivotal role in strategising corporate decisions. Regular monitoring and reporting on these intangible assets helps us take stock and identify gaps for improvement. Reporting also reflects seriousness towards these issues and displays the ability of the organisation to nurture and build capability, which in turn helps attract new talent. Besides reporting and monitoring Learning and Development, the Corporate Culture and the work place also act as great motivators and influence the productivity at every level.

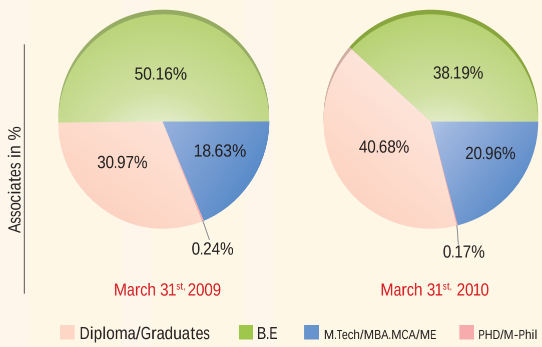
Traditionally, the Human Resource function has focused on retaining, training and compensating the employees in organisations, and work towards maximising both organisations as well as employee effectiveness. They are responsible for the entire value chain of the associate life cycle, from hire to exit.

HR at Infotech has gone beyond the traditional roles. HR played a significant strategic role and supported the organisation and its various stakeholders in achieving various goals and targets set, by creating and developing best practices. The HR team played a vital role in decisions related to service, quality, effectiveness, efficiency and productivity.

Innovative Programmes from HR which made a difference:

- Associate Contact Programme
- Walk a Mile
- Leadership Development and Training
  (Nurturing a strong and capable workforce)
- Succession Planning
- Compensation Structuring
  (Variable Compensation Structuring)
- Right Skilling
- Managing Human Capital
- Managing Talent

Associate Qualification Profile



Associate Academic Profile

In a knowledge driven economy, it is very important to realise the knowledge asset base of your organisation. This has emerged from a growing need of an intellectual capital which is driving the most thriving service industry of today's times.

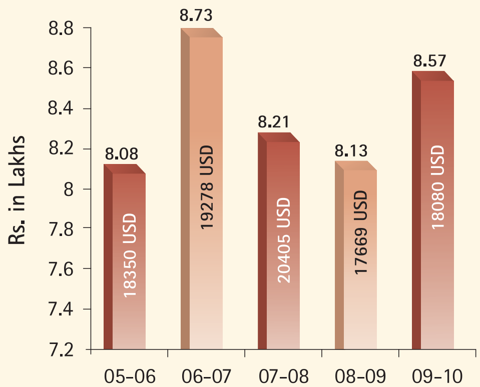
We recognise this importance, and over a period of time have invested to build an effective portfolio. The above graph projects the academic qualifications of our Associate base.

Realisation per Associate:

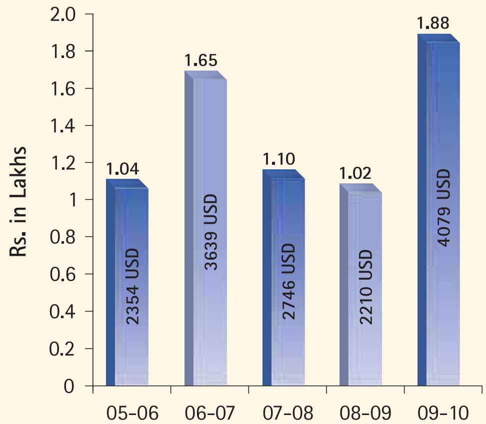
We are proud that the Realisation per Associate has a positive trend. We attribute this to moving up in the value chain like engineering services, as well as the growth in the number of Associates. HR's constant endeavour to equip Associates to move

Infotech Intangible Assets Monitor 2009-10

Revenue per Associate



Profit per Associate

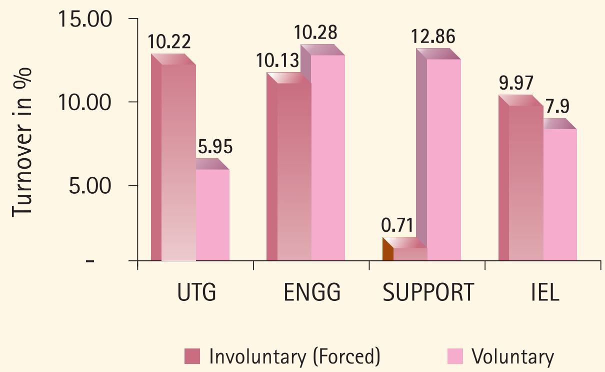


up the value chain through training, job rotations and new skill enhancements has started showing the results. The above are snapshots of Revenue per Associate and Profit per Associate over the years.

Associate Turnover:

A healthy Associate Turnover is a positive sign for the organisation. It indicates that the organisation is constantly monitoring performance and acting appropriately when Associates are not

Associate Turnover 2009-2010



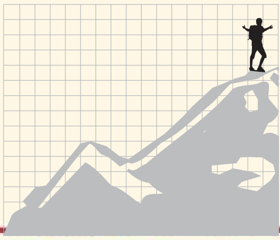
measuring up to the organisation's standards/expectations. We set our standards and expectations based on business requirements and align Associates' goals and roles accordingly from time to time. Our experience has been that a healthy turnover brings new ideas to a firm and keeps the employees energised.

While we firmly believe that organisations tend to perform better when they are able to curtail attrition, we also believe that infusing new talent, continuously changing the mix of people in line with business requirement, is also very important.

Associate Development

Associates can become effective business developers and contributors to the future of the organisation. Based on the SMART philosophy, we have built a unique programme to grow the business development capabilities of associates:

- Specific: The focus is not only on the billable hours by Associates, but also on what kind of billable work and what it contributes to the firm
- Measurable: Measure the growth of Associates by specific standards of billable time, training and client development effort
- Achievable: Set near-term targets that are realistic, and continually raise the bar



Infotech Intangible Assets Monitor 2009-10

- Reasonable: Unreasonable income expectations or business development goals to be avoided
- Timely: To give associates adequate timeframe and at the same time ensure that there is a reasonable sense of urgency

Glimpses

A snapshot of the initiatives and activities that were undertaken during the year 2009-10.

Shared Vision:

Infotech's Vision is "Delivering innovative solutions together for a better future." To imbibe this vision in all once again, we embarked on a Shared Vision initiative across our locations. Under this programme, we aimed at creating a common understanding about the origin, meaning and relevance in today's times and how each associate at Infotech can 'live' it. We covered around 6000 odd associates by March this year in over 35 workshops held at 8 locations globally. The workshops were led by the senior leadership team and HR. The end result was not only a more synergistic workforce, but also a workforce with high morale and aligned thoughts.

Leadership Development:

In our dream towards entering the 'Billion Dollar' club, we are gearing up ourselves on all the fronts, one of the critical factors which has emerged with immediate focus of attention is Leadership Development.

At Infotech we have sub-grouped the Leadership Development from the HR Action Planning initiative. Identifying High Potentials, Anchoring the Fast Trackers, Identifying the Critical Roles, Creation of Individual Development Plans, Specalised Training Programmes, etc., are on top of the agenda.

We are in the process of creating a dedicated cell of professionals from across the organisation who will focus on this and drive the programmes in a planned and phased manner.

Variable Pay:

Variable Pay, popularly known as 'pay-for-performance' is more relevant today than before. Some of the popular variable pay systems are - individual incentive plans, achievement awards, lumpsum cash handouts, sharing gains, etc. The central theme of all programmes is to reward innovation and achievement and discourage mediocrity in performance. Variable pay is calculated on many fronts.

We at Infotech, plan to introduce Variable Pay for our Associates across the Company, based on the Balanced Score Card methodology from this year. We have begun the journey in an earnest manner by introducing this scheme to Managers and above, and we are glad to share that the same has been welcomed by all the stakeholders concerned. The Variable Pay allocation would be a combined outcome of the Company, Vertical and the Individual's Performance. The objective of these interlinkages is to build an appreciation in the employees that we operate in an era of chain of commitments and we all have to align to the overall goals of the organisation.

Associate Engagement Survey

Associate Engagement Survey was conducted by Hewitt in March 2010 to understand the organisation strategy, the operating environment and point of view on the people practices in the organisation.

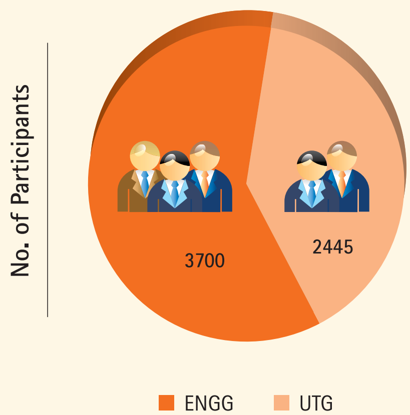
As part of the ground work for the Engagement Survey, Hewitt also conducted Focus Group Discussions (FGD), which included representatives from all functions/verticals. The objective of conducting FGDs was to understand their employment experience.

Engagement at Infotech is defined as the state of emotional and intellectual involvement – the extent to which an organisation has captured the 'hearts and minds' of its people. As an outcome of the Engagement Survey findings, the following initiatives were launched:

Infotech Intangible Assets Monitor 2009-10

- Associate Contact Programme (ACP) - Rendezvous and Walk a Mile under Associate Contact Programme
- Career Progression – Defining and Mapping Role characteristics with Behavioural competencies, level and band wise
- Pat on the Back initiative under the Rewards and Recognition Programme – This is for an instant recognition for the work accomplished by the Associate, which would have yielded quick results for the Company

No. of Participants Across Verticals Participated, 2009-2010



Training and Development:

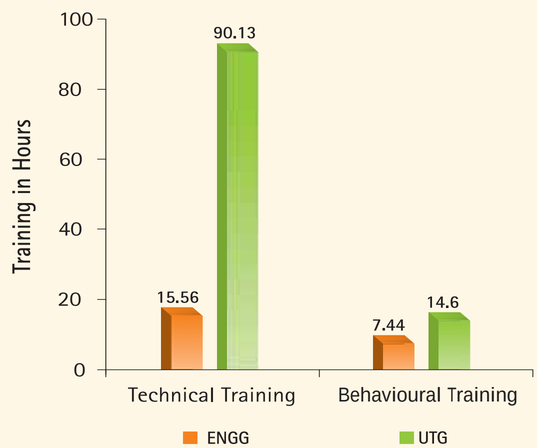
The principal objective of the training and development division is to ensure the availability of a skilled workforce.

We firmly believe that it is not just sufficient to conduct certain minimum number of programmes in various areas; the quality and effectiveness of the programmes are also highly critical as they would impact the effectiveness of the Associates' performance in their current as well as future roles.

We constantly evaluate the effectiveness of all the programmes and are pleased to share that 100% effectiveness was achieved in all the programmes.

No. of Training Hours Across Verticals in 2009-2010

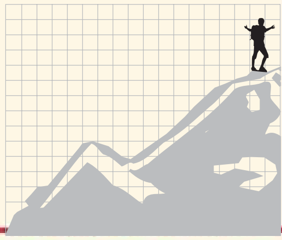
Average Training Hours per Associate Across Verticals in 2009-2010



New Skills and Capabilities Developed:

(Another key dimension of effectiveness of learning and development programmes.)

We place a premium on acquiring new skills and capabilities in line with market requirements, as we believe these will immensely help the organisation stay nimble and quickly pace itself with the changing market trends.



Infotech Intangible Assets Monitor 2009-10

During the year we have acquired new key capabilities, and have even successfully executed projects for various clients. The same is reflected in the Intangible Assets Scorecard, in the form of revenues generated through new service offerings vis-à-vis total revenues. Our strength has been that we have conceived,

designed and delivered various flagship programmes through internal expertise. More than 30% of the associate strength across locations have been covered through focused initiatives like *Spoorthi* and *Rendezvous*.

Corporate Brand:

We consider that the Corporate Brand of Infotech is created by the impressions we create and leave behind, and it sets expectations for us from others.

View of the shoppe interior

The most valuable property a company acquires over time is its reputation, its goodwill and its brand name. A strong brand builds relationships with customers, which in turn builds business for the future. It holds an equally important value for internal stakeholders. Our leaders continue to represent the organisation at national and international workshops and contribute in building the brand across a range of stakeholders from industry forums, prospective clients and associates, government bodies, etc.

View of the shoppe exterior

We have strived to channelise our efforts in trying to harness our brand image and lay strong foundations for the coming years. A testimony of the same is displayed in this year's efforts. In this year we have ensured extensive media interaction to create awareness and enhance Infotech's image. As a result, the overall presence on television channels during FY '09-10 increased by a remarkable 32.77% when compared to FY '08-09. We believe that it is imperative to the brand, both internally and externally. Keeping this in view, we have launched 'Infotech Shoppe' for our associates. This is a physical and online shop wherein associates can purchase products ranging from t-shirts to backpacks, from table clocks to ball pens. Associates can also redeem the points they receive as awards internally at this shoppe.

Notice of Annual General Meeting

Notice is hereby given that the 19th Annual General Meeting of the Members of the Company will be held on 14 July 2010 at 2.30 p.m. at Bhaskara Auditorium, B.M. Birla Museum, Adarsh Nagar, Hyderabad - 500 063 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Report of the Board of Directors, Profit and Loss Account for the financial year ended on 31 March 2010 and the Balance Sheet as at that date and the report of Auditors' thereon.

2. To declare dividend on Equity Shares.

3. To appoint a Director in place of Mr. B.V.R. Mohan Reddy, who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Mr. G.V. Prasad, who retires by rotation and being eligible, offers himself for re-appointment.

5. *To consider and if thought fit to pass with or with out modification(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

6. *To consider and if thought fit to pass with or with out 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. K. Ramachandran as a Director of the Company liable to retire by rotation."

7. *To consider and if thought fit to pass with or with out 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. Jaithirth Rao as a Director of the Company liable to retire by rotation."

8. *To consider and if thought fit to pass with or with out 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. Alain De Taeye as a Director of the Company liable to retire by rotation."

9. *To consider and if thought fit to pass with or with out 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. Abhay Havaldar as a Director of the Company liable to retire by rotation."

10. *To consider and if thought fit to pass with or with out 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. Allan Brockett as a Director of the Company liable to retire by rotation."

By Order of the Board

Place : Hyderabad
Date : April 21, 2010

Sudheendhra Putty
Company Secretary

Notes

1. A member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote on a poll on behalf of him and the proxy need not be a member. The enclosed proxy form 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 were closed from 10 May 2010 to 12 May 2010 (both days inclusive) in connection with the AGM and for the purpose of dividend.

3. Dividend of Rs. 2 per share *i.e.,* at the rate of 40% on face value of Rs. 5 for the year ended 31 March 2010 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 9 May 2010.

4. An Explanatory Statement pursuant to provisions of Section 173(2) of the Companies Act, 1956, is annexed hereto. The relevant details as required by Clause 49 of the Listing Agreements entered with the Stock Exchanges, of persons seeking appointment/re-appointment as Directors under Item Nos. 3,4,6,7,8,9 and 10 above are also annexed.

5. Members/Proxies are requested to bring their copies of the Annual Report to the AGM and the attendance slip duly filled in for attending the AGM. Copies of Annual Report will not be provided at the AGM.

6. The Certificate from the Auditors of the Company certifying that the Company's Stock Option Schemes are being implemented in accordance with the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, as amended, and in accordance with the resolutions of the members passed at the general meetings will be available for inspection by the members at the AGM.

7. Members desirous of obtaining any information concerning the Accounts and Operations of the Company are requested to send their queries to the Registered Office of the Company at least seven days before the date of the AGM, so that the information requested by them may be made available.

8. Members holding shares in physical form may write to the Company/Company's share transfer agents for any change in their address and bank mandates; members having shares in electronic form may inform the same to their depository participants immediately so as to enable the Company to dispatch dividend warrants at their correct addresses.

9. Members are requested to send all communication relating to shares to the Company's Share Transfer Agents (Physical and Electronic) at the following address:

   Karvy Computershare Private Limited
   Unit: Infotech Enterprises Limited
   Plot No. 17 to 24, Vithalrao Nagar,
   Madhapur, Hyderabad - 500 081.

10. Members are requested to opt for NECS (National Electronic Clearance Service) for receipt of dividend. Members may please update their bank account details with their Depository Participants for receiving the dividend in a hassle free manner. Opting for NECS is cost effective and also saves time.

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

Item 6: Appointment of Mr. K. Ramachandran as a Director on the Board of the Company

Mr. K. Ramachandran was appointed as Additional Director of the Company with effect from 20 July 2009, pursuant to the provisions of Section 260 of the Companies Act, 1956.

Under Section 257 of the Companies Act, 1956, a notice in writing has been received from a member signifying his intention to propose the appointment of Mr. K. Ramachandran, as a Director of the Company along with a deposit of Rs. 500 as required under the aforesaid Section.

Except Mr. K. Ramachandran, 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 7: Appointment of Mr. Jaithirth Rao as a Director on the Board of the Company

Mr. Jaithirth Rao was appointed as Additional Director of the Company with effect from 20 July 2009, pursuant to the provisions of Section 260 of the Companies Act, 1956.

Under Section 257 of the Companies Act, 1956, a notice in writing has been received from a member signifying his intention to propose the appointment of Mr. Jaithirth Rao, as a Director of the Company along with a deposit of Rs. 500 as required under the aforesaid Section.

Except Mr. Jaithirth Rao, 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 8: Appointment of Mr. Alain De Taeye as a Director on the Board of the Company

Mr. Alain De Taeye was appointed as Additional Director of the Company with effect from 21 April 2010, pursuant to the provisions of Section 260 of the Companies Act, 1956.

Under Section 257 of the Companies Act, 1956, a notice in writing has been received from a member signifying his intention to propose the appointment of Mr. Alain De Taeye, as a Director of the Company along with a deposit of Rs. 500 as required under the aforesaid Section.

Except Mr. Alain De Taeye, 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 9: Appointment of Mr. Abhay Havaldar as a Director on the Board of the Company

Under Section 257 of the Companies Act, 1956, a notice in writing has been received from a member signifying his intention to propose the appointment of Mr. Abhay Havaldar, as a Director of the Company along with a deposit of Rs. 500 as required under the aforesaid Section.

Except Mr. Abhay Havaldar, 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 10: Appointment of Mr. Allan Brockett as a Director on the Board of the Company

Under Section 257 of the Companies Act, 1956, a notice in writing has been received from a member signifying his intention to propose the appointment of Mr. Allan Brockett, as a Director of the Company along with a deposit of Rs. 500 as required under the aforesaid Section.

Except Mr. Allan Brockett, none of the other Directors of the Company is in any way concerned or interested in the resolution.

Your Directors recommend the resolution for your approval.

By Order of the Board

Place : Hyderabad
Date : April 21, 2010

Sudheendhra Putty
Company Secretary

Annexure to the Notice to the Shareholders

BRIEF PROFILE OF DIRECTORS SEEKING APPOINTMENT & RE-APPOINTMENT

Item 3: Appointment of Mr. B.V.R. Mohan Reddy as a Director on the Board of the Company

Mr. B.V.R. Mohan Reddy is the Founder, Chairman & Managing Director of Infotech Enterprises Limited. He holds a degree in Mechanical Engineering from JNTU, Kakinada and two Masters degrees - one specializing in Industrial Engineering from IIT, Kanpur and another specializing in Management Engineering from the University of Michigan, Ann Arbor, USA.

An entrepreneur and technologist, Mr. Mohan Reddy was a part of OMC Computers in 1982 to bring high-end computing technology to India. Mr. Mohan Reddy is acknowledged as the pioneer of CAD/CAM in India. He has around thirty years of Engineering and Management Experience.

The success of Infotech is a testament to his vision to build a customer focused organization delivering high quality solutions.

Mr. B.V.R. Mohan Reddy serves as an Executive Council member of NASSCOM. He led the engineering services forum of NASSCOM and in 2006 contributed to releasing the NASSCOM-BAH study on global engineering services opportunity for Indian companies. Besides, he is actively involved with the Confederation of Indian Industry (CII) and has held important posts.

He was conferred a honorary degree of Doctor of Philosophy by Jawaharlal Nehru Technological University for his contribution to industry and society. Besides, he has also won many accolades and awards.

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

Item 4: Appointment of Mr. G.V. Prasad as a Director on the Board of the Company

Mr. G.V. Prasad leads the core team that drives the growth and performance of Dr. Reddy's. Mr. Prasad has played a key role in the evolution of Dr. Reddy's from a mid-sized pharmaceutical company into a globally respected pharmaceutical major.

Mr. Prasad has been Vice-Chairman and CEO of Dr. Reddy's since 2001, when Cheminor Drugs Ltd, the company of which he was then Managing Director, merged with Dr. Reddy's. He nurtured new lines of business, helped to build a high-talent organization, and was instrumental in introducing best-in-class practices in corporate governance.

Mr. Prasad is widely credited as the architect of Dr. Reddy's successful global generics strategy. He envisioned new business platforms like the Custom Pharmaceutical Services business and Specialty Pharmaceuticals and is dedicated to building the innovation side of the business. He is also a champion of sustainability thinking and has spearheaded efforts to reduce the company's ecological footprint by embracing green technologies and processes.

Mr. Prasad earned his degree in Chemical Engineering from the Illinois Institute of Technology in Chicago in 1982 and his Masters in Industrial Administration from Purdue University in 1983. He has served as Chairman of the CII National Committee on Environment and the Intellectual Property Committee (2006-2007).

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

Item 6: Appointment of Mr. K. Ramachandran as a Director on the Board of the Company

An Engineer from BITS, Pilani with a Post-graduate degree in Business Management from the Indian Institute of Management, Calcutta, Mr. Ramachandran started his career with the Tata Administrative Service (TAS). The major part of his career has been with two Companies: Philips Electronics and Voltas, a Tata Group Company, and his experience has been across a wide range of assignments cutting across functions and industries. He is currently engaged with the Aditya Birla Group as an Advisor for the Group's Higher Education Project in which assignment he is working with the BITS Pilani leadership to plan and implement a 3-year strategy to raise the Institute's excellence to the next level.

In his role as HR Director at Philips, Mr. Ramachandran was instrumental in successfully addressing a number of legacy people practices, and installing a strong performance culture and performance-driven people policies and practices. He was appointed the first Indian Vice Chairman & Managing Director for Philips Electronics' Indian operations, and was given additional responsibility in 2006 as CEO for the Indian Subcontinent.

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

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

Item 7: Appointment of Mr. Jaithirth Rao as a Director on the Board of the Company

Mr. Jaithirth Rao worked for 20+ years with Citicorp in various capacities in India, Middle East, UK, USA and Venezuela. He was the founder Chairman & Managing Director of Mphasis and is currently the Chairman of Value & Budget Housing Corporation Limited.

He is a B.Sc. graduate from Loyola College, University of Madras and holds an MBA from IIM, Ahmedabad and also the University of Chicago. He is a Distinguished Alumnus of the University of Chicago and was conferred with the Karnataka State Rajyothsava Award.

Mr. Rao has been associated in varied capacities with Sujaya Foundation, Mathematical Sciences, Nasscom Foundation, India Foundation of the Arts and the Data Security Council of India.

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

Item 8: Appointment of Mr. Alain De Taeye as a 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 the Tele Atlas group. During this period, he successfully introduced Tele Atlas on both the Frankfurt and the Amsterdam Stock Exchanges. In 2008, TomTom acquired Tele Atlas and Mr. Alain De Taeye was appointed as a member of the Management Board in October 2008.

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 9: Appointment of Mr. Abhay Havaldar as a Director on the Board of the Company

Mr. Abhay Havaldar is a Managing Director at General Atlantic, a global growth equity firm, where he has worked since 2002. Mr. Havaldar established General Atlantic's India office in 2002 and remains based in Mumbai, where he leads General Atlantic's South East Asia investment initiatives with a focus on Financial Services and Enterprise Solutions.

Prior to this, Mr. Havaldar started his career with TATA and has held operating management responsibilities at TATA Infotech and HCL Infosystems.

Mr. Havaldar has been an investor in Indian businesses since 1996, as a partner at Draper International and Connect Capital. He is a Charter Member of The Indus Entrepreneurs (TIE) and a Board member of Society for Innovation and Entrepreneurship (SINE). He is a trustee of United Way of Mumbai.

Mr. Havaldar holds a bachelors degree in Electrical Engineering from the University of Bombay and a Masters Degree in Management from the Sloan Fellow programme at the London Business School.

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

Item 10: Appointment of Mr. Allan Brockett as a Director on the Board of the Company

Mr. Allan Brockett is Vice President, Engineering - Module Centers, at Pratt & Whitney, a world leader in the design, manufacture and service of aircraft engines, propulsion systems and industrial gas turbines and a unit of United Technologies Corporation. He assumed his current role in 2009.

Mr. Brockett has over 32 years of engineering experience at Pratt & Whitney. Mr. Brockett was responsible for the development of the first production Single stage High pressure turbine and was nominated for the UTC Mead award in 1996. He has also led positions in operations, leading Cooled Turbine airfoil operations through restructuring in 2000. Mr. Brockett was recognized as the ASME engineer of the year in 2002.

Most recently, Mr. Brockett was Director, Engineering - Turbine Module Center (TMC) where he led the creation and implementation of process certification standard work, drove the development and production implementation of refractory metal core technology and led the development and production acceptance of reverse engineered IGT and Global Material Solutions (GMS) turbine airfoil products.

Mr. Brockett is a member of the Georgia Tech University School Aerospace advisory board and the University of Connecticut School of Engineering advisory board.

Mr. Allan Brockett is a Professional Engineer since 1982, and holds a bachelor's degree in mechanical engineering from Oklahoma State University.

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

Directors' Report

Dear Members,

Your Directors have pleasure in presenting the 19th Directors' Report on the business and operations of your Company, on a standalone basis, for the financial year ended March 31, 2010.

FINANCIAL HIGHLIGHTS ON STANDALONE BASIS

(Amount in Rs. Million)

Particulars	2009-10	2008-09
Total Income	6,079.50	5,438.11
Operating Profit (PBIDT)	1,960.04	1,123.30
Interest	4.71	35.14
Depreciation	407.07	426.64
Profit before Tax	1,548.26	661.52
Current Tax	190.30	110.00
Earlier Years Tax	45.30	–
MAT Credit	(109.90)	–
Fringe Benefit Tax	–	17.00
Deferred Tax	154.91	(174.10)
Profit after Tax	1,267.65	708.62
Basic Earnings per share (Rs.)	22.90	13.30
Diluted Earnings per share (Rs.)	22.82	13.28
Dividend recommended (Rs./Share)	2.00	1.50
Dividend recommended (%)	40	30
Paid up Equity Share Capital	277.50	276.15
Reserves	7,760.85	6,622.86

RESULTS OF OPERATIONS

Your Company has firmly established itself as a global Engineering Services and Geospatial Information Services Company and has excelled in gaining expertise in all service offerings.

Following are the results of operations for the financial year (FY) 2009-10:

BUSINESS PERFORMANCE

Revenues

The total income of the Company for the FY 2009-10 comprises operating revenues of Rs. 5,617.99 million as against Rs. 5,665.72 million in FY 2008-09 and other income of Rs. 461.50 million for the current year as against Rs. (227.61)million in the previous year. Total sales degrew by 0.8% over the last financial year primarily due to adverse exchange rate fluctuations.

Profits

Profit Before Tax (PBT) stood at Rs. 1,548.26 million as against Rs. 661.52 million for the previous year. Profit After Tax (PAT) stood at Rs. 1,267.65 million as against Rs. 708.62 million for the previous year.

APPROPRIATIONS

Dividend

Your Directors have recommended a final dividend of Rs. 2 per share (40%) on par value of Rs. 5 per share (pre-bonus issue). The total dividend including dividend distribution tax amount is Rs. 129.86 million as against Rs. 96.92 million for the previous year. Dividend (including dividend distribution tax) as a percentage of profit after tax is 10.24% as compared to 13.68% in the previous year.

Transfer to Reserves

Your Directors have proposed to transfer Rs. 1,000 million to the General Reserve retaining Rs. 224.79 million in the Profit and Loss Account.

SHARE CAPITAL

Allotment of Shares

Your Company has allotted 269,728 equity shares of Rs. 5 each to the associates of the Company and its subsidiaries upon exercise of an equal number of stock options vested in them pursuant to the extant Stock Option Schemes of the Company.

In view of the above allotments, the outstanding shares of the Company during the year has increased from 55,229,796 equity shares of Rs. 5 each to 55,499,524 equity shares of Rs. 5 each.

SIGNIFICANT EVENTS

- Completed 6 years of partnership with Bombardier Transportation
- Strengthened market presence in APAC region by setting up a branch in Malaysia
- Rail groups achieved IRIS (International Rail Industry Standard) certification
- Signed a long term engineering services contract with Hamilton Sundstrand; a contract in the avionics segment with an opportunity to add 400 engineers in three years
- Won the Urban Property Ownership Records - Technical Service Provider project for five towns in Karnataka (Awarded by the Department of Survey, Settlement and Land Records, Government of Karnataka)
- The Company's wholly owned subsidiary in the US, Infotech Enterprises America Inc., acquired Daxcon Engineering Inc., a Peoria, Illinois, US based corporation in an all cash deal

VERTICAL WISE PERFORMANCE

Utilities, Telecom & Government

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

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

Driven by strong traction from the existing customers, this vertical generated revenues of Rs. 2,540.35 million as against previous year's Rs. 2,441.10 million, at a growth rate of 4.07%. As a percentage of operating revenues, this vertical contributed 45.21%. Associates strength of the vertical stood at 3,727 as at 31 March 2010.

Engineering

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

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

The vertical generated revenues of Rs. 3,077.65 million as against last year's revenues of Rs. 3,224.60 million, resulting in a decrease of 4.54%. This vertical contributed 54.79% of the total operating revenues. Associates assigned to this vertical as on 31 March 2010 are 2,611.

SUBSIDIARIES

Infotech Enterprises Europe Limited, U.K. (IEEL)

IEEL reported revenues of GBP 16.46 million (Rs. 1,246.9 million) as against previous year's GBP 14.10 million (Rs. 1,091.90 million). The net profit for the year was GBP 0.72 million (Rs. 54.60 million) as against GBP 0.73 million (Rs. 57.18 million) in the previous year.

Infotech Enterprises America, Inc. (IEAI)

IEAI reported revenues of USD 72.86 million (Rs. 3,448.2 million) as against previous year's USD 73.85 million (Rs. 3,399.8 million). The net profit for the year was USD 3.24 million (Rs. 157.9 million) as against USD 3.66 million (Rs. 173.3 million) in the previous year. During the year, IEAI acquired a wholly owned subsidiary *i.e.,* Daxcon Engineering Inc.

Infotech Enterprises GmbH (IEG)

IEG reported revenues of Euro 32.91 million (Rs. 2,208.13 million) as against previous year's Euro 29.07 million (Rs. 1,893.50 million), representing a growth of 13.20%. The net profit for the year was Euro 2.24 million (Rs. 150.7 million) as against Euro 1.02 million (Rs. 67.0 million) in the previous year.

Infotech Enterprises Japan KK (IEJ)

IEJ reported revenues of Rs. 9.44 million and a net loss of Rs. 21.98 million during the financial year 2009-10; it is expected to improve its business in the coming years.

Infotech Geospatial (India) Limited (IGIL)

IGIL reported revenues of Rs. 61.64 million as against Rs. 78.26 million last year. It reported a net loss of Rs. 18.38 million as against a net loss of Rs. 0.79 million last year.

TTM Institute of Information Technology Private Limited (TIIT)

Total income from training was Rs. 1.7 million. TIIT reported a net loss of Rs. 4.47 million.

Infotech Enterprises Information Technology Services Private Limited (IEITSPL)

Formerly known as Infotech Enterprises Engineering Services Private Limited, the name and objects of this company were changed during the year to exclusively focus on information technology services. This company will start its operations in the FY 2010-11.

TTM (India) Private Limited (TTM)

Pursuant to the scheme of amalgamation as approved by Hon'ble High Court of Judicature, Andhra Pradesh, the erstwhile TTM has been amalgamated with the company effective April 1, 2009, under the provisions of Sections 391 and 394 of the Companies Act, 1956 (the Act).

PARTICULARS PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Pursuant to the provisions of Section 212 of the Act, documents in respect of the various subsidiaries *viz.,* Directors' Report, Auditor's Report, Balance Sheet and Profit and Loss Account, are required to be attached to the Balance sheet of the Holding Company. However, in terms of the provisions of Section 212(8) of the Act, the Government of India, Ministry of Corporate Affairs, has 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 during business hours. The details of accounts of individual subsidiary companies will also be available on the website of the Company.

FIXED DEPOSITS

Your Company has not accepted any deposits and as such, no amount of principal or interest was outstanding as on 31 March 2010.

DIRECTORS

Appointments

During the FY 2009-10, Mr. K. Ramachandran and Mr. Jaithirth Rao were appointed as Additional Directors by the Board on 20 July 2009. Further, Mr. Alain De Taeye was also appointed as Additional Director by the Board on 21 April 2010.

The offices of Mr. K. Ramachandran, Mr. Jaithirth Rao and Mr. Alain De Taeye as Additional Directors of the Company will expire at the ensuing Annual General Meeting (AGM). The Company has received notices from three members in accordance with the provisions of Section 257 of the Act, proposing their candidacy as Directors.

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

None of the Directors of the Company is disqualified under the provisions of the Companies Act, 1956 or under the Listing Agreement with the Stock Exchanges.

Pursuant to the provisions of Clause 49 of the Listing Agreement, brief particulars of the retiring directors who are proposed to be re-appointed as well as directors being appointed under the provisions of Section 257 of the Act are provided as an annexure to the Notice convening the AGM.

Cessations

Mr. Ranjan Chak and Mr. William Patrick Henry ceased to be directors on the Board effective 14 October 2009 and 21 April 2010 respectively.

The Board places on record its appreciation and gratitude to the said directors for their valuable contributions.

AUDITORS

M/s Deloitte Haskins & Sells (DHS), Chartered Accountants (ICAI Reg. No. 008072S) were appointed as statutory auditors of the Company at the 18th AGM of the Company. They are eligible for re-appointment for the FY 2010-11. 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 in the 19th AGM will be within the permitted limits under the provisions of Section 224(1B) of the Act.

SECRETARIAL AUDIT

As a measure of good corporate governance and as recommended by the Ministry of Corporate Affairs' (MCA) Corporate Governance Voluntary Guidelines, 2009, the Company has voluntarily got a secretarial audit done for the FY 2009-10. 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 to this report.

EMPLOYEE STOCK OPTION PLANS

During the year under report, the Company had the following Schemes 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.

Infotech Associate Stock Option Plan - 2002

Infotech Associate Stock Option Plan - 2004

Infotech Associate Stock Option Plan - 2008

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 to this report.

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 to this Report.

PARTICULARS OF EMPLOYEES

The particulars of employees as required under the provisions of Section 217(2A) of the Act read with the Companies (Particulars of Employees) Rules, 1975, is enclosed as Annexure - D to this Report.

MANAGEMENT DISCUSSION & ANALYSIS

Pursuant to the provisions of Clause 49 of the Listing Agreement, a report on Management Discussion & Analysis is enclosed as Annexure - E to this Report.

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.

CORPORATE GOVERNANCE

Pursuant to the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges, a report on Corporate Governance features as a part of Annual Report. Further, the Company has substantially complied with the MCA's Corporate Governance Voluntary Guidelines, 2009. As required under Clause 49 of the Listing Agrement, the Auditors' Certificate regarding compliance of conditions of corporate governance is enclosed as Annexure-F.

Your company will continue to implement and adhere in letter and spirit to the policies of good corporate governance.

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 - G to this Report.

ACKNOWLEDGMENTS

Your Directors wish to place on record their gratitude to the Company's shareholders, customers, vendors, bankers and all other stakeholders for their continued support to its growth initiatives. Your Directors also wish to place on record, their appreciation of the contribution made by associates at all levels, who, through their competence, sincerity, hard work, solidarity and dedicated support, have enabled your Company to make rapid strides in its business initiatives. Your Directors also thank the Central and State Governments and their various agencies, particularly, the Ministry of Communication & Information Technology, Software Technology Parks of India, Departments of Customs and Central Excise, MCA, SEBI, Stock Exchanges, Reserve Bank of India, APIIC, and other governmental agencies for extending their support during the year and look forward to their continued support.

For and on behalf of the Board

Place : Hyderabad
Date : April 21, 2010

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

Secretarial Auditors' Report

Annexure-A

The Board of Directors
Infotech Enterprises Limited
Hyderabad.

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, 2010. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, according to the provisions of:

The Companies Act, 1956;

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

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

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

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

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

I report the following

1. The Company :

(a) has maintained various statutory registers and documents;

(b) has closed its Register of Members during the Financial Year for the purpose of Annual General Meeting and Dividend;

(c) has filed Forms, returns, documents and resolutions required to be filed with the Registrar of Companies and Central Government;

(d) has duly conducted Board meetings/Committee Meetings;

(e) has sent the notices as required to its Members;

(f) has duly conducted the Annual General Meeting on 01.07.2009;

(g) has duly passed a resolution in respect of managerial remuneration through postal ballot;

(h) has maintained minutes of proceedings of Board Meetings/Committee Meetings and General Meetings;

(i) has complied with all the applicable provisions with regard to constitution of the Board of Directors/ Committee(s) of directors and appointment, retirement and their re-appointment including that of Managing Director/Whole-time Directors;

(j) has complied with all the applicable provisions with regard to payment of remuneration to the Directors including the Managing Director and Whole-time Directors;

(k) has complied with all the applicable provisions with regard to appointment and remuneration of Auditors;

(l) has delegated power to the Registrar and Transfer Agent to process and approve the transfers and transmissions of the Company's shares;

(m) has complied with the all the applicable provisions with regard to allotment of shares and delivery of original and duplicate certificates of shares;

(n) has complied with the provisions of the Companies Act, with regard to declaration and payment of dividends;

(o) has transferred Rs. 68,245/- unclaimed dividend pertaining to financial year 2001-02 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, except to the extent that the Company has received a notice from Registrar of Companies for not attaching certain documents while uploading Annual Reports for the financial year 2006-07 and 2007-08, however the company has uploaded revised Reports with the Registrar of Companies;

3. I further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Bye-laws framed thereunder by the Depositories with regard to dematerialisation/rematerialisation of securities and reconciliation of records of dematerialised securities with all securities issued by the Company.

4. I further report that:

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

(b) the Company has duly complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 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.

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

Place: Hyderabad
Date : April 17, 2010

Details of Stock Options pursuant to SEBI guidelines

Annexure-B

Infotech Associate Stock Option Plans (Infotech ASOPs)

Sl. No.	Description	ASOP 2002	ASOP 2004
1.	Options granted during the year	Nil	33,000
2.	Pricing formula	Market price as defined in SEBI (ESOS&ESPS) Guidelines, 1999	
3.	Options vested	27,213	922,143
4.	Options exercised	Nil	269,728
5.	Total no. of shares arising as a result of exercise of options	Nil	269,728
6.	Options lapsed	5,975	162,005
7.	Variation of terms of options	Nil	Nil
8.	Money realized by exercise of Options (INR)	Nil	27,961,300
9.	Total no of options in force	108,850	1,186,910
10.	Employee wise details of options granted to		
	i) Senior Managerial Personnel:		
	Venkat Vardhineni	Nil	10,000
	Ajay Desai	Nil	5,000
	ii) Any other employee who received a grant in any one year of options amounting to 5% or more of options granted during the year.	Nil	Nil
	iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	Nil	Nil
11.	Diluted EPS as per Accounting Standard 20 (INR)	22.82	

Notes: 1. Shares pursuant to exercise of options granted under ASOP 2001 have already been allotted/lapsed; hence there is no balance under this plan.

2. No options under ASOP 2008 have yet been granted to the associates of the Company.

12. i) Method of calculation of employee compensation cost : The Company has calculated the employee compensation cost using the intrinsic value of the stock options

ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if it had used the fair value of the options : Rs. 57.98 Million (increase)

iii) The Impact of this difference on profits and on EPS of the Company :

Profit After Tax (PAT)	Rs. 1,267.65 million
Less: Additional employee compensation cost based on fair value	Rs. 57.98 million
Adjusted PAT	Rs. 1,209.67 million
Adjusted EPS	Rs. 21.86

iv) Weighted average exercise price and fair value of Stock Options granted:

Stock Options granted on	Weighted average exercise price (in Rs.)	Weighted average Fair value (in Rs.)	Closing market price at NSE on the date of grant (in Rs.)
27/04/01	36.00	53.76	36.00
24/10/02	133.00	85.71	133.00
23/06/03	108.00	67.26	108.00
28/04/04	124.00	65.99	124.00
20/10/04	142.00	84.87	142.00
19/05/05	125.25	148.87	281.60
19/10/05	131.57	189.76	394.55
19/01/06	114.25	260.77	513.75
18/10/06	231.00	106.44	231.00
17/01/07	355.00	148.65	341.20
17/12/07	294.00	118.72	293.45
19/02/08	238.00	99.62	241.20
13/06/08	250.00	108.13	251.15
12/05/09	169.00	70.46	164.70
16/09/09	271.00	119.02	269.50

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 Binomial Lattice 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 Binomial Lattice option-pricing model during the year were as follows:

Risk free interest rate	: 1.69%
Expected life of options from the date(s) of grant	: 3.50 years
Expected volatility	: 49.05%
Dividend yield	: 0.42

On behalf of the Board of Directors

Place : Hyderabad
Date : April 21, 2010

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

Annexure to the Directors' Report

Annexure-C

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

1. **Conservation of Energy**

The operations of the Company are not energy intensive. However, adequate measures have been taken to conserve and reduce the energy consumption by using energy efficient hardware and other equipment. Air-conditioners are used only when required and air-conditioned areas have been treated with heat resistant material like sun control film to reduce heat absorption. We believe that energy saved is energy produced.

2. **Research and Development**

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:

1. *iGEMS for Gas and Electric data capture:* iGEMS stores spatial data in industry standard graphic format and non spatial data in RDBMS. iGEMS has data model import and configuration functionalities which ensure that feature relationships and data integrity are maintained as designed in the customer-defined data model. Furthermore, iGEMS offers a complete range of data creation, validation, and cleanup tools. It can be quickly configured and setup for the project execution irrespective of the format in which the data is to be delivered. All these factors help the Company in minimizing the project start-up time thereby helping the customers to enjoy their return on investment (ROI) much earlier than they have anticipated.

2. *3D Surface Generation (3D Texturing):* This technology enables the Company to conduct more accurate and detailed simulation or analysis of urban areas. Examples of such simulations are wind simulation around high-rise buildings, fire propagation simulation, flooding analysis, and propagation/reflection analysis of electric waves for telecommunication. The final outcome from this approach is the kmz file which can be attached / imported into Google Earth so it can be overlaid on the most up to date land base information.

3. *TRUShift:* Your company's R&D team has developed a breakthrough technology for the PAI (Positional Accuracy Improvement) or Automated Conflation requirements of customers in Utilities, Telco and Government. This technology has been instrumental in winning a large Conflation project recently. TruShift helps in automating the shifting of Network or Assets information from an older version data into a newer and more accurate land base which is available from many sources. As a result of this shifting and the increased positional accuracy, the utility can make quicker and better decisions in planning, design and maintenance of the network.

4. *TeeM-NG:* This development is aimed at improvising the previous TEEM technology that your company developed a few years ago. The New Generation (NG) improvements are primarily to do with bringing the technology closer to the way a Telco maintains its network data - as different objects. The second most important aspect of this technology is its openness and flexibility. The technology can be configured at the end user's level and will save substantial development efforts that would otherwise be required. Currently, implementation of the technology is in progress for a large European Telco with implementation for other clients in the pipeline

5. *Open Source Software:* As a part of offering new services into the market, the Company's R&D team is exploring various Open Source mapping platforms such as GeoServer. Open Source GIS is gaining momentum due to the lower cost of ownership and compliance with open and interoperable standards. While the core GIS function can still work off a popular 3P technology such as ESRI, Oracle, Smallworld, Integraph etc., deployment of Open Source can take GIS to the Enterprise, making GIS the front end to the operations of a Telco and Utility.

b) 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.

(Rs. in million)

Particulars	FY 2009-10	FY 2008-09
Revenue Expenditure	**12.63**	2.02
Capital Expenditure	**Nil**	Nil
Total R&D Expenditure	**12.63**	2.02
R&D Expenditure as percentage of Total Revenue	**0.22%**	0.04%

3. Technology Absorption, Adaptation and Innovation

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

4. Foreign Exchange Earnings and Outgo

Most of your Company's earnings are from the export of Computer Software and Services. During the year, export earnings accounted for 98% of the total income. In order to promote product sales and services, your Company participated in various exhibitions and carried product promotion activities.

(Rs. in million)

Particulars	FY 2009-10	FY 2008-09
Foreign Exchange Earning	**5469.3**	5,625.96
Foreign Exchange Outgo	**1176.32**	1,176.04

On behalf of the Board of Directors

Place : Hyderabad
Date : April 21, 2010

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

Annexure-D

Information as per section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, and forming part of the Directors' Report for the year ended 31 March 2010

Name and Age of the Employee	Designation	Qualification(s)	Date of Joining	Experience in years	Gross Remuneration (Rs.)	Previous Employment	Nature of Employment	Nature of Duties
Ajay Desai 46 years	Vice President - APAC Sales	B.Sc., M.B.A.	09.04.07	23	2,990,588	Riverbed Technology India Pvt. Ltd.	Permanent Employee	Marketing of Engineering Services globally
Anand Parameswaran 36 years	Vice President - Operations	M.Sc. (Tech.)	26.05.08	15	3,621,683	Cognizant Technologies	Permanent Employee	Head of Delivery - Operations
K. Ashok Kumar 57 years	Chief Technology Officer	M. Tech.	25.06.01	31	4,810,938	Satyam Computer Services Ltd.	Permanent Employee	Head of IT, IIS and Technology
B. Ashok Reddy 52 years	President - Global HR & Corporate Affairs	PGDM, L.L.B.	24.06.99	26	3,668,297	Voltas Ltd.	As per Shareholders' Resolution	Global Head of HR & Corporate Affairs
Bhanu Cherukuri 42 years	Sr. Vice President - Strategy	B.E., PGDM (IIM-B)	14.06.07	20	3,186,713	Flextronics Software Systems Ltd.	Permanent Employee	Strategic Business Development, M&A
G. Devendra Rao 52 years	Sr. Vice President - IT Delivery	M.Sc., Ph.D.	01.10.94	26	3,671,494	OMC Computers Ltd.	Permanent Employee	Head of Delivery
Girish V. Kulkarni 49 years	Vice President - PWC	DIBM	07.05.08	24	3,357,075	Lear Automotive India Pvt. Ltd.	Permanent Employee	Head of Delivery - PWC
V. Jagan Mohan 56 years	Vice President & Practice Head - HCM	M. Tech.	23.07.01	24	2,510,977	Wipro Peripherals Ltd.	Permanent Employee	Practice & Delivery Head of HCM
Krishna Bodanapu 34 years	Sr. Vice President & Head - Engineering	B.S. (Elec.); M.B.A.	01.08.03	10	3,367,217	IEEL, UK	As per Shareholders' Resolution	Head of Vertical - Engineering
M. Lakshmana Rao 43 years	Assoc. Vice President	M.E., M.B.A. Aero Structures	05.11.01	18	2,700,502	Tata Consultancy Services	Permanent Employee	Head of Delivery - Aerospace Practice
S.A. Lakshminarayanan 55 years	Chief Operating Officer - UTG	B.E.	01.12.95	33	4,829,328	OMC Computers Ltd.	Permanent Employee	Head of Delivery
B.V.R. Mohan Reddy 59 years	Chairman & Managing Director	B.E., M.Tech., MSE	28.08.91	36	26,983,271	OMC Computers Ltd.	As per Shareholders' Resolution	Overall Management and as directed by the Board from time to time

Information as per section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, and forming part of the Directors' Report for the year ended 31 March 2010 (Contd...)

Name and Age of the Employee	Designation	Qualification(s)	Date of Joining	Experience in years	Gross Remuneration (Rs.)	Previous Employment	Nature of Employment	Nature of Duties
S. Nataraja 59 years	Sr. Vice President - F&A	B. Com., F.C.A.	16.03.01	36	2,912,659	Voltas Ltd.	Permanent Employee	Head of Finance & Accounts
Pandey Pradip Kumar 48 years	Vice President - HS	M. Tech.	08.10.01	21	2,582,370	GTRE	Permanent Employee	Head of Delivery - HS
Pankaj Taneja 37 years	General Manager	B.Sc., M.B.A.	16.04.00	18	2,538,960	Tele Atlas India Pvt. Ltd.	Permanent Employee	Software Development and Operations-Noida
G.B. Pon Manivannan 48 years	Assoc. Vice President-Avionics	B.E.	22.10.07	27	2,819,308	Trianz Consulting	Permanent Employee	Head of Delivery - Avionics Practice
Puneet Srivastava 41 years	Assoc. Vice President-Rail Signalling & Telecom	M.Tech.	24.01.07	18	2,592,066	Indian Railways	Permanent Employee	Head-ASIC Design
Rajendra Kumar Patro 41 years	Assoc. Vice President-Structures	M.E.	08.10.01	20	2,822,864	GTRE	Permanent Employee	Head of Mechanical Design
Rajesh Kumar Sehgal 42 years	Vice President-HR	M.Sc., PGDGM	01.11.00	21	3,375,626	Tele Atlas India Pvt. Ltd.	Permanent Employee	HR Practices - Noida
N.G. Raju 60 years	Vice President - CQG	M. Tech.	12.05.97	37	2,557,573	Directorate General of Quality, Medak	Permanent Employee	Head of Quality
B.L.V. Rao 45 years	Vice President - Networking & Systems	B.E.	21.03.03	27	2,786,379	Divine India Ltd.	Permanent Employee	Head of Networking & Systems
U. Srinivas 47 years	Vice President - GTS	M. Tech.	02.09.93	24	2,812,592	OMC Computers Ltd.	Permanent Employee	Delivery of Technical Solutions
K. Srinivasa Rao 36 years	General Manager	B.Tech.	06.09.07	15	3,319,288	Ikanos Communication (I) Pvt. Ltd.	Permanent Employee	ASIC - Design
M. Sunil Kumar 45 years	Sr. Vice-President - CoE Operations	B.E., MEP-(IIMK)	02.01.92	22	2,681,608	Suri Computers Pvt. Ltd.	Permanent Employee	CoE Operations - UTG

Information as per section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, and forming part of the Directors' Report for the year ended 31 March 2010 (Contd...)

Name and Age of the Employee	Designation	Qualification(s)	Date of Joining	Experience in years	Gross Remuneration (Rs.)	Previous Employment	Nature of Employment	Nature of Duties
B. Sucharitha 58 years	Whole Time Director	M.Sc.	28.08.91	21	2,428,366	Bhavani & Co.	As per Shareholders' Resolution	Overall Management and as directed by the Board from time to time
Suchitra Lingareddy 35 years	Project Manager	B.E.	04.08.08	11	2,413,926	Montalvo Systems	Permanent Employee	Implementation of ASIC
K. Swarupa Rani 48 years	Vice President	M.Tech.	28.02.08	25	3,519,276	Wipro Technologies Ltd.	Permanent Employee	Head Embedded Software
J. Venkatesh 48 years	General Manager	P.hd.	30.11.00	19	2,456,325	Tecnomatrix Technologies Inc.,	Permanent Employee	Design Automation - Marketing and Sales
N.V.S. Vidyalankar 43 years	Practice Head - Utilities	M.E.	05.06.07	19	3,152,615	GE Energy-HTC	Permanent Employee	Practice Head - Utilities
Vinay Golla 42 years	Associate Vice - President-HCM	M.S.	10.03.08	15	3,671,668	DELL - R&D	Permanent Employee	Marketing - HCM

Note:

1. Remuneration includes basic salary, allowances, commission, superannuation, gratuity and taxable value of perquisites as per Income Tax Rules.
2. Particulars regarding the employees drawing salary in excess of that drawn by Managing Director or Whole-time Director and holding, either by himself or along with spouse and dependent children, not less than two percent of the equity shares of the Company - Not Applicable.
3. Except Mr. B. Ashok Reddy and Mr. Krishna Bodanapu, none of the above employees is a relative of any Director of the Company.
4. Other standard terms of employment as applicable to the employees as per rules of the Company from time to time, are also applicable to the above employees.

On behalf of the Board of Directors

Place : Hyderabad
Date : April 21, 2010

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

Management Discussion and Analysis Report

Annexure-E

MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP FINANCIAL RESULTS (CONSOLIDATED AS PER INDIAN GAAP) FOR THE YEAR ENDED MARCH 31, 2010

SYNOPSIS

The financial year 2009-10 was a mixed year with the economy just about emerging from the throes of recession and slowdown that were so rampant in the previous year. However, given the strong fundamentals, the efficiency of our work force and the exemplary leadership, the Company was able to emerge stronger with positive results. Revenues recorded a 7.1% increase over the previous year and the Company achieved a total income of Rs. 1,000 crores - a major milestone in its history.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Infotech Enterprises Limited (IEL) continues to be focused on Product Development Engineering and Infrastructure Network Engineering Services. IEL has excelled in gaining expertise in both these areas. With Design Engineering Services (DES), we have made a major impact in Aerospace, Locomotives, Heavy Engineering, Automotive, Hitech and Consumer Electronics markets. With Infrastructure and Network Engineering (INE) services, we continue to grow in Utilities, Telecommunications, Transport and Government markets.

Engineering outsourcing services have gained prominence amongst leading organizations world-wide and the demand for these services is continuously rising. NASSCOM (in association with Booz & Co) in its study on India Engineering Services opportunity has forecast that engineering services from India will usher in the next wave of opportunity on the outsourcing front and the global spend on engineering services would be about US $1.4 trillion by 2020. NASSCOM has forecast that the engineering, R&D, and software products exports from India are expected to grow to USD 40-50 billion by 2020. Engineering Services (ES) is still at a nascent stage of development in India and the market is presently fragmented in terms of players and their competencies. IEL is an established Indian ES player in the global markets and is regarded highly for its engineering competencies in its chosen markets.

For Utilities, Telecommunication, Transportation and Government (UTG) customers IEL provides infrastructure and network engineering services through geospatial technology solutions and data management services. With wide-ranging customer engagements, this vertical has enabled the Company to emerge as one of the largest and most accomplished firms in the industry today.

Focused on electric, gas and water utilities, telecom network operators, transportation companies and government agencies, UTG helps its customers leverage geospatial technology and data to improve customer satisfaction and also asset utilization.

OPPORTUNITIES AND THREATS

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

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

Opportunities

The Company, on a continuous basis, scans the market for scalable opportunities and has over the past twelve months identified some key areas of growth opportunities. These opportunities are in the areas of telecom, utilities, hi-technology, heavy engineering, nuclear engineering and transportation markets. The Company is making concerted efforts and investments to move up the value chain in its chosen markets. A major investment that the company made during last fiscal year was in connection with the acquisition of Daxcon. Further, investments were made in new competencies/services, strengthening of domain knowledge in practices, hiring highly talented sales and marketing managers, restructuring of businesses, project management office, investments in new geographies, etc.

The Company is experiencing significant traction from its existing customers and is receiving several enquiries from potential customers in its chosen markets. The Company won two large opportunities during the year in the face of stiff competition from Indian and overseas ES players. The Company continues to invest in building relationships with its current and prospective customers as well as in its global delivery model to ensure the total cost of ownership would remain low for the customer.

Threats

Following are some of the major risks, which the management believes form a part of the company's business and tries to address the same through corporate actions:

1. Financial Risks - includes foreign currency rate fluctuations, liquidity and leverage.
2. Business Portfolio Risks - includes vertical domain concentration, service concentration, client concentrations and geographical concentration.
3. Legal and Statutory Risks - Includes contractual liabilities & Statutory compliance.
4. Competition Risks - New competitors may enter the markets in which your company operates.

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

The Company's customers are primarily located in the US and Europe. The global financial meltdown and economic recession which has affected North America and Europe may affect the Company's business this year as well.

FORECAST

- Despite the unprecedented economic downturn, the Company is confident that it will witness sustainable growth
- As is widely expected, the global technology related spending is expected to grow from 2010 onwards led by adoption of outsourcing and this would augur well for the Company
- Greater focus on cost and operational efficiencies in the recessionary environment is expected to enhance global sourcing
- Like all of India Inc, the Company would remain focused on tactical measures to achieve cost savings and greater productivity

FINANCIAL OVERVIEW

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles in India. The management of the company accepts responsibility for the integrity and objectivity of the financial statements as well as for the various estimates used therein. The financial statements have been prepared on a prudent and reasonable basis to reflect in a true and fair manner the state of affairs of the company.

RESULTS OF OPERATIONS

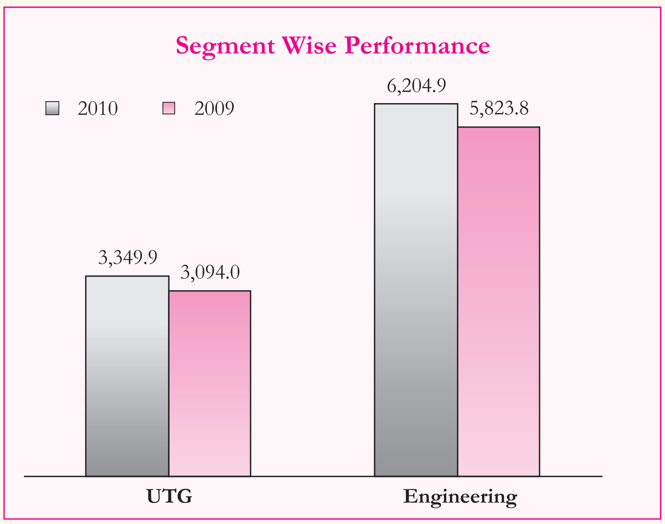
Total Income

(In Rs. million)

Particulars	Year ended March 31				Growth
	2010	%	2009	%	%
Income from Export sales	**9,370.57**	**93.75%**	8,742.03	101.62%	7.19%
Income from Domestic sales	**160.63**	**1.61%**	155.47	1.81%	3.32%
Total Sales	**9,531.20**	**95.36%**	8,897.50	103.43%	7.12%
Other Income	**463.70**	**4.64%**	(294.50)	(3.43%)	(257.45)%
Total Income	**9,994.91**	**100.00%**	8,603.00	100.00%	16.18%

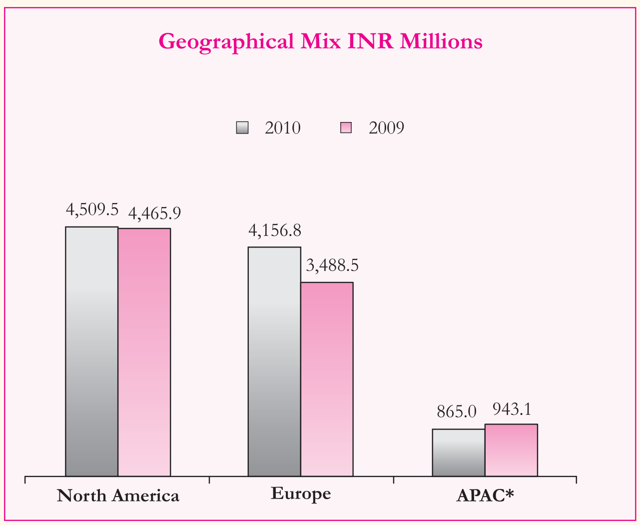
The Company's total income increased by 16.18% to Rs. 9,994.91 million from Rs. 8,603.00 million due to increased revenue from top 10 customers. Other income went up due to exchange fluctuation gains during the year.

Segment wise Performance



* Inter-vertical revenues worth Rs. (23.6) million for FY 2009-10 and (20.3) for FY 2008-09 has been adjusted.

Geographical Mix



* The de-growth in APAC is an account of foreign exchange variation.

Customer Concentration

Particulars	2010	2009
Top 5 Customers	**43.40%**	40.50%
Top 10 Customers	**58.70%**	56.40%

Top 5 customers contribution was stable and Company got good revenue growth through next 5 five customers as well during financial year. The support from top 10 customers has been extremely encouraging.

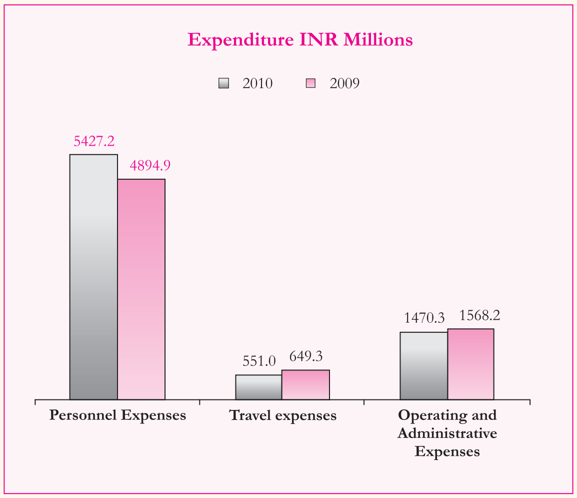
Offshore/Onsite Revenue Mix

Particulars	2010	2009
Offshore	**55.90%**	57.10%
Onsite	**44.10%**	42.90%
Total	**100.00%**	100.00%

Offshore and onsite revenues mix has been in line with our expectations and is stable.

Expenditure

During the year, the personnel costs of the Company increased by 10.87% due to increase in manpower and acquisition of Daxcon. There is a decrease in travel and operating and administrative expenditure by 15.14% and 6.24% respectively despite acquisition of Daxcon and increase in revenue.



Profitability

(In Rs. million)

Particulars	Year ended March 31				Growth %
	2010	**% of Total Income**	2009	% of Total Income	
Earnings before interest, depreciation and tax (EBIDTA)	**2082.6**	**20.84%**	1785.2	20.75%	16.66%
Financial Expenses	**31.3**	**0.31%**	40.3	0.47%	-22.33%
Depreciation	**435.7**	**4.36%**	465.6	5.41%	-6.42%
Other Income	**463.7**	**4.64%**	-294.6	-3.42%	-257.40%
Profit Before Tax	**2079.3**	**20.80%**	984.7	11.45%	111.16%
Tax	**505.0**	**5.05%**	140.2	1.63%	260.20%
Profit for the Year	**1,708.30**	**17.09%**	924.8	10.75%	84.72%

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

The company registered a 16.66% growth in EBITDA. While EBITDA increased to Rs. 2,082.6 million as against Rs. 1,785.2 million, PAT increased to Rs. 1,708.30 millions as against Rs. 924.80 million in previous year due to increase in other income as a result of exchange fluctuation gain.

Financial Expenses

Financial Expenses decreased by 22.5%; this was due to repayment of outstanding packing credit taken from banks during the year.

Depreciation

Depreciation has gone down by 6.42% due to amortization decrease as a result of merger of acquired companies TA (India), Vargis, etc.

Provision for Taxation

The provision for taxation for FY 2009-10 is Rs. 505.00 million.

Liquidity

The growth of the company is largely financed by internal cash generations through operations. As of March 31, 2010 the company had cash and cash equivalents of Rs. 3,841.78 million, an increase of 15.22% as compared to the previous year's Rs.3,333.50 million, despite an investment of Rs. 274.23 million in Daxcon.

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

Internal Control

The Company 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 applicable corporate policies.

The Company has appointed M/s Bhaskara Rao & Co., to oversee and carry out an internal audit of the Company's activities. The audit is based on an Internal Audit Plan, which is reviewed each year in consultation with the statutory auditors (Deloitte Haskins & Sells) and the Audit Committee. The Company also appointed M/s. KPMG as the Risk Auditors. There is good coordination and communication among the auditors.

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. Safeguarding of assets and their protection against unauthorized use are also a part of these exercises. 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 major observations at periodic intervals.

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 significant difference to the Company's operations. These include climatic conditions and economic conditions affecting demand and supply, government regulations and taxation, natural calamities and so on over which the Company does not have any direct control.

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

On behalf of the Board of Directors

Place : Hyderabad
Date : April 21, 2010

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

Annexure-F

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To
The Members of
Infotech Enteprises Limited
Hyderabad

We have examined the compliance of conditions of Corporate Governance by Infotech Enterprises Limited (the "Company"), for the year ended on 31st March, 2010, 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 a review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement). 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 and the representations made by the Directors and the management, 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
(ICAI Registration No. 008072S)

P R Ramesh
Partner
(Membership No. : 70928)

Place: Secunderabad
Date : April 21, 2010

Annexure-G

CEO's Declaration

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

Place : Hyderabad
Date : April 12, 2010

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

Report on Corporate Governance

1. The Company's Philosophy on Corporate Governance

The Company believes that corporate governance is the application of best management practices, compliance of law in true letter and spirit and adherence to ethical standards for the effective management and distribution of wealth and discharge of social responsibility for the sustainable development of all stakeholders. Through its processes and independence of functioning, the Board of Directors of the Company provides effective leadership to the Company and its management for achieving sustained prosperity for all the stakeholders.

The cornerstone of the Company's philosophy on corporate governance is accountability to stakeholders, transparency in operations and fairness to all stakeholders. The Board considers itself as a trustee of its stakeholders including it's shareholders and acknowledges its responsibilities towards them for safeguarding their interest.

2. Board of Directors

The Chairman and Managing Director manages the affairs of the Company. The Board of Directors of the Company has a judicious combination of Executive and Non-Executive directors.

The Company has an Executive Chairman and the number of Independent Directors is more than one-half of the total number of Directors. As on 31 March 2010, the Company had 10 Directors on its Board, of which 6 Directors are independent. The number of Non-Executive Directors (NEDs) is more than 50% of the total number of Directors. The Board also consists of 2 alternate directors.

None of the Directors on the Board is a Member on more than 10 Committees or Chairman of more than 5 Committees (as specified in Clause 49), across all the companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

a) The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting are given below:

Name of the Director	Director Identification Number	Category	Board Meetings held	Board Meetings attended	Last AGM
Mr. B.V.R. Mohan Reddy	00058215	Non-Independent , Executive	4	4	Yes
Mrs. B. Sucharitha	00709959	Non-Independent , Executive	4	4	Yes
Mr. M.M. Murugappan	00170478	Independent, Non-Executive	4	4	Yes
Mr. Paul Roger Adams	00872586	Non-Independent , Non-Executive	4	1	No
Mr. G.V. Prasad	00057433	Independent, Non-Executive	4	3	No
Mr. William Grabe	01606050	Non-Independent , Non-Executive	4	1	No
Mr. William Henry	02535030	Independent, Non-Executive	4	2	No
Prof. J. Ramachandran	00004593	Independent, Non-Executive	4	3	No
Mr. K. Ramachandran*	00193357	Independent, Non-Executive	2	2	N.A.
Mr. Jaithirth Rao*	00025289	Independent, Non-Executive	2	1	N.A.
Mr. Ranjan Chak**	00023676	Independent, Non-Executive	2	1	No
Mr. David Carter***	02416674	Alternate Director	3	3	N.A.
Mr. Sunish Sharma****	00274432	Alternate Director	2	2	N.A.

* Appointed as additional director w.e.f. 20 July 2009

** Ceased to be a director w.e.f. 14 October 2009

*** Appointed as alternate director to Mr. Paul Roger Adams w.e.f. 14 October 2009

**** Appointed as alternate director to Mr. William Grabe w.e.f. 14 October 2009

b) Details of number of directorships and Committee Memberships held by Directors in other companies:

Name of the Director	Board		Committee	
	Chairman	Member	Chairman	Member
Mr. B.V.R. Mohan Reddy	1	4	–	1
Mrs. B. Sucharitha	–	–	–	–
Mr. M.M. Murugappan	5	1	3	1
Mr. Paul Roger Adams	–	–	–	–
Mr. G.V. Prasad	–	8	1	2
Mr. William Grabe	–	1	–	–
Mr. William Henry	–	–	–	–
Prof. J. Ramachandran	1	6	4	3
Mr. K.Ramachandran	–	1	–	–
Mr. Jaithirth Rao	–	4	–	2
Mr. Ranjan Chak	–	–	–	–
Mr. David Carter	–	–	–	–
Mr. Sunish Sharma	–	–	–	–

c) Meetings and Attendance during the year 2009-10:

Quarter	No. of Meetings	Dates on which held
April '09 to June '09	1	25 April '09 at 11.00 hrs
July '09 to September '09	1	15 July '09 at 10.30 hrs
October '09 to December '09	1	14 October '09 at 10.30 hrs
January '10 to March'10	1	18 January '10 at 10.30 hrs
Total	4	

Board Procedure

The calendar of meetings of the Board of Directors is determined well in advance of the commencement of the financial year. Notices of the Meetings of the Board are issued by the Company Secretary on the advice and guidance of the Chairman & Managing Director. The agenda and notes thereon are finalised by the Chairman & Mangaing Director and circulated sufficiently in advance by the Company Secretary.

Elaborate and meticulous deliberations take place at the meetings of the Board; all relevant information is put up to the Board and comprehensive presentations are made to it to facilitate considered and informed decision making. Heads of the business verticals, geo-heads and heads of subsidiaries also attend the meetings of the Board as invitees to provide a better perspective on the operations.

Information as required in Annexure IA to Clause 49 of the Listing Agreement has been placed before the Board for its consideration and deliberations. The time gap between two meetings of the Board did not exceed four months. The Company has voluntarily adopted and implemented the Secretarial Standards on Meetings of the Board of Directors and Minutes (SS-1 and SS-5 respectively) issued by the Institute of Company Secretaries of India (ICSI).

Whistle Blower Policy

The Board at its meeting held on 15 July 2009, approved and implemented a Whistle Blower Policy that provides a formal mechanism for all associates of the Company including subsidiaries to approach the Ombudsperson of the Company and make protective disclosures about unethical behaviour, actual or suspected fraud. The objective of the Whistle Blower Policy is to provide associates, customers and vendors an avenue to raise concerns, in line with the Company's commitment to the highest possible standards of ethical, moral and legal business conduct and its commitment to open communication. Further, the policy also provides necessary safeguards for protection of associates from reprisals or victimization for whistle blowing in good faith. The Ombudsperson will investigate the issue and will report the same along with appropriate course of action to the Chairman and Managing Director (CMD) of the Company; CMD in turn will report to the Board on a quarterly basis. In exceptional cases, where the complainant is not satisfied with the outcome of the investigation carried out by the Ombudsperson, he / she can make a direct appeal to the Chairman of the Audit Committee of the Company. The implementation of the Whistle Blower Policy is also in line with Clause 7 of Annexure ID of Clause 49 of the Listing Agreement.

3) Audit Committee

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

The Company Secretary acts as Secretary of the Committee.

a) Brief description of terms of reference

The terms of reference of the Audit Committee are in conformity with the provisions of Sub-clause II of Clause 49 of the Listing Agreements with the Stock Exchanges which, *inter alia*, includes the following:

- Oversight of the company's financial reporting process.
- Recommending appointment and removal of external auditors and fixing of their fees.
- Reviewing with management the quarterly, half-yearly and annual financial results / statements with special emphasis on accounting policies and practices, compliances with accounting standards and other legal requirements concerning financial statements.
- Reviewing the adequacy of the Audit and compliance functioning including their policies, procedures, techniques and other regulatory requirements.
- Reviewing the adequacy of internal control systems and significant audit findings.
- Discussion with external auditors regarding nature and scope of audit.

b) The composition of the Audit Committee is as follows:

Name of the Member	Category
Mr. M.M. Murugappan	Chairman
Mr. Paul Roger Adams*	Member
Prof. J. Ramachandran	Member
Mr. K. Ramachandran	Member

* Mr. David Carter is the Alternate Director

c) Meetings and Attendance during the year 2009-10:

Name of the Member	Meetings held during the year	Meetings attended
Mr. M.M. Murugappan	4	4
Mr. Paul Roger Adams	4	1
Prof. J. Ramachandran	4	3
Mr. K. Ramachandran	2	2
Mr. David Carter	3	3

The Chairman of the Audit Committee had attended the 18th Annual General Meeting (AGM) and addressed the queries of shareholders.

4) Remuneration Committee

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

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

Name of the Member	Category
Mr. M.M. Murugappan	Chairman
Mr. B.V.R. Mohan Reddy	Member
Mr. K. Ramachandran (Appointed as Member w.e.f. 14 October 2009)	Member
Mr. Ranjan Chak (Ceased as Member w.e.f. 14 October 2009)	Member

b) Meetings and Attendance during the year 2009-10:

Name of the Member	Meetings held during the year	Meetings attended
Mr. M.M. Murugappan	3	3
Mr. B.V.R. Mohan Reddy	3	3
Mr. K. Ramachandran	2	2
Mr. Ranjan Chak	2	1

c) Remuneration Policy

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

(i) employment scenario

(ii) remuneration package in the industry and

(iii) remuneration package of the managerial talent of other industries.

The Non-Executive Directors (NEDs) are eligible for commission not exceeding an aggregate of 1% of the net profits of the Company for all such Directors and not exceeding Rs. 900,000 per person, per annum, as per the resolution passed by the Members of the Company through postal ballot on 12 October 2009. The distribution of Commission amongst the NEDs is placed before the Board. The Commission is distributed on the basis of their attendance and contribution at the Board.

The Company pays sitting fees of Rs. 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. The ceiling on perquisites and allowances as a percentage of salary, is fixed by the Board. Commission is calculated with reference to net profits of the Company in the particular a financial year and is determined by the Board of Directors at the end of the financial year, subject to overall ceilings stipulated in Sections 198 and 309 of the Companies Act, 1956.

d) Details of remuneration to all the Directors:

(Rupees)

Name of the Director	Salary	Commission	Sitting Fee	Provident Fund Contribution	Superannuation	Total
Mr. B.V.R. Mohan Reddy	30,00,000	2,29,85,331	–	3,60,000	4,48,049	2,67,93,380
Mrs. B. Sucharitha	18,00,000	–	–	2,16,000	2,70,000	22,86,000
Mr. M.M. Murugappan	–	9,00,000	60,000	–	–	9,60,000
Mr. Paul Roger Adams	–	9,00,000	–	–	–	9,00,000
Mr. G.V. Prasad	–	9,00,000	20,000	–	–	9,20,000
Mr. William Grabe	–	9,00,000	–	–	–	9,00,000
Mr. William Henry	–	9,00,000	–	–	–	9,00,000
Prof. J. Ramachandran	–	9,00,000	60,000	–	–	9,60,000
Mr. K. Ramachandran	–	4,50,000	40,000	–	–	4,90,000
Mr. Jaithirth Rao	–	4,50,000	10,000	–	–	4,60,000
Mr. Ranjan Chak	–	4,50,000	–	–	–	4,50,000
Mr. David Carter	–	6,75,000	40,000	–	–	7,15,000
Mr. Sunish Sharma	–	4,50,000	20,000	–	–	4,70,000
Total	48,00,000	3,08,60,331	2,50,000	5,76,000	7,18,049	3,72,04,380

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.

e) Shareholding of the Directors in the Company as on 31 March 2010

Mr. B.V.R. Mohan Reddy, Chairman and Managing Director, holds 72,87,360 equity shares and Mrs. B. Sucharitha, Whole Time Director, holds 32,70,600 equity shares in the Company.

Mr. M.M. Murugappan and Mr. Ranjan Chak (ceased to be a Director w.e.f. 14 October 2009) hold 15,000 equity shares each of Rs. 5 each 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.

5) Shareholders/Investors Grievance Committee

a) Terms of reference

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

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

Name of the Member	Category
Mr. M.M. Murugappan (Appointed as Member w.e.f. 14 October 2009)	Chairman
Mr. B.V.R. Mohan Reddy	Member
Mrs. B. Sucharitha	Member
Mr. Paul Adams*	Member
Mr. Ranjan Chak (Ceased as Chairman w.e.f. 14 October 2009)	Member

* Mr. David Carter is the Alternate Director

c) Name and Designation of Compliance Officer

Mr. Sudheendhra Putty – Company Secretary

d) No. of Shareholders Complaints received during the year 2009-10

During the year 2009-10, in total 76 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	Pending
1	Change/Correction of Address	21	21	--
2	Non Receipt of Dividend Warrants	13	13	--
3	Request for ECS Facility	1	1	--
4	Change/Correction of Bank Mandate	3	3	--
5	Non Receipt of Annual Report	4	4	--
6	Non receipt of Securities	1	1	--
7	Others	33	33	--
	Total	76	76	--

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

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

f) No. of pending share transfers

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

The Company obtains a Certificate of Compalince from Mr. S. Chidambaram, Company Secretary in Practice, at half-yearly intervals, certifying that the share transfer requests complete in all respects have been processed and share certificates with transfer endorsement have been issued by the Company with the stipulated time periods. This certificate is also filed with both BSE and NSE.

In order to facilitate speedier redressal of investors' grievances, the Company has created an exclusive email ID *cosecy@infotechsw.com*. Shareholders may lodge their queries addressed to this email ID which would be attended to immediately.

6) General Body Meetings

a) Location and time, where last three Annual General Meetings were held:

Annual General Meeting	Venue	Time & Date	Number of Special Resolutions passed
18th AGM	Bhaskara Auditorium, BM Birla Museum, Adarsh Nagar, Hyderabad - 500 063	14:30 hrs on July 1, 2009	2
17th AGM	-do-	14:00 hrs on July 23, 2008	2
16th AGM	-do-	15:30 hrs on July 18, 2007	0

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

c) Special Resolutions passed through postal ballot during the last year and person who conducted the postal ballot exercise.

One Special Resolution was passed for revising the remuneration to the Non-Executive Directors of the Company under Section 309(4)(b) of the Companies Act, 1956.

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

d) Whether any special resolution proposed to be conducted through postal ballot.

Company has issued notice of postal ballot to shareholders for passing of special resolutions for revision of remuneration to Mr. B. Ashok Reddy, President (Global HR & CA) and to Mr. Krishna Bodanapu, President (Engineering), who are the relatives of Mr. B.V.R. Mohan Reddy, Chairman and Managing Director and Mrs. B. Sucharitha, Whole -Time Director of the Company. Mr. S. Chidambaram, Company Secretary in Practice has been appointed as Scrutineer for conducting the Postal Ballot process in a fair & transparent manner. These resolutions will be suitably acted upon after they are passed.

e) Procedure for postal ballot.

The following is the broad outline for conducting postal ballot:

- Appointment of Scrutinieer
- Approval of Notice U/S 192A of the Companies Act.
- Approval of Calendar of Events.
- Filing of Calendar of Events and Board Resolution with Registrar of Companies.
- Dispatch of Notice to members.
- Releasing advertisement intimating the completion of dispatch of notice and last date for receipt of completed postal ballot.
- Intimation to Stock Exchanges wherever the securities of the company are listed about the dispatch of notice to members.
- Last date for receipt of completed postal ballot.
- Preparation of scrutinizer's report and submission of same to the Chairman of the Company.
- Declaration of result and intimation of same to Stock Exchanges.
- Filing of requisite forms with Registrar of Companies.
- Drawing up of minutes.

7) Disclosures

a) The Chairman & Managing Director and Senior Vice-President (F&A) have given a Certificate to the Board as contemplated in Clause 49 of the Listing Agreement.

b) There are no materially significant related party transactions, *i.e.* transactions material in nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc that may have 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.

d) A Compliance report of all applicable Laws and Regulations as certified by the Chairman & Managing Director 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 pending before the various courts is also put up to the Board on a quarterly basis.

e) The Board of Directors has laid-down a "Code of Conduct" (Code) for all the Board Members and senior management personnel of the Company and this Code is posted on the website of the Company. Annual declaration is obtained from every person 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) The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or other statutory authorities relating to the above.

h) The Company has adopted a Whistle Blower Policy and has established the necessary mechanism in line with clause 7 of the Annexure 1D to Clause 49 of the Listing Agreement with the Stock Exchanges, for employees to report concerns about unethical behaviour. No personnel has been denied access to the Ombudsperson /Chairman of the Audit Committee.

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.

Secretarial Audit

In terms of the Corporate Governance Voluntary Guidelines, 2009, issued by the Ministry of Corporate Affairs, the Company has voluntarily conducted a Secretarial Audit for the financial year 2009-10. Mr. S. Chidambaram, Company Secretary in Practice conducted the Secretarial Audit and the Secretarial Audit Report was placed before the Board of Directors of the Company. The same has been published as annexure to Directors Report. The Audit covered the provisions of the Companies Act, 1956, the Depositories Act, 1996, the Listing Agreement with the Stock Exchanges and the SEBI guidelines/regulations on Employees Stock Options Insider Trading and Takeover Code.

8) Means of Communication

a) Statutory advertisements and financial results of the company (Quarterly, Half-yearly and Annual) are normally published in 'Business Standard' or 'Financial Express' in English and 'Andhra Bhoomi' or 'Andhra Prabha' regional language dailies (Telugu).

b) Apart from the financial results, all official press releases of the Company and presentations made to the institutional investors and analysts if any, are being placed on the Company's website www.infotech-enterprises.com.

c) The company also releases all price sensitive information simultaneously to NSE/BSE and the media.

Company's Corporate Website

The website of the Company gives a 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 details, shareholding pattern, information relating to stock exchanges, registrars, share transfer agents and frequently asked questions.

9) 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, etc. are discussed in the said report.

10) Compliance of Insider Trading Norms

The Company has adopted the code of internal procedures and conduct for listed companies notified by the Securities Exchange Board of India (SEBI) prohibiting insider trading.

11) General Shareholder Information

a)	AGM - Date, Time and Venue	:	14 July 2010 at 2.30 p.m. at Bhaskara Auditorium, BM Birla Museum, Adarsh Nagar, Hyderabad - 500 063
b)	Financial Year	:	April 1 to March 31
c)	Date of Book Closure	:	10 May 2010 to 12 May 2010 (both days inclusive)
d)	Dividend Payment Date	:	Within 30 days from the date of AGM
e)	Listing on Stock Exchanges	:	The Bombay Stock Exchange Ltd., P J Towers, Dalal Street, Fort, Mumbai - 400 001. The National Stock Exchange of India Ltd., Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai- 400 051.
f)	Stock Code		
	The Bombay Stock Exchange Ltd.	:	532175 / INFOTECENT
	The National Stock Exchange of India Ltd.	:	INFOTECENT /EQ

g) Market Price data: High / Low during each month in the Financial Year 2009-10 and Performance in comparison to broad based indices such as BSE Sensex, Crisil Index, etc.

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 Rs.)		NIFTY		BSE (in Rs.)		SENSEX	
	High	Low	High	Low	High	Low	High	Low
Apr 09	147.90	84.05	3517.25	2965.70	147.90	85.10	11,492.10	9,546.29
May 09	190.65	140.00	4509.40	3478.70	190.70	142.00	14,930.54	11,621.30
Jun 09	198.70	142.65	4693.2	4143.25	196.00	143.00	15,600.30	14,016.95
Jul 09	254.50	166.10	4669.75	3918.75	254.00	165.00	15,732.81	13,219.99
Aug 09	290.00	216.00	4743.75	4353.45	289.00	218.10	16,002.46	14,684.45
Sep 09	298.45	244.30	5087.60	4576.60	298.00	244.00	17,142.52	15,356.72
Oct 09	279.00	227.00	5181.95	4687.50	273.00	223.05	17,493.17	15,805.20
Nov 09	344.30	225.00	5138.00	4538.50	327.00	221.15	17,290.48	15,330.56
Dec 09	325.80	279.30	5221.85	4943.95	325.55	280.00	17,530.94	16,577.78
Jan 10	372.00	278.40	5310.85	4766.00	369.40	282.00	17,790.33	15,982.08
Feb 10	364.40	301.30	4992.00	4675.40	366.65	305.25	16,669.25	15,651.99
Mar 10	400.00	338.35	5329.55	4935.35	399.00	330.25	17,793.01	16,438.45

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

i) Share Transfer System

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

Karvy Computershare Private Limited is the Common Share Transfer Agent for both Physical and dematerialised mode.

j) Distribution of Shareholding

The Distribution of shareholding of the Company as on 31 March 2010 is as follows:

Sl. No.	Category		Number of Shareholders	Percentage of Shareholders	Number of Equity Shares	Percentage of Shareholding
	From	To				
1	1	5,000	7876	89.44%	1,324,040	2.38%
2	5,001	10,000	496	5.63%	720,168	1.30%
3	10,001	20,000	185	2.10%	528,151	0.95%
4	20,001	30,000	64	0.73%	314,251	0.57%
5	30,001	40,000	31	0.35%	223,035	0.40%
6	40,001	50,000	24	0.27%	220,715	0.40%
7	50,001	100,000	42	0.48%	607,037	1.09%
8	100,001	Above	88	1.00%	51,562,127	92.91%
	Total		8,806	100.00	55,499,524	100.00

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, 2010, 96.25% of the outstanding equity shares of the company are in electronic form.

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

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

The Company has not issued any GDRs/ADRs/Warrants/convertible debentures during the year 2009-10 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	i. Plot No.8, 9, 10 & 11, Software Units Layout, Infocity, Madhapur, Hyderabad - 500 081 ii. Plot No.2, IT Park, Nanakramguda, Manikonda, Hyderabad-500 032
Bangalore	Infotech IT Park, Plot No.110 A & 110B, Phase - I, Electronics City, Adjacent to E.City Fire Station, Hosur Main Road, Bangalore-560 100
Kakinada	Katyayani Hi-tech Complex, 4th, 5th and 6th Floors, Door No. 13-1-61/64, Main Road, Near II Town Police Station, Kakinada - 533 001.
Noida	Plot No. 11, Block "B", Sector 63, NOIDA - 201 301

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 Mr. S. Nataraja, Senior Vice-President (Finance & Accounts)/Mr. Sundar Viswanathan, Chief Financial Offcier 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 : cosecy@infotechsw.com/natarajas@infotechsw.com/Sundar.Viswanathan@infotech-enterprises.com

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

Karvy Computershare Private Limited
Unit: Infotech Enterprises Limited
Plot No. 17 to 24, Vithalrao Nagar,
Madhapur, Hyderabad-500081

Contact Person: Mr. M.S.Madhusudhan
Tel: +91-40-44655000/44655152 Fax: +91-40-44655024
Email: mailmanager@karvy.com/mohsin@karvy.com, Web: www.karvy.com

12. Due dates for Transfer of Unclaimed Dividends to Investor Education and Protection Fund (IEPF)

Financial Year	**Date of Declaration of Dividend (Date of Annual General Meeting)**	**Due date to Transfer to IEPF**
2002-2003	July 23, 2003	August 30, 2010
2003-2004	July 27, 2004	September 3, 2011
2004-2005	July 21, 2005	August 27, 2012
2005-2006	July 19, 2006	August 25, 2013
2006-2007	July 18, 2007	August 24, 2014
2007-2008	July 23, 2008	August 29, 2015
2008-2009	July 01, 2009	August 07, 2016

Risk Management

Change the changeable, accept the unchangeable,

and remove yourself from the unacceptable.

– Denis Waitley

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

As is known, 2010 was one of the most challenging years in recent memory. Continuing from the down turn of late 2008, the current financial year saw significant challenges across the globe. After consistent growth between 3 & 5% YoY for most part of the decade, the world GDP growth has slowed to ½% in PPP terms and negative in real terms. Advanced economies which have traditionally represented our markets have de-grown by 2%. These are the slowest rates of growth since the 1940s.

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

We have a risk management team to support our business initiatives in these changing times. Vertical heads are responsible for the identification of risk and for isolating the risk reward option in the business concerned vertical.

We have classified our business into 2 major verticals:

1. UTG (Utilities telecom and Government)
2. Engineering

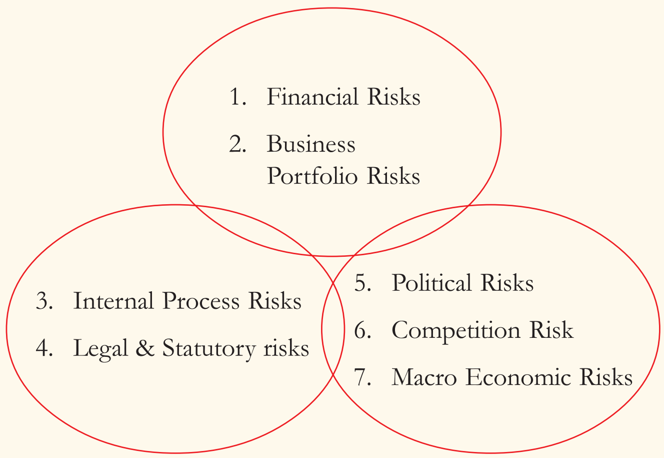
Each of these vertical heads has set frameworks within which the risk and rewards are operated. Risks involved in each project is identified by the respective Project Managers and informed accordingly to the Senior Managers at the review meetings held every month. The same is evaluated and brought to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

During the year under review, M/s. KPMG were appointed to audit the risk mitigation procedures and provide necessary directions. The risk report has been submitted to the management and the findings are currently being addressed.

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

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

RISK FRAME WORK OF THE COMPANY



1. **Financial risks**
   - Foreign currency rate fluctuations
   - Liquidity
   - Leverage

   1.1 Foreign currency rate fluctuations

   The Company derives a significant portion of its revenues in Foreign Currencies. Principal currencies dealt with by the Company include US Dollar, Australian Dollar, Euro, and Great Britain Pound. The Company is also exposed to deriving revenue from 25 different countries. 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 favourable bottom-line impact, an appreciation would affect the company's profitability adversely. Such volatility would also affect the assets located at various locations worldwide in terms of their carrying value.

1.2 Liquidity

It is essential for every Company that apart from having a good fixed assets base, it shall also have a high level of liquidity so as to enable itself to re-align to any dynamic business changes. Therefore, as a strategy, the Company always believes in having a liquid balance sheet. The cash flow of the Company is largely dependent on the credit terms extended to clients and the effective recovery of the same from them. Delays in recovery have a direct impact on the liquidity position of the Company. As on 31 March 2010, the following is the liquidity position of the Company:

Ratio	2010	2009
Days of sales receivable	**73**	97
Cash and Cash Equivalents as % of assets*	**34.74%**	31.68%
Cash and Cash Equivalents as % of revenue*	**55.33%**	50.19%

* Cash and cash equivalents for FY2010 includes investment in Mutual funds amounts to Rs. 15,031.27 Lakhs.

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

1.3 Leverage

The Company does not have any debts as against Rs. 186.67 millions for the previous year. All the secured term loans were repaid fully during the year.

2. Business portfolio risks

A business is subject to the risks involved with respect to the service lines being offered by it, the geographies in which it operates clients on which it is highly dependent, etc. The Company is also subject to these kinds of risks and therefore has steps in place to prevent undue concentration in one service, vertical, client or geography. The following are the risks addressed:

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

2.1 Vertical domain concentration

Vertical domains relate to the industry in which the clients operate. The Company has a client base, which operates in Utilities (comprising Telecom & Power), Transportation, Aerospace, Railways, Automobile, Technical Publications, chips & embedded work and Heavy Engineering.

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

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

During the year, the Company had its revenues distributed in the ratio of 45:55 among the UTG and Engineering verticals respectively.

2.2 Service concentration

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

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

2.3 Client concentration

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

During the year under review, the Company had added 14 new clients as against to 37 customers last year and further reduced the concentration from its top 5 clients and top 10 clients. (Details provided in Management Discussion & Analysis Report). This is mostly on account of traction in smaller existing clients and new clients. Contributions from top clients are generally higher among the companies in the growth phase and hence the management believes that the dependence on a few clients would further reduce in the coming years.

2.4 Geographical concentration

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

During the year, the Company witnessed a substantial change in geographic mix with increase in the contributions from the European geography. The ratio is 40:45:15 for North America, Europe and Other countries (Including Domestic sales) compared to 46:38:16, last year. The company continues to focus on the Asia Pacific region and believes the geographic concentration risk to come down further. Over the last couple of years, the Company started operation in Japan and Malaysia and the results thereof will start rolling out shortly.

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

3. Internal process risks

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

3.1 Internal control systems

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

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

3.2 Project execution

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

3.3 Human Resource Management

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

During the year, the attrition rate of the Company stood at 7.90% as compared to previous year's 10.42 %. The fall in attrition represents the interest of the associates towards their work and focus of the Human Resources Department to provide maximum satisfaction. The associates are categorized on the basis of performance into CAT-A, CAT-B and CAT-C.

3.4 Technological obsolescence

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

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

Ratio	**FY 2010**	FY 2009
Depreciation/Average Gross Block	**9.94%**	11.61%
Depreciation/ Total Revenue	**6.70%**	7.85%

The company's amortization strategy reflects the requirements of the various categories of systems.

Depreciation during the year was lower compared to previous year as some of the assets were fully written off.

3.5 Disaster prevention and recovery

The Company adheres to various standards to ensure that the information is secure and is not prone to controllable disasters. Adherence to ISO 27001/BS 7799 standard has ensured that the company has a disaster prevention and recovery system in place. The disaster recovery plans are created and monitored for each of its work locations as well as for each technology centres. Possible risks for all centers have been identified and action plans are put in place to cope with any contingencies. These plans are reviewed and updated periodically to make sure that they are in sync with changes in technology and risks.

3.6 Growth through Acquisitions

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

During 2009-10, the Company through its wholly owned subsidiary, IEAI, acquired Daxcon Engineering Inc, in the US. Daxcon primarily focuses on heavy engineering and off highway equipment market.

4. Legal and Statutory Risks

- Contractual Liabilities
- Statutory Compliance

4.1 Contractual liabilities

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

4.2 Statutory compliance

The Company has a compliance officer to advise the company on compliance issues with respect to the laws of various jurisdictions in which the company has its business activities and to ensure that the company is not in violation of the laws of any jurisdiction where the company has operations. The compliance officer, who is also the Company Secretary, reports from time to time on the compliance or otherwise of the laws of various jurisdictions to the board of directors. Generally, the company takes appropriate business decisions after ascertaining from the compliance officer and, if necessary, from independent legal counsels, that the business operation of the company is not in contravention of any law in the jurisdiction in which it is undertaken. Legal compliance issues are an important factor in assessing all new business proposals.

5. Competition Risks

New competitors may enter the markets the Company operates in or current competitors could decide to focus more on these markets, and thereby intensify the highly competitive conditions that already exist. Such developments would enable these new and existing competitors to offer similar services at reduced prices. This could harm the Company's business and results of operations. The management keeps track of the market movements and acts accordingly to mitigate this risk.

6. Political risks

Recognizing that India's education system, its world-class professionals, and its low cost structure give it an intrinsic comparative advantage in software exports, successive governments have accorded a special status to this industry. Task Forces comprising politicians, bureaucrats and industrialists have recommended policy measures to give a fillip to the Indian IT industry. On the whole, the Government's favourable disposition towards the IT industry - and specifically towards software exports - is highly encouraging. Given the consensus among all leading political parties on the importance of the software industry, it is likely to remain a focus area for governmental policy in the years to come.

7. Macro Economic Factors

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

Standalone Financial Statements
Indian GAAP

Auditors' Report

Auditors' Report to the Members of Infotech Enterprises Limited

1. We have audited the attached Balance Sheet of INFOTECH ENTERPRISES LIMITED ("the Company") as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:

   (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) the Balance Sheet, the Profit and Loss Account 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 Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

   (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;

      (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and

      (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of the written representations received from the Directors as on 31st March, 2010 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

P R Ramesh
Partner
(Membership No. 70928)

Place : Secunderabad
Date : April 21, 2010

Annexure to the Auditors' Report

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

(i) Having regard to the nature of the Company's business, clauses (ii), (viii), (x), (xii), (xiii), (xiv), (xvi), and (xix) of CARO are not applicable.

(ii) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) 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) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956, and accordingly, clauses (iii) of paragraph 4 of the Order is not applicable to the Company for the current year.

(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) In respect of transactions with subsidiaries, having regard to the explanations from the management that the transactions dealt are of special nature and therefore suitable alternative sources are not readily available for obtaining comparable quotations. There are no other transactions made in pursuance of such contracts or arrangements exceeding the value of Rs.5 lakhs in respect of any party during the year.

(vi) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year.

(vii) In our opinion, the internal audit functions carried out during the year by firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.

(viii) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2010 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rupees)
Value Added Tax - CST	Demand on domestic services rendered	Appellate Deputy Commissioner, Commercial Taxes	2006-07, 2007-08, 2008-09 and 2009-10 (up to June)	4,935,680
Value Added Tax - APVAT	Demand on applicability of sales tax on domestic services rendered	Appellate Deputy Commissioner, Commercial Taxes	2006-07, 2007-08, 2008-09 and 2009-10 (up to June)	1,564,997

(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.

(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) The Management has not raised any money by public issue during the year.

(xiv) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

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

P R Ramesh
Partner
(Membership No. 70928)

Place : Secunderabad
Date : April 21, 2010

Balance Sheet

(Amount in Rupees)

	Schedule Reference	As at March 31, 2010		As at March 31, 2009	
I. Sources of Funds :					
1. Shareholders' Funds					
(a) Capital	1	**277,497,620**		276,148,980	
(b) Reserves and Surplus	2	**7,760,850,270**	**8,038,347,890**	6,622,862,103	6,899,011,083
2. Loan Funds					
(a) Secured Loans	3		**–**		186,667,529
			8,038,347,890		7,085,678,612
II. Application of Funds :					
1. Fixed Assets	4				
(a) Gross Block		**4,231,422,211**		3,958,079,416	
(b) Less: Depreciation and Amortisation		**2,236,960,711**		1,866,396,041	
(c) Net Block		**1,994,461,500**		2,091,683,375	
(d) Capital Work in Progress		**604,842,299**	**2,599,303,799**	584,197,664	2,675,881,039
2. Investments	5		**2,763,520,564**		1,026,905,341
3. Deferred Tax Asset (net)	6		**23,991,358**		178,907,804
4. Current Assets, Loans and Advances					
(a) Sundry Debtors	7	**903,495,484**		1,364,976,207	
(b) Cash and Bank Balances	8	**1,860,555,427**		2,729,155,278	
(c) Loans and Advances	9	**1,304,307,606**		833,968,657	
(d) Unbilled Revenue		**227,565,126**		175,481,312	
		4,295,923,643		5,103,581,454	
Less: Current Liabilities and Provisions					
(a) Liabilities	10	**735,833,644**		1,214,734,817	
(b) Provisions	11	**908,557,830**		684,862,209	
		1,644,391,474		1,899,597,026	
Net Current Assets			**2,651,532,169**		3,203,984,428
			8,038,347,890		7,085,678,612
Notes to Accounts	16				

The Schedules referred to above and Statement on Significant Accounting Policies form an integral part of the Balance Sheet.

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

For and on behalf of the Board of Directors

P R Ramesh
Partner

For and on behalf of
Deloitte Haskins & Sells
Chartered Accountants

Place : Secunderabad
Date : April 21, 2010

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

B. Sucharitha
Whole-time Director

S. Nataraja
Senior Vice President
Finance and Accounts

Sudheendhra Putty
Company Secretary

Place : Hyderabad
Date : April 21, 2010

Profit and Loss Account

(Amount in Rupees)

	Schedule Reference	For the year ended March 31, 2010	For the year ended March 31, 2009
Income			
Services			
- Exports		**5,457,363,873**	5,510,248,882
- Domestic		**160,632,278**	155,470,902
Other Income	12	**461,502,195**	(227,608,268)
TOTAL INCOME		**6,079,498,346**	5,438,111,516
Expenditure			
Personnel Expenses	13	**2,786,819,833**	2,725,334,424
Operating and Administration Expenses	14	**1,332,641,911**	1,589,485,109
Depreciation and Amortisation		**407,068,488**	426,636,097
Financial Expenses	15	**4,705,037**	35,137,309
TOTAL EXPENDITURE		**4,531,235,269**	4,776,592,939
Profit Before Taxation		**1,548,263,077**	661,518,577
Provision for Taxation			
- Current		**190,300,000**	110,000,000
- Earlier years		**45,302,920**	–
- MAT Credit		**(109,902,459)**	–
- Fringe Benefit		**–**	17,000,000
- Deferred		**154,916,446**	(174,103,093)
Profit After Taxation		**1,267,646,170**	708,621,670
Add: Balance brought forward from previous year		**80,507,064**	66,818,045
Add: TTM India (P) Ltd Amalgamation Adjustment (Refer Note 9 of Schedule 16)		**6,526,147**	–
Amount Available for Appropriation		**1,354,679,381**	775,439,715
Appropriations :			
Proposed Dividend @ 40% (2008-09: 30 %)		**110,999,048**	82,844,694
Tax on distributed profits		**18,864,288**	14,079,456
Residual Dividend and Dividend Tax paid		**27,474**	508,501
Transfer to Contingency Reserve		**–**	47,500,000
Transfer to General Reserve		**1,000,000,000**	550,000,000
Balance carried to Balance Sheet		**224,788,571**	80,507,064
Earnings Per Share			
(Equity Shares, Par Value of Rs. 5 Each)			
- Basic		**22.90**	13.30
- Diluted		**22.82**	13.28
Number of Shares used in computing Earnings per Share			
- Basic		**55,344,146**	53,262,303
- Diluted		**55,559,140**	53,368,636
Notes to Accounts	16		

The Schedules referred to above and Statement on Significant Accounting Policies form an integral part of the Profit and Loss Account.

This is the Profit and Loss Account referred to in our report of even date.

For and on behalf of the Board of Directors

P R Ramesh
Partner

For and on behalf of
Deloitte Haskins & Sells
Chartered Accountants

Place : Secunderabad
Date : April 21, 2010

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

B. Sucharitha
Whole-time Director

S. Nataraja
Senior Vice President
Finance and Accounts

Sudheendhra Putty
Company Secretary

Place : Hyderabad
Date : April 21, 2010

Schedule annexed to and forming part of the Balance Sheet

(Amount in Rupees)

	As at March 31, 2010	As at March 31, 2009
1. CAPITAL		
Authorised :		
73,872,000 Equity Shares of Rs. 5 each (31.03.2009 : 73,872,000 Equity Shares of Rs. 5 each)	**369,360,000**	369,360,000
2,724,000 Compulsorily Convertible Preference Shares of Rs. 360 each (31.03.2009: 2,724,000 Compulsorily Convertible Preference Shares of Rs. 360 each)	**980,640,000**	980,640,000
	1,350,000,000	1,350,000,000
Issued and Subscribed :		
55,499,524 - Equity Shares of Rs. 5 each fully paid-up (31.03.2009: 55,229,796 Equity Shares of Rs. 5 each fully paid-up)	**277,497,620**	276,148,980
	277,497,620	276,148,980

Out of the above:

(156,000 Equity Shares were allotted for a consideration other than cash pursuant to the Scheme of Amalgamation with M/s. Cartographic Sciences Limited.)

(811,710 Equity Shares were allotted for a consideration other than cash pursuant to the acquisition of 100% equity in M/s. Infotech Enterprises Europe Limited (formerly known as M/s. Dataview Solutions Limited.)

(34,921,157 Equity Shares were allotted by way of Bonus shares by capitalising General Reserve/Securities Premium account.)

(3,196,962 (31.03.2009: 2,927,234) Equity Shares were allotted to employees of the company pursuant to the Associate Stock Option Plans.)

(Refer Note 2 of Schedule 16)

Schedules annexed to and forming part of the Balance Sheet

(Amount in Rupees)

	As at March 31, 2010		As at March 31, 2009	
2. RESERVES AND SURPLUS				
Securities Premium Account				
As at the commencement of the year	**3,601,355,038**		2,604,647,678	
Add: Received on account of further issue of Equity Shares	**26,612,660**	**3,627,967,698**	996,707,360	3,601,355,038
General Reserve				
As at the commencement of the year	**2,780,000,001**		2,230,000,001	
Add: TTM India (P) Ltd Amalgamation Adjustment (Refer Note 9 of Schedule 16)	**2,000,000**		–	
Less: TTM India (P) Ltd Amalgamation Adjustment (Refer Note 9 of Schedule 16)	**(34,906,000)**		–	
Add: Transferred from Profit and Loss Account	**1,000,000,000**	**3,747,094,001**	550,000,000	2,780,000,001
Contingency Reserve	**161,000,000**		113,500,000	
Add : Transferred from Profit and Loss Account (Refer Note 19 of Schedule 16)	**–**	**161,000,000**	47,500,000	161,000,000
Balance in Profit and Loss Account		**224,788,571**		80,507,064
		7,760,850,270		6,622,862,103
3. SECURED LOANS				
Packing Credit from Banks		**–**		186,667,529
		–		186,667,529

Schedule annexed to and forming part of the Balance Sheet

4 . FIXED ASSETS

(Amount in Rupees)

DESCRIPTION	GROSS BLOCK					DEPRECIATION/AMORTISATION					NET BLOCK	
	Cost as at April 1, 2009	Pursuant to Scheme of Amalga-mation @	Additions during the year	Deletions/ Adjustments during the year	**Cost as at March 31, 2010**	As at April 1, 2009	Pursuant to Scheme of Amalga-mation @	For the year	Deletions/ Adjustments during the year	**As at March 31, 2010**	**As at March 31, 2010**	As at March 31, 2009
TANGIBLE ASSETS												
1. Land												
– Freehold *	17,190,605	–	–	1,618,651	**15,571,954**	–	–	–	–	**–**	**15,571,954**	17,190,605
– Leasehold **	71,252,720	–	40,266,500	–	**111,519,220**	–	–	11,291,870	–	**11,291,870**	**100,227,350**	71,252,720
2. Buildings ***	1,018,361,782	–	69,194,981	–	**1,087,556,763**	76,998,431	–	37,458,027	–	**114,456,458**	**973,100,305**	941,363,351
3. Leasehold Improvements	1,353,884	2,404,713	6,726,759	2,404,713	**8,080,643**	85,579	135,203	3,188,501	805,937	**2,603,346**	**5,477,297**	1,268,305
4. Computers and Software	1,882,918,908	7,301,578	135,228,558	33,668,441	**1,991,780,603**	1,499,790,796	4,866,735	263,611,997	33,668,441	**1,734,601,087**	**257,179,516**	383,128,112
5. Plant and Machinery	441,212,063	–	21,054,222	1,325,456	**460,940,829**	130,025,516	–	42,318,693	671,241	**171,672,968**	**289,267,861**	311,186,547
6. Office Equipment	77,538,743	1,779,354	4,872,316	1,704,834	**82,485,579**	26,053,860	283,681	7,780,960	761,110	**33,357,391**	**49,128,188**	51,484,883
7. Furniture and Fixtures (Including Interior Work)	211,780,048	1,930,648	16,042,193	3,441,574	**226,311,315**	83,519,150	504,979	15,795,199	1,600,672	**98,218,656**	**128,092,659**	128,260,898
8. Electrical Installations	225,002,154	1,019,504	16,395,242	4,735,975	**237,680,925**	43,887,940	242,759	23,403,026	2,524,649	**65,009,076**	**172,671,849**	181,114,214
9. Vehicles	11,468,509	1,561,509	–	3,535,638	**9,494,380**	6,034,769	287,956	2,220,215	2,793,081	**5,749,859**	**3,744,521**	5,433,740
Total	3,958,079,416	15,997,306	309,780,771	52,435,282	**4,231,422,211**	1,866,396,041	6,321,313	407,068,488	42,825,131	**2,236,960,711**	**1,994,461,500**	2,091,683,375
Previous Year	3,392,500,000	–	656,654,161	91,074,745	**3,958,079,416**	1,525,168,306	–	426,636,097	85,408,362	**1,866,396,041**	**2,091,683,375**	–
10. Capital Work–in–Progress****											**604,842,299**	584,197,664

* Includes Rs. 15,571,954 (31.03.2009: Rs.17,190,605) in respect of which land allocation letters have been received, pending execution of conveyance deed.

** Includes Rs. 26,266,500 (31.03.2009: Rs.Nil) in respect of which land allocation letter has been received, pending the lease deed execution.

*** Includes Rs. 360,728,470 (31.03.2009: Rs.355,286,344) Building constructed on leasehold land.

**** Capital work-in-progress includes capital advances of Rs. 28,375,800 (31.03.2009: Rs.29,640,764)

@ Refer Note 9 of Schedule 16

Schedules annexed to and forming part of the Balance Sheet

(Amount in Rupees)

	As at March 31, 2010	As at March 31, 2009
5. INVESTMENTS		
I) Long Term		
Trade - Unquoted - At Cost		
Investment in Associate Company		
Infotech Aerospace Services Inc., USA 490 Shares of $0.01 par value fully paid up	**11,172,000**	11,172,000
Investment in Subsidiaries		
Infotech Enterprises America Inc., USA 500,500 (31.03.2009: 500) Shares without par value (500,000 Subscribed during the year)	**794,058,272**	519,828,272
Infotech Enterprises Europe Ltd, UK 185,000,000 Ordinary Shares of 1 pence each fully paid up	**303,747,950**	303,747,950
Infotech Enterprises GmbH, Germany 2 Shares of Euro 12,800 each fully paid up, 1 Share of Euro 30,700 each fully paid up and 1 Share of Euro 50,000 each fully paid up	**70,762,244**	70,762,244
Infotech Geospatial (India) Limited 2,960,000 shares of Rs. 10 each fully paid up	**29,600,000**	29,600,000
Infotech Enterprises Japan KK 900 Shares of JPY 10,000 each fully paid up	**4,787,622**	4,787,622
TTM (India) Private Limited Nil (31.03.2009:193,600) Shares of Rs.10 each fully paid up (Refer Note 9 of Schedule 16)	**–**	40,742,353
TTM Institute of Information Technology Private Limited 10,000 Shares of Rs.10 each fully paid up	**100,000**	100,000
Infotech Enterprises Information Technology Services Private Limited (Formerly Infotech Enterprises Engineering Services Private Limited) 9,990 Shares of Rs.10 each fully paid up	**99,900**	99,900
Investment in Joint Venture		
Infotech HAL Limited 2,000,000 Shares of Rs.10 each fully paid up	**20,000,000**	20,000,000
Others		
Kalyani Net Ventures Limited 781,582 Shares of Rs. 10 each fully paid up	**26,065,000**	26,065,000
II) Current		
Non-trade-unquoted-at the lower of cost and fair value Investment in Mutual Funds (Refer Note 8 of Schedule 16)	**1,503,127,576**	–
	2,763,520,564	1,026,905,341

Schedules annexed to and forming part of the Balance Sheet

(Amount in Rupees)

	As at March 31, 2010		As at March 31, 2009	
6. DEFERRED TAX ASSET (Net)				
Fixed Assets		**(74,652,502)**		(85,413,204)
Employee Benefits		**91,565,289**		72,026,200
Provision for derivative losses		**(9,013,262)**		174,978,391
Others		**16,091,833**		17,316,417
		23,991,358		178,907,804
7. SUNDRY DEBTORS (Unsecured)				
Considered good *				
(a) Over six months old	**5,396,716**		37,081,634	
(b) Other debts	**898,098,768**	**903,495,484**	1,327,894,573	1,364,976,207
Considered doubtful - Over six months old		**37,367,692**		34,155,190
		940,863,176		1,399,131,397
Less: Provision of doubtful debts		**37,367,692**		34,155,190
		903,495,484		1,364,976,207
*Debtors includes due from Subsidiaries Rs. 402,829,400 (31.03.2009 : Rs. 866,851,983) (Refer Note 12 of Schedule 16)				
8. CASH AND BANK BALANCES				
Cash on hand		**628,646**		532,062
Cheques on hand		**–**		7,487,126
Balances with Scheduled Banks				
- in Current Accounts	**419,815,105**		488,149,944	
- in Deposit Accounts	**1,378,714,652**	**1,798,529,757**	2,068,382,378	2,556,532,322
Balances in Current Accounts with Non-Scheduled Banks*		**59,744,777**		163,226,729
Unclaimed Dividend Accounts		**1,652,247**		1,377,039
		1,860,555,427		2,729,155,278
(*Refer Note 5 of Schedule 16)				

Schedules annexed to and forming part of the Balance Sheet

(Amount in Rupees)

	As at March 31, 2010	As at March 31, 2009
9. LOANS AND ADVANCES (Unsecured)		
(a) Considered good		
Interest accrued on deposits	**17,180,202**	38,521,786
Unsecured		
- Advances recoverable in cash or in kind or for value to be received*	**369,019,173**	145,640,023
- Loan to Subsidiaries	**–**	12,438,375
- Loan to Others	**72,848,764**	–
- Advance Tax (net of provision of Rs. 261,660,277) (31.03.2009: Rs. 369,382,690)	**694,622,978**	601,341,198
- MAT Credit	**109,902,459**	–
- Deposits **	**40,734,030**	36,027,275
	1,304,307,606	833,968,657
(b) Considered doubtful		
Deposits	**16,200,000**	16,200,000
Advances	**709,545**	709,545
	16,909,545	16,909,545
Less : Provision for doubtful Loans and Advances	**(16,909,545)**	(16,909,545)
	1,304,307,606	833,968,657
* Includes due from Subsidiaries Rs. 65,732,674 (31.03.2009: Rs. 22,182,544) (Refer Note 12 of Schedule 16)		
** Includes deposits with Government Authorities Rs. 28,559,506 (31.03.2009 Rs. 26,433,156)		
10. LIABILITIES		
Sundry Creditors		
- Dues to Micro and Small Enterprises	**–**	–
- Dues to others*	**478,240,051**	599,366,473
Advances from Customers	**87,478,025**	20,567,071
Unclaimed Dividends (There are no dues payable to Investor Education and Protection Fund)	**1,652,247**	1,377,039
Other Liabilities	**168,463,321**	593,424,234
	735,833,644	1,214,734,817
* Includes due to Subsidiaries Rs. 19,856,812 (31.03.2009: Rs. 75,832,434) (Refer Note 12 of Schedule 16)		
11. PROVISIONS		
Warranty Cost	**1,581,255**	–
Income Taxes [Net of advance tax of Rs. 55,092,420 (31.03.2009:Nil)]	**497,023,233**	369,825,001
Proposed Dividend including tax thereon	**129,863,336**	96,924,150
Employee Benefits	**280,090,006**	218,113,058
	908,557,830	684,862,209

Schedules annexed to and forming part of the Profit and Loss Account

(Amount in Rupees)

	For the year ended March 31, 2010	For the year ended March 31, 2009
12. OTHER INCOME		
Interest on Loans and Deposits - Gross	**114,569,298**	141,539,631
{Tax Deducted at Source Rs. 24,278,493 (2008-09-Rs. 21,740,242)}		
Dividend Income from Current Investments	**33,127,971**	54,796,756
Dividend Income from Associate	**11,943,750**	11,123,000
Dividend Income from Subsidiaries	**–**	104,593,603
{Tax Deducted at Source Rs. Nil (2008-09-Rs.7,730,198)}		
Profit on Sale of Current Investments (net)	**5,520**	8,320,661
Provisions no longer required written back	**32,094,849**	10,470,809
Gain/(Loss) on Exchange Fluctuations (net)	**252,632,408**	(569,212,350)
Miscellaneous Income	**17,128,399**	10,759,622
	461,502,195	(227,608,268)
13. PERSONNEL EXPENSES		
Salaries and Bonus	**2,466,614,913**	2,402,611,881
Contribution to Provident and Other Funds	**219,580,578**	192,074,760
Staff Welfare Expenses	**100,624,342**	130,647,783
	2,786,819,833	2,725,334,424
14. OPERATING AND ADMINISTRATION EXPENSES		
Rent	**30,531,043**	47,270,695
Rates and Taxes	**11,330,605**	7,031,371
Insurance	**6,234,444**	4,787,548
Travelling and Conveyance	**428,132,163**	542,241,169
Communication	**63,055,564**	72,224,999
Printing and Stationery	**14,966,902**	20,475,151
Power and Fuel	**87,204,786**	93,793,245
Marketing Expenses	**16,633,933**	16,358,322
Advertisement	**1,126,103**	2,609,392
Repairs and Maintenance		
- Buildings	**5,812,032**	4,967,530
- Machinery	**204,917,055**	172,599,386
- Others	**34,673,162**	24,550,526
Professional Charges	**294,095,005**	384,002,762
Provision for Doubtful Debts and Advances/Deposits	**3,212,501**	17,436,022
Loss on sale of Fixed Assets	**4,774,497**	1,095,877
Auditors' Remuneration	**2,757,500**	3,068,169
Recruitment Expenses	**15,567,232**	26,733,567
Training and Development	**7,369,864**	20,157,112
Purchase of Computer Software	**24,343,778**	39,659,660
Managerial Remuneration		
- Salaries	**4,800,000**	4,800,000
- Contribution to Provident Fund and Other Funds	**1,294,049**	1,406,770
- Commission	**30,860,331**	11,764,174
- Sitting Fee	**250,000**	-
Miscellaneous Expenses	**38,699,362**	70,451,662
	1,332,641,911	1,589,485,109
15. FINANCIAL EXPENSES		
Interest on Term Loans	**10,716**	16,181,100
Interest on Packing Credit	**898,881**	13,575,490
Interest on Other Loans	**38,639**	34,986
Bank and Other Finance Charges	**3,756,801**	5,345,733
	4,705,037	35,137,309

Schedule 16 - Notes to Accounts

1. **Description of Business**

Infotech Enterprises Limited ('Infotech' or 'the Company') is a global technology services and solutions Company specialising in geospatial, engineering design and IT solutions. Its range of services include digitizsation 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. The Company specializes in software services and solutions for the manufacturing, utilities, telecommunications, transportation & logistics, local government and financial services markets. The Company has its headquarters in Hyderabad, India and development facilities in India at Hyderabad, Bangalore, Noida, Kakinada and overseas branches at Australia, Canada, Dubai, New Zealand, Norway, Malaysia and Singapore, and serves a global customer base through its subsidiaries in India, United States of America (USA), United Kingdom (UK), Japan and Germany.

2. **Associate Stock Option Plans**

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

Infotech Employee Stock Offer Scheme 1999 (ESOP Plan)

In 1998-99, the Company set up Infotech Employee Stock Offer Scheme (ESOP Plan) and allotted 80,900 equity shares of Rs.10 each at a premium of Rs.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 and 2006-07 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 Trust at a predetermined price. Hence, the lock-in-period has been considered as vesting period. However, the Trust and the Company have a discretionary power to waive the restriction on selling such stock to the Trust.

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

Scheme established after SEBI Guidelines on Stock Options

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

Associate Stock Option Plan - 2001 (ASOP 2001)

The Company instituted ASOP 2001 in April 2001 and earmarked 225,000 equity shares of Rs.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 bonus issue and stock split cum bonus issue during 2002-03 and 2006-07 respectively.

Changes in number of options outstanding were as follows:	**March 31, 2010**	March 31, 2009
Options outstanding at the beginning of year	**–**	13,500
Granted	**–**	–
Forfeited	**–**	–
Exercised	**–**	(13,500)
Options outstanding at the end of year	**–**	–

Associate Stock Option Plan - 2002 (ASOP 2002)

The Company instituted ASOP 2002 in October 2002 and earmarked 575,000 equity shares of Rs.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, 2010	March 31, 2009
Options outstanding at the beginning of the year	114,825	16,125
Granted	–	117,300
Forfeited	(5,975)	(6,600)
Exercised	–	(12,000)
Options outstanding at the end of year	108,850	114,825

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

Associate Stock Option Plan - 2004 (ASOP 2004)

The Company instituted ASOP 2004 in October 2004 and earmarked 1,150,000 equity shares of Rs.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, 2010	March 31, 2009
Options outstanding at the beginning of the year	1,585,643	1,672,265
Granted	33,000	346,475
Forfeited	(162,005)	(80,800)
Exercised	(269,728)	(352,297)
Options outstanding at the end of year	1,186,910	1,585,643

Out of the total outstanding options, 112,880 options pertain to options granted to the associates of subsidiary companies.

During the year 2006-07, the Company completed two corporate actions, viz., (i) Sub-Division of Rs.10 shares into 2 shares of Rs.5 each and (ii) Issue of Bonus shares of Rs.5/- each in the ratio of 1:2. All original grants that remained un-exercised have been suitably adjusted so as to have the effect of above corporate actions.

Associate Stock Option Plan - 2008 (ASOP 2008)

The Company instituted ASOP 2008 vide the resolution passed by the members of the Company at their meeting held on 23 July 2008, Company has got the in principles from the stock exchanges and there are no grants under this Plan.

Proforma EPS

In accordance with Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, had the compensation cost for Stock Option plans been recognised based on the fair value at the date of grant in accordance with Binomial Lattice model, the pro forma amounts of the Company's net profit and earnings per share would have been as follows:

Particulars	March 31, 2010	March 31, 2009
A. Profit After Tax		
- As reported (Rs.)	1,267,646,170	708,621,670
- Proforma (Rs.)	1,209,666,909	646,569,529
B. Earnings Per Share		
Basic		
- Number of shares	55,344,146	53,262,303
- EPS as reported (Rs.)	22.90	13.30
- Proforma EPS (Rs.)	21.86	12.14
Diluted		
- Number of shares	55,559,140	53,368,636
- EPS as reported (Rs.)	22.82	13.28
- Proforma EPS (Rs.)	21.77	12.12

The following assumptions were used for calculation of fair value of grants: (based on Binomial Lattice model)

Dividend yield (%)	0.42	0.55
Expected volatility (%)	49.05	45.90
Risk-free interest (%)	1.69	2.04
Expected term (in years)	3.50	3.50

3. The Company had issued 2,724,000 Compulsorily Convertible Preference Shares ("CCPS") with a face value of Rs. 360 on July 6, 2007 to M/s. GA Global Investments Limited ("GA" or "the Allottee"). The terms and conditions of the issue of these CCPS including the right to convert the CCPS into Equity Shares are subject to the provisions

of the Agreement entered into between the Allottee and the Company, dated June 28, 2007, the guidelines issued by SEBI, RBI etc., and the Special Resolution passed in the Extraordinary General Meeting of members of the Company held on June 23, 2007. The CCPS were to be converted into equal number of equity shares within a period of 18 months from the date of allotment at the option of the Allottee and if no option is exercised, the same shall be automatically converted into equity shares at the end of 18 months.

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

4. Details of monies utilised out of preferential issue of shares

(Amount in Rupees)

Particulars	March 31, 2010	March 31, 2009
2,724,000 Compulsorily Convertible Preference Shares (CCPS) of Rs. 360 each to GA Global Investments Limited, Cyprus	**980,640,000**	**980,640,000**
4,417,277 Equity Shares of Rs. 5 each at premium of Rs. 355 per share to GA Global Investments Limited, Cyprus	**1,590,219,720**	1,590,219,720
1,166,420 Equity Shares of Rs. 5 each at a premium of Rs. 355 per share to Carrier International Mauritius Limited, Mauritius	**419,911,200**	419,911,200
Total amount received on preferential issue of shares	**2,990,770,920**	2,990,770,920
Amounts utilised out of the above:		
Purchase of Fixed Assets	**662,833,608**	662,833,608
Payment of fee for increasing Authorised Capital	**5,750,000**	5,750,000
Investment in wholly-owned subsidiary in Infotech Enterprises America, Inc	**508,553,272**	234,323,272
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 Tamilnad Mercantile Bank Limited	**242,522,539**	242,522,539
Total amount utilised	**1,486,566,772**	1,212,336,772
Net Balance	**1,504,204,148**	1,778,434,148
Dividend Received on Investments	**168,605,153**	152,069,716
Interest Received on Investments (Net)	**224,384,024**	147,009,818
Interest accrued but not received, included above	**(14,436,277)**	(37,388,510)
Total Balance	**1,882,757,048**	2,040,125,172
Net balance, represented by-		
Short-Term Deposits with various banks	**1,020,414,393**	2,040,125,172
Investments in Mutual Funds	**862,342,655**	–
Total Balance	**1,882,757,048**	2,040,125,172

5. Balances at the year-end and Maximum balances held in current accounts during the year with Non Schedule Banks are as follows:-

(Amount in Rupees)

Particulars	Balances at the year-end		Maximum Balance during the year	
	March 31, 2010	March 31, 2009	**March 31, 2010**	March 31, 2009
The Royal Bank of Scotland, NV, Dubai*	**931,343**	3,493,135	**7,802,864**	6,775,716
The Royal Bank of Scotland, NV, Singapore*	**2,378,873**	4,911,713	**10,647,080**	8,881,630
ASB Bank, New Zealand	**1,688,904**	1,776,249	**2,013,409**	3,151,188
Commonwealth Bank of Australia	**40,524,409**	144,651,533	**151,691,857**	174,011,096
Hong Kong and Shanghai Banking Corporation, Canada	**9,177,800**	5,290,805	**22,021,742**	18,810,591
DNB Bank, Norway	**412,932**	–	**915,895**	–
The Royal Bank of Scotland, London*	**4,630,516**	3,103,294	**63,874,695**	9,854,751
Total	**59,744,777**	163,226,729		

*Up to February 6, 2010 The Royal Bank of Scotland, NV was known as ABN-Amro Bank, NV.

6. a. CIF Value of Imports

(Amount in Rupees)

Particulars	**March 31, 2010**	March 31, 2009
Capital Goods	**78,294,749**	142,159,893
Consumable Spares and Stores/Software	**5,461,910**	6,942,825

b. Earnings in Foreign Currency (on accrual basis)

(Amount in Rupees)

Particulars	**March 31, 2010**	March 31, 2009
Income from services	**5,457,363,873**	5,510,248,882
Dividend income from Subsidiaries	**–**	104,593,603
Dividend income from Associate Company	**11,943,750**	11,123,000

c. Expenditure in Foreign Currency (on payment basis)

(Amount in Rupees)

Particulars	**March 31, 2010**	March 31, 2009
I. Expenditure		
a. Travel	**345,979,664**	411,109,223
b. Professional Services	**127,681,839**	175,981,379
c. Others	**162,151,061**	114,462,038
II. Expenditure incurred at overseas branches	**525,945,307**	462,837,980
III. Equity Dividend	**14,574,171**	11,645,471
Number of Shareholders	**42**	32
Number of Equity Shares	**9,716,112**	9,704,559

7. The Company has entered into certain foreign currency option contracts that mature over the next 7 months in respect of which a provision towards unrealised loss of Rs. 63,964,134 (31.03.2009 Rs. 514,793,735) on a mark to market basis has been recorded in the accounts. These losses are not realised losses and have a potential to reverse or increase over the maturity period.

The Company has also entered into certain foreign currency forward contracts that mature over the next 9 months in respect of which an unrealised gain of Rs. 90,481,526 (31.03.2009 Rs. Nil) has been recorded in the accounts. These gains are not realised gains and have a potential to reverse or decrease over the maturity period.

The foreign exchange forward and option contracts held by the Company to hedge its risk to foreign currency exposures as at March 31, 2010 included:

- Foreign currency forward contracts of USD 8,000,000 (31.03.2009: USD 6,000,000).
- Foreign currency forward contracts of GBP 5,040,000 (31.03.2009: GBP Nil).
- Foreign currency forward contracts of EURO 9,450,000 (31.3.2009: EURO Nil)
- Foreign currency option contracts to sell a maximum of USD 13,000,000 (31.03.2009: USD 44,500,000).

8. Investment in Mutual Funds

Sl. No.	Name of Mutual Fund	Purchased during the year		Sold during the year		**Balance as on March 31, 2010**	
		No. of Units	Amount in Rupees	No. of Units	Amount in Rupees	**No. of Units**	**Amount in Rupees**
1	ICICI Prudential Institutional Liquid Plan–Super Institutional Daily Dividend	10,000,728	100,012,281	10,000,728	100,012,281	–	–
2	ICICI Prudential Flexible Income Plan Premium– Daily Dividend	9,673,570	102,283,494	9,673,570	102,308,645	–	–
3	Reliance Money Manager Fund – Retail Option–Daily Dividend Plan	29,993	30,019,966	29,993	30,019,965	–	–
4	Reliance Money Manager Fund –Institutional option–Daily Dividend Plan	96,383	96,492,425	96,383	96,492,425	–	–
5	HDFC Cash Management Fund – Savings Plan– Daily Dividend Reinvestment	16,492,145	175,417,055	16,492,145	175,417,055	–	–
6	HDFC Floating Rate Income Fund–Short Term Plan–Wholesale Option –Dividend Reinvestment	17,861,861	180,063,630	–	–	**17,861,861**	**180,063,630**
7	Reliance Medium Term Fund–Daily Dividend Plan	1,777,816	30,392,647	1,777,816	30,392,647	–	–
8	GCDB IDFC Cash Fund– Inst Plan B–Daily Dividend	2,835,376	30,002,817	2,835,376	30,002,817	–	–
9	GFBD IDFC Money Manager Fund – Treasury Plan–Inst Plan B–Daily Dividend	3,066,764	30,883,232	–	–	**3,066,764**	**30,883,232**
10	UTI Liquid Cash Plan Institutional –Daily Income Option –Re–Investment	29,431	30,003,199	29,431	30,003,199	–	–
11	UTI Treasury Advantage Fund– Institutional Plan– Daily Dividend–Re–Investment	30,895	30,901,646	–	–	**30,895**	**30,901,646**
12	Birla Sun Life Cash Plus– Instl.Prem. –Daily Dividend–Reinvestment	14,972,427	150,016,228	14,972,427	150,016,228	–	–
13	Birla Sun Life Short Term Fund–Retail –Daily Dividend–Reinvestment	20,474,292	204,855,531	9,994,503	100,000,000	**10,479,789**	**104,855,531**
14	Templeton India Ultra Short Bond Fund Super Institutional Plan–Daily Dividend Reinvestment	5,122,946	51,288,885	–	–	**5,122,946**	**51,288,885**
15	Kotak Floater Long Term –Daily Dividend	4,191,811	42,252,615	–	–	**4,191,811**	**42,252,615**
16	LICMF Income Plus Fund–Daily Dividend Plan	5,038,131	50,381,312	5,038,131	50,381,312	–	–
17	Reliance Money Manager Fund–Retail Option –Daily Dividend Plan	130,877	130,992,946	130,877	130,992,947	–	–
18	Reliance Liquidity Fund–Daily Dividend Reinvestment Option	6,598,520	66,005,656	6,598,520	66,005,656	–	–
19	Kotak Liquid (Institutional)–Daily Dividend	3,271,397	40,002,967	3,271,397	40,002,967	–	–
20	Kotak Flexi Debt Scheme Institutional–Daily Dividend	3,994,269	40,132,421	3,994,269	40,132,421	–	–

Sl. No.	Name of Mutual Fund	Purchased during the year		Sold during the year		Balance as on March 31, 2010	
		No. of Units	Amount in Rupees	No. of Units	Amount in Rupees	**No. of Units**	**Amount in Rupees**
21	Kotak Floater Long Term–Daily Dividend	5,065,002	51,054,203	–	–	**5,065,002**	**51,054,203**
22	ICICI Prudential Flexible Plan Regular Daily Dividend	1,652,266	16,563,949	1,652,266	16,572,554	**–**	**–**
23	Principal Ultra Short Term Fund– Dividend Reinvestment Daily	1,221,091	12,235,334	–	–	**1,221,091**	**12,235,334**
24	HDFC Cash Management Fund– Savings Plan–Daily Dividend Reinvestment	2,350,640	25,002,350	2,350,640	25,002,350	**–**	**–**
25	HDFC Floating Rate Income Fund–Short Term Plan– Wholesale Option–Dividend Reinvestment	2,509,195	25,294,942	2,509,195	25,294,942	**–**	**–**
26	Templeton Floating Rate Income Fund Long Term Plan Super Institutional	5,195,183	51,985,296	–	–	**5,195,183**	**51,985,296**
27	Kotak Floater Long Term –Daily Dividend	5,086,564	51,271,547	–	–	**5,086,564**	**51,271,547**
28	IDFC Liquid Fund–Plan A Daily Dividend	40,127	40,135,024	40,127	40,135,025	**–**	**–**
29	IDFC Money Manager Fund–Treasury Plan –Inst Plan B– Daily Dividend	4,053,215	40,817,091	–	–	**4,053,215**	**40,817,091**
30	ICICI Prudential Flexible Income Plan Premium–Daily Dividend	7,577,450	80,120,171	7,577,450	80,139,872	**–**	**–**
31	UTI Liquid Cash Plan Institutional –Daily Income Option–Reinvestment	40,479	41,265,689	40,479	41,265,690	**–**	**–**
32	UTI Treasury Advantage Fund– Institutional Plan– Daily Dividend–Re–Investment	41,972	41,980,743	–	–	**41,972**	**41,980,743**
33	ICICI Prudential Flexible Income Plan Premium –Daily Dividend	982,640	103,924,311	–	–	**982,640**	**103,899,450**
34	ICICI Prudential Flexible Income Plan Premium–Daily Dividend	479,413	50,690,780	–	–	**479,413**	**50,690,780**
35	ICICI Prudential Flexible Income Plan Premium–Daily Dividend	769,716	81,405,447	–	–	**769,716**	**81,385,973**
36	ICICI Prudential Flexible Income Plan Regular–Daily Dividend	167,433	16,793,763	–	–	**167,433**	**16,790,160**
37	Templeton India Ultra Short Bond Fund Super Institutional Plan– Daily Dividend Reinvestment	6,071,779	60,788,222	–	–	**6,071,779**	**60,788,222**
38	Kotak Liquid (Institutional Premium) – Daily Dividend	4,089,299	50,004,355	4,089,299	50,004,355	**–**	**–**
39	Kotak Floater Long Term –Daily Dividend	5,029,489	50,696,245	–	–	**5,029,489**	**50,696,245**
40	TFLD TATA Floater Fund–Daily Dividend	5,050,255	50,682,335	–	–	**5,050,255**	**50,682,335**
41	TFLD TATA Floater Fund–Daily Dividend	6,045,690	60,672,123	6,045,690	60,672,123	**–**	**–**
42	UTI Treasury Advantage Fund–Institutional Plan (Daily Dividend option)–Re–Investment	52,254	52,264,798	–	–	**52,254**	**52,264,798**
43	UTI Liquid Cash Plan Institutional –Daily Income Option– Re–Investment	61,804	63,005,568	61,804	63,005,568	**–**	**–**
44	UTI Treasury Advantage Fund–Institutional Plan (Daily Dividend Option) –Re–Investment	63,855	63,868,515	–	–	**63,855**	**63,868,515**
45	TATA Liquid Super High Investment Fund – Daily Dividend	44,866	50,004,154	44,866	50,004,154	**–**	**–**

Sl. No.	Name of Mutual Fund	Purchased during the year		Sold during the year		Balance as on March 31, 2010	
		No. of Units	Amount in Rupees	No. of Units	Amount in Rupees	**No. of Units**	**Amount in Rupees**
46	IDFC Money Manager Fund–TP–Super Inst Plan C –Daily Dividend	6,072,683	60,735,940	–	–	**6,072,683**	**60,735,940**
47	UTI Treasury Advantage Fund– Institutional Plan (Daily Dividend Option) – Re–investment	60,721	60,734,355	–	–	**60,721**	**60,734,355**
48	GCCD IDFC Cash Fund–Super Inst Plan C– Daily Dividend	6,067,035	60,685,513	6,067,035	60,685,513	**–**	**–**
49	G50 IDFC Money Manager Fund–Investment Plan–Inst Plan B–Daily Dividend	6,068,065	60,771,676	–	–	**6,068,065**	**60,771,676**
50	Reliance Money Manager Fund–Institutional Option–Daily Dividend Plan	100,116	100,229,376	–	–	**100,116**	**100,229,376**
	TOTAL	207,799,927	3,188,084,767	115,414,416	1,684,962,711	**92,385,511**	**1,503,127,576**

Note: Investment in mutual fund as on March 31, 2009 is Rs. NIL

9. Amalgamation :

TTM (India) Private Limited, a wholly owned subsidiary of Infotech Enterprise Limited ("the Company") has been amalgamated with the Company w.e.f. April 1, 2009 pursuant to Scheme of Amalgamation approved by the Honourable High Court of Judicature, Andhra Pradesh vide its order dated July 27, 2009 and filed with Registrar of Companies on September 29, 2009. Consequently all the Assets, Liabilities and Reserves stand taken over by the Company retrospectively from April 1, 2009 and accounted under "Pooling of Interest" method as per the Accounting Standard-14 "Accounting for Amalgamations". As TTM (India) Private Limited was a wholly owned subsidiary of the Company, no additional shares were issued to effect the Amalgamation.

Particulars	Amount in Rupees
Consideration paid	36,842,000
Less: 100% of net assets taken over as on April 1, 2009 based on audited accounts	(1,936,000)
Goodwill *	34,906,000

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

10. Employee Benefits:

The Employee Benefit Schemes are as under:

A. Defined Contribution Plans

i. Provident Fund:

The Company makes Provident Fund Contribution to defined contribution retirement benefit plans for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the Fund administered and managed by the Government of India. The Company's monthly contributions are charged to the Profit and Loss Account in the period they are incurred. Total expenditure recognised during the year aggregated to Rs. 120,009,039. (2008-09 Rs.102,206,821).

ii. Superannuation Fund

The qualifying employees receive benefit under Superannuation scheme which is a defined contribution wherein the Company contributes 15% of the annual salary of the covered employee. These contributions are made to a fund administrated by LIC of India. The Company's monthly contributions are charged to profit and loss account in the period they are incurred. Total expense recognised during the year aggregated to Rs. 33,153,439. (2008-09 Rs.31,374,105)

B. **Defined Gratuity Plans**

i. **Gratuity:**

In accordance with the payment of Gratuity under 'Payment of Gratuity Act, 1972 of India, the Company provides for gratuity, a defined retirement benefit plan (the 'Gratuity Plan') covering eligible employees. Liabilities with regard to such Gratuity Plan is determined by an independent actuarial valuation and is charged to the Profit and Loss Account in the period determined. The Gratuity Plan is administered by Company's own Trust which has subscribed to "Group Gratuity Scheme" of Life Insurance Corporation of India.

The following table sets out the Defined Benefit Plans - as per Actuarial Valuation as at March 31, 2010 and recognised in the financial statements in respect of Employee Benefit Schemes:

(Amount in Rupees)

Particulars	March 31, 2010	March 31, 2009
Change in benefit obligation	**142,575,941**	135,683,950
Current Service Cost	**31,310,443**	30,857,306
Interest cost	**12,295,593**	13,079,403
Actuarial Loss/(Gain)	**4,407,052**	(30,947,292)
Benefits Paid	**(8,583,992)**	(6,097,426)
Projected benefit obligation at the end of the year	**182,005,037**	142,575,941
Amounts recognised in the balance sheet		
Projected benefit obligation at the end of the year	**(182,005,037)**	(142,575,941)
Fair value of plan assets at the end of the year	**5,530,741**	3,799,634
Liability recognised in the Balance Sheet	**(176,474,296)**	(138,776,307)
Cost of Employee Benefits for the year		
Current Service cost	**31,310,443**	30,857,306
Interest Cost	**12,295,593**	13,079,403
Expected return on plan assets	**(505,585)**	(166,331)
Net actuarial Loss/(Gain) recognised in the year	**4,407,052**	(30,947,292)
Net Cost recognised in the Profit and Loss Account	**47,507,503**	12,823,086
Actuarial Assumptions used in accounting for the Gratuity Plan		
Discount Rate (%)	**8.00%**	7.25%
Expected return on plan assets (%)	**8.00%**	8.00%
Long term rate of compensation increase (%)	**7.50% - 10.00%**	7.50% - 10.00%

The estimates of future salary increases considered in Actuarial valuation take account of price inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market.

ii. **Provision for Unutilised Leave:**

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

11. **Segmental Information**

Management evaluates the company's performance and allocates resources based on an analysis of various performance indicators by business verticals and geographical segmentation of customers.

The Company classifies its operations into two vertically oriented business segments: Utilities, Telecom, Government (UTG) and Engineering, Manufacturing, Industrial Products (EMI). Both businesses cater to the specific requirements of customers in their respective user segments.

Geographic segments of the Company are North America, Europe and Rest of the world.

The Company has identified business segments as its primary segment and geographic segments as its secondary segment.

I. Utilities, Telecom, Government (UTG)

UTG vertical services customers in industries such as power, gas, telecom, transportation and local government. The Company service offerings to the UTG 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 categorised based on items that are individually identifiable to that vertical.

Fixed assets used in the Company 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.

(Amount in Rupees)

Business Segments	UTG	EMI	Total
For the year 2010			
External Revenues	2,540,347,858	3,100,704,718	5,641,052,576
Less: Inter- Segment Revenues	–	23,056,425	23,056,425
Total Revenue	2,540,347,858	3,077,648,293	5,617,996,151
Segmental Result	962,597,051	839,793,271	1,802,390,321
Un-allocable Expenses			715,629,439
Other Income (Net)			461,502,195
Profit Before Taxation			1,548,263,077
Income Tax (including Deferred Tax)			280,616,907
Profit After Tax			1,267,646,170

(Amount in Rupees)

Business Segments	UTG	EMI	Total
For the year 2009			
External Revenues	2,441,051,377	3,244,976,766	5,686,028,143
Less:Inter- Segment Revenues	–	20,308,359	20,308,359
Total Revenue	2,441,051,377	3,224,668,407	5,665,719,784
Segmental Result	752,593,590	916,688,563	1,669,282,153
Un-allocable Expenses			(780,155,308)
Other Income (Net)			(227,608,268)
Profit Before Taxation			661,518,577
Income Tax (including Deferred Tax)			47,103,093
Profit After Tax			708,621,670

Secondary Segment Information
Geographic Segments

Segment Revenue (Amount in Rupees)

Geographic Location	March 31, 2010	March 31, 2009
North America	**2,237,910,689**	2,601,611,620
Europe	**2,539,597,832**	2,153,509,968
Rest of World	**840,487,630**	910,598,196
Total	**5,617,996,151**	5,665,719,784

Segment Assets (Amount in Rupees)

Geographic Location	March 31, 2010	March 31, 2009
India	**1,993,814,011**	2,090,907,388
Others	**647,489**	775,987
Total	**1,994,461,500**	2,091,683,375

Segment Capital Expenditure (Amount in Rupees)

Geographic Location	March 31, 2010	March 31, 2009
India	**309,532,564**	656,276,796
Others	**248,208**	377,356
Total	**309,780,772**	656,654,152

The segment disclosures for the previous year have been reclassified to conform to the current year's presentation.

12. Related Party Transactions

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

a) Subsidiaries:

Name of the Subsidiary Companies
Infotech Enterprises Europe Limited, UK. (IEEL)
Infotech Enterprises Benelux B.V Netherlands - A subsidiary of IEEL
Mapcentric Consulting Ltd, UK - A subsidiary of IEEL
Dataview Solutions Ltd, UK - A subsidiary of IEEL
Infotech Enterprises America Inc., USA (IEAI)
Infotech Software Solutions Canada Inc., Canada - A subsidiary of IEAI
Infotech Enterprises Electronic Design services Inc., - A subsidiary of IEAI (formerly known as Time to Market Inc, USA)
Infotech Enterprises GmbH, Germany (IEG)
Infotech Geospatial (India) Limited, India
TTM Institute of Information Technology Private Limited, India
Infotech Enterprises Japan KK, Japan
Infotech Enterprises Information Technology Services Private Limited (formerly known as Infotech Enterprises Engineering Services Private Limited)
Daxcon Engineering Services Inc, U.S.A - A subsidiary of IEAI (w.e.f. January 15, 2010)

b) Associate

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

c) Joint Venture

Name of the Joint Venture Company
Infotech HAL Limited, India

d) Key Management Personnel:

Name	Designation
Mr. B.V.R. Mohan Reddy	Chairman and Managing Director
Mrs. B Sucharitha	Whole Time Director
Mr. S.A.Lakshminarayanan	Chief Operating Officer - UTG (w.e.f. April 01, 2009)
Mr. K. Ashok Kumar	Chief Technology Officer (w.e.f. April 01, 2009)
Mr. S. Nataraja	Sr. Vice President - F & A (w.e.f. April 01, 2009)
Mr. Bhanu Cherukuri	Senior Vice President Strategy (w.e.f. April 01, 2009)
Mr. Rajeev Lal	President - SBI & ITG (w.e.f. April 01, 2009)

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

Mr. Krishna Bodanapu	Sr. Vice President - Engineering
Mr. B. Ashok Reddy	President - Global Human Resources & Corporate Affairs

The transactions with the related parties are summarised below:

(Amount in Rupees)

Nature of Transactions	Transactions for the year ended		Closing Balance as on	
	March 31, 2010	March 31, 2009	**March 31, 2010**	March 31, 2009
Transactions with Subsidiary Companies:				
Revenue/Receivables				
Infotech Enterprises Europe Limited, UK	**652,351,042**	715,868,197	**79,213,331**	306,259,328
Infotech Enterprises America Inc., USA	**1,110,987,604**	1,399,271,063	**165,463,375**	377,154,197
Infotech Enterprises GmbH, Germany	**1,185,512,689**	986,282,796	**135,213,041**	148,575,001
Infotech Software Solutions Canada Inc, Canada	**784,100**	49,462,872	**–**	22,637,160
Infotech Geospatial (India) Limited, India	**22,152,315**	13,378,794	**–**	12,226,297
Infotech Enterprises Japan KK, Japan	**342,631**	–	**36,475**	–
Infotech Enterprises Electronic Design services Inc, USA	**30,534,370**	–	**22,903,178**	–
Purchases of Fixed Assets/Payable				
Infotech Enterprises America Inc., USA	**–**	322,125	**–**	–
Infotech Enterprises GmbH, Germany	**–**	109,968	**–**	–
Infotech Geospatial (India) Limited, India	**–**	–	**–**	–

(Contd.)

Consultancy Charges/Payable				
Infotech Enterprises America Inc., USA	**37,992,437**	76,067,991	**6,190,336**	9,554,222
Infotech Enterprises GmbH, Germany	**60,125,166**	56,725,451	**2,344,449**	8,487,142
Infotech Enterprises Europe Limited, UK	**14,415,355**	38,345,801	**–**	14,045,677
Infotech Geospatial (India) Limited, India	**45,718,631**	24,592,964	**7,926,332**	12,402,107
Infotech Enterprises Japan KK, Japan	**3,405,509**	–	**3,395,695**	–
Reimbursement of Expenses/payable				
Infotech Enterprises Europe Limited, UK	**7,485,553**	10,958,338	**–**	1,810,172
Infotech Enterprises America Inc., USA	**13,099,324**	25,231,751	**–**	11,064,358
Infotech Enterprises GmbH, Germany	**19,731,874**	13,846,523	**–**	17,228,195
Infotech Geospatial (India) Limited, India	**3,583,101**	–	**–**	–
Recharge/Receivable				
Salary recharge/receivable from Infotech Geospatial (India) Limited, India	**11,406,437**	10,202,668	**19,776,296**	11,655,871
Reimbursement charged/receivable from Infotech Geospatial (India) Limited, India	**1,619,437**	–	**4,729,493**	–
Maximum outstanding Rs. 24,505,789 (31.03.2009: Rs. 24,249,524)				
Investments				
Infotech Enterprises Europe Limited, UK	**–**	–	**303,747,950**	303,747,950
Infotech Enterprises America Inc., USA	**274,230,000**	234,323,272	**794,058,272**	519,828,272
Infotech Enterprises GmbH, Germany	**–**	–	**70,762,244**	70,762,244
Infotech Geospatial (India) Limited, India	**–**	–	**29,600,000**	29,600,000
TTM (India) Private Limited, India **	**(40,742,353)**	40,742,353	**–**	40,742,353
TTM Institute of Information Technology Private Limited, India	**–**	100,000	**100,000**	100,000
Infotech Enterprises Japan KK, Japan	**–**	4,787,622	**4,787,622**	4,787,622
Infotech Enterprises Information Technology Services Pvt. Ltd, India	**–**	99,900	**99,900**	99,900
**Amalgamated with IEL				
Expenditure incurred by Subsidiary on behalf of Infotech Enterprises Limited				
Infotech Enterprises Europe Limited, UK	**–**	1,178,018	**–**	1,178,018
Infotech Enterprises America Inc., USA	**–**	62,543	**–**	62,543
Corporate Guarantee given to subsidiary's bankers (Overseas)				
Infotech Enterprises Europe Limited, UK	**–**	–	**108,848,600**	116,577,600
Infotech Enterprises America Inc., USA	**–**	–	**157,990,000**	178,325,000
Corporate Guarantee given to subsidiary's bankers (Domestic)				
Infotech Geospatial (India) Limited, India	**70,000,000**	40,000,000	**110,000,000**	40,000,000
Loan given/Outstanding Loan given to subsidiary				
Infotech Geospatial (India) Limited, India	**–**	12,000,000	**–**	12,000,000

(Contd.)

Advance given to subsidiary				
TTM Institute of Information Technology Private Limited, India Maximum outstanding Rs. 8,936,496 (31.03.2009: Rs. 76,000)	**773,433**	–	**8,093,834**	76,000
Infotech Enterprises Japan KK, Japan	**31,584,514**	–	**31,584,514**	–
Maximum outstanding Rs. 31,584,514 (31.03.2009: Rs. 3,045,851)				
Infotech Enterprises Europe Limited, UK	**1,548,536**	–	**1,548,536**	–
Maximum outstanding Rs. 1,548,536 (31.03.2009: Rs. Nil)				
TTM India Private Limited	**–**	–	**–**	10,450,673
Maximum outstanding Rs.Nil (31.03.2009: Rs. 11,401,623)				
Loan Recovered/Outstanding Loan given to subsidiary				
Infotech Geospatial (India) Limited, India	**12,000,000**	–	**–**	–
Dividend from subsidiary/Receivable				
Infotech Enterprises Europe Limited, UK	**–**	40,094,776	**–**	–
Infotech Enterprises America Inc., USA	**–**	26,712,700	**–**	–
Infotech Enterprises GmbH, Germany	**–**	37,786,128	**–**	–
Interest from subsidiary/Receivable				
Infotech Geospatial (India) Limited, India	**642,751**	566,815	**–**	566,815
Transactions with Associate Company:				
Investments	**–**	–	**11,172,000**	11,172,000
Dividend from associate/Receivable	**11,943,750**	11,123,000	**–**	–
Transactions with Joint Venture:				
Investments	**–**	20,000,000	**20,000,000**	20,000,000
Rent Received/Receivable	**3,969,000**	3,472,875	**1,422,621**	590,193
Transactions with key managerial personnel:				
Remuneration to Managing Director/Payable*	**26,793,380**	13,243,406	**22,985,331**	9,364,174
Remuneration to Whole Time Director/Payable	**2,286,000**	2,327,538	**–**	–
Remuneration to other KMP's	**22,485,165**	–	**–**	–
Rent/Payable to Whole Time Director	**412,800**	608,400	**42,518**	75,200
Rent Deposit given to Whole Time Director	**2,476,800**	–	**2,476,800**	–
Loan given to KMP	**1,000,000**	–	**–**	–
Loan Recovered from KMP	**782,034**	155,817	**937,313**	715,605
Transaction with Relative of Chairman & Managing Director and Whole Time Director:				
Remuneration to Mr. B. Ashok Reddy	**3,668,297**	3,616,310	**–**	–
Remuneration to Mr. Krishna Bodanapu	**3,367,217**	2,866,465	**–**	–

* Refer Note 15 for details of remuneration paid to Directors.

13. Lease payments made under operating leases amounted to Rs. 30,531,043 (2008-09 - Rs. 47,270,695) have been recognised as an expense in the Profit and Loss Account. The future minimum lease commitments of Infotech Group under non-cancellable operating leases are as follows:

(Amount in Rupees)

Maximum obligations on long-term non-cancellable operating leases:	**March 31, 2010**	March 31, 2009
Not Later than One Year	**6,826,045**	–
Later than One Year but not Later than Five Years	**–**	–
Total	**6,826,045**	–

14. Earnings per Share (EPS)

Particulars	**March 31, 2010**	March 31, 2009
Profit After Tax (Rs.)	**1,267,646,170**	708,621,670
Basic:		
Number of shares outstanding	**55,499,524**	55,229,796
Weighted average shares outstanding	**55,344,146**	53,262,303
Earnings Per Share (Rs.)	**22.90**	13.30
Diluted:		
Effect of dilutive issue of stock options	**214,994**	106,333
Total shares outstanding (including dilution)	**55,559,140**	53,368,636
Earnings Per Share (Rs.)	**22.82**	13.28

15. Managerial Remuneration

a. Managerial remuneration provided to Chairman and Managing Director, Whole-time director and Non-executive Directors:

(Amount in Rupees)

Particulars	**March 31, 2010**	March 31, 2009
Managing Director	**26,793,380**	13,243,406
Whole-time Director	**2,286,000**	2,327,538
Commission to Non-executive Directors:		
Mr. M.M. Murugappan	**900,000**	300,000
Mr. Paul Adams	**900,000**	300,000
Mr. G.V.Prasad	**900,000**	300,000
Mr. William Henry	**900,000**	225,000
Prof. J. Ramachandran	**900,000**	150,000
Mr. William Grabe	**900,000**	300,000
Mr. Sunish Sharma	**450,000**	150,000
Mr. David Carter	**675,000**	150,000
Mr. K.Ramchandran (From 20.07.2009)	**450,000**	–
Mr. Jaithirtha Rao (From 20.07.2009)	**450,000**	–
Mr. Ranjan Chak (Up to 14.10.2009)	**450,000**	300,000
Prof. P.N.Thirunarayana (Up to 23.10.2008)	**–**	150,000
Mr. George Fink (Up to 10.06.2008)	**–**	75,000

b. Computation of net profit in accordance with Section 349 of the Companies Act, 1956 and commission payable to Chairman and Managing Director, Executive Director and Non-executive Directors:

(Amount in Rupees)

Particulars	March 31, 2010	March 31, 2009
Net Profit before taxation as per Profit and Loss Account	**1,548,263,077**	661,518,577
Add:		
Depreciation as per Profit and Loss Account	**407,068,488**	426,636,097
Remuneration to directors	**36,954,380**	17,970,944
Provision for doubtful debts and advances	**3,212,501**	17,436,022
Loss on Sale of Fixed Assets	**4,774,497**	1,095,877
Profit on sale of Current Investments	**(5,520)**	(8,320,661)
Wealth Tax	**44,235**	65,087
Less:		
Depreciation as per Section 350 of the Companies Act, 1956*	**407,068,488**	426,636,097
Dividend income from current investments	**33,127,971**	54,796,756
Loss on sale of Fixed Assets	**4,774,497**	1,095,877
Net profit in accordance with Section 349 of the Companies Act, 1956	**1,555,340,702**	633,873,213
Commission payable to the Managing Director restricted to @ 1.5% of net profit as per Section 309 restricted to	**22,985,331**	9,364,174
Commission payable to Non Executive Directors	**7,875,000**	2,400,000

*Company follows depreciation rates higher than the Companies Act prescribed rates, depreciation under Section 350 of Companies Act will only be lower and accordingly the same has been considered for computation of managerial remuneration.

16. Remuneration to the Auditors

(Amount in Rupees)

Particulars	March 31, 2010	March 31, 2009
Audit (including US GAAP)	**2,757,500**	3,037,080
Other Services	**1,034,680**	22,472
Out of Pocket Expenses	**125,915**	8,617

17. Quantitative details

The Company is engaged in the development of Computer Software and Services. The production and sale of such software and services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and the information as required under Paragraphs 3 and 4C of Part II of Schedule VI to the Companies Act, 1956.

18. Contingent Liabilities and Commitments

a. Estimated amount of contracts remaining to be executed on capital accounts not provided for, net of advances Rs. 45,325,045 (31.03.2009 - Rs. 81,465,424).

b. The Company has outstanding counter guarantees of Rs. 70,043,183 as on March 31, 2010, to banks, in respect of guarantees given by the said banks in favour of various agencies (31.03.2009 - Rs. 76,160,447).

c. Corporate guarantee given to subsidiary's bankers to obtain line of credit Rs. 376,842,480 (31.03.2009 - Rs. 334,902,600)

d. The Company has disputed various demands raised by Income Tax authorities for the assessment years 1997-98 to 2006-07. The orders are pending at various stages of appeals. The aggregate amount of disputed tax not provided for is Rs. 161,954,153 (31.03.2009 Rs.166,143,227). The Company is confident that these appeals will be decided in its favour, based on professional advice.

e. 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 Rs.16,344,575 (31.03.2009: Rs. Nil). The Company is confident that these appeals will be decided in its favour, based on professional advice.

19. Contingency Reserve

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 Judicature, 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 Rs. 161,000,000 (31.03.2009 Rs. 161,000,000) as Contingency Reserve to meet any future eventuality.

20. Research and Development Expenses

Revenue expenditure pertaining to Research and Development charged to Profit and Loss Account Rs. 12,631,002 (2008-09 - Rs. 2,021,504). Capital expenditure on Research and Development Rs. NIL (31.03.2009 - Rs. NIL) is shown in the respective fixed assets.

21. Except for the dues to micro enterprises and small enterprises, as disclosed in Schedule 10 Liabilities, 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. In respect of the dues disclosed, there are no principal amounts overdue and no interest has been claimed based on the information available with the Company.

22. During the year, Company entered into an agreement with the Government of Karnataka, represented by the Commissioner Survey Settlement and Land Records to under take the Urban Property Ownership Records project. The project would operate on a PPP model i.e. Public Private Partnership. Company undertakes to build, develop, construct, commission, operate and maintain the IT solutions for the Urban Property Ownership Records project for a period of 6 years and 270 days. The investment made in the project till March 31, 2010 is Rs. 26,833,543 towards hardware/software and other operating costs. As the project in progress as at the year end the amount invested is included with in Capital Work in Progress.

23. Other Income for the year includes Rs.450,829,601 towards reversal of provision for MTM losses on derivative contracts, Rs.187,073,883 towards loss on settlement of derivative contracts and Rs.90,481,526 towards restatement gain on derivative contracts taken during the year.

24. Regrouping/Reclassification

The figures for previous year have been regrouped/reclassified wherever necessary, to conform to the current year figures.

For and on behalf of the Board of Directors

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

B. Sucharitha
Whole-time Director

S. Nataraja
Senior Vice President
Finance and Accounts

Sudheendhra Putty
Company Secretary

Place : Hyderabad
Date : April 21, 2010

Statement on Significant Accounting Policies

1. Basis for Preparation of Financial Statements

The Financial Statements are prepared under the historical cost convention on an accrual basis of accounting in accordance with the generally accepted accounting principles ("GAAP"), Accounting standards notified under Section 211(3C) and other relevant provisions of the Companies Act, 1956 and in conformity with guide lines issued by Securities and Exchange Board of India (SEBI) from time to time.

2. Use of Estimates

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

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

3. Revenue Recognition

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

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

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

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

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

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

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

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

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

4. Fixed assets, intangible assets and capital work-in-progress

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

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 profit and loss account.

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

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

5. Depreciation and amortisation

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

The estimated useful lives are as follows:

	Estimated Useful Lives
Building	28 years
Computers and Software	3 years
Plant and Machinery	10 years
Office Equipment	10 years
Furniture and Fixtures	10 years
Electrical Installation	10 years
Vehicles	5 years
Leasehold Improvements	Shorter of lease period or estimated useful lives

Statement on Significant Accounting Policies

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

6. **Investments**

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

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

7. **Research and development**

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

8. **Foreign currency transactions**

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

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

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

In case of forward exchange contract or any other financial instruments that is in substance a forward exchange contract to hedge the foreign currency risk, the premium or discount arising at the inception of the contract is amortized as expense or income over the life of the contract. Exchange differences on such forward exchange contract are recognised in the statement of profit and loss in the reporting period in which the exchange rates change. Gain/Loss on settlement of transaction arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense for the period.

All other derivative exchange contract are valued on a mark to market basis and any gain or loss on mark to market changes on settlement is recognised in the profit and loss account.

9. **Retirement benefits**

Provident fund

Contributions in respect of Employees Provident Fund and Pension Fund are made to a fund administered and managed by the Government of India and are charged as incurred on accrual basis.

Superannuation

Contributions under the superannuation plan are made to a fund administered and managed by the Life Insurance Corporation of India and are charged as incurred on accrual basis.

Compensated absences

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

Gratuity

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

10. **Income taxes**

Income taxes are accrued in the same period that the related revenue and expense arise. The Company operates as Export Oriented Unit ("EOU") and enjoys tax exemptions u/s 10A of Income Tax Act, 1961. A provision is made for income tax annually, based on tax liability computed, after considering tax allowances and exemptions. Tax expense for a year comprises of current tax and deferred tax.

Current income tax expense comprises taxes on income from operations in India and in foreign jurisdictions. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961. Tax

Statement on Significant Accounting Policies

expense relating to foreign operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.

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

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

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

MAT paid in accordance with the tax laws, which gives rise to future economic benefits in the form of tax credit against future income tax liability, is recognised as an asset in the balance sheet.

11. Operating Lease

Lease rentals in respect of assets taken under operating leases are charged to profit and loss account on a straight line basis over the lease term

12. Warranty cost

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

13. Earnings per share (EPS)

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

14. Employee Stock Options

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

The exercise price is the market price as defined in the SEBI Guidelines from time to time. i.e. market price equals the latest available closing price, prior to the date of the meeting of the Board of Directors in which options are granted/shares are issued, on the stock exchange on which the shares of the company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered. This methods results in following of Intrinsic Value method under which no deferred employee compensation is charged to profit and loss account.

15. Impairment of assets

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

Reversal of impairment loss is recognised immediately as income in the profit and loss account.

16. Provisions and contingencies

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

17. Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from the date of purchase, to be cash equivalents.

Cash Flow Statement

(Amount in Rupees)

		For the year ended	
		March 31, 2010	March 31, 2009
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit Before Tax	**1,548,263,077**	661,518,577
	Adjustment for :		
	Depreciation and Amortization	**407,068,488**	426,636,097
	Financial Expenses	**4,705,037**	35,137,309
	Provision for Doubtful Debts and Advances/Deposits	**3,212,501**	17,436,022
	Loss on Sale of Fixed Assets	**4,774,497**	1,095,877
	Foreign Exchange (Gain)	**(17,563,350)**	(31,761,071)
	Interest earned on Loans and Deposits	**(114,569,298)**	(141,539,631)
	Dividend Income from Current Investments	**(33,127,971)**	(54,796,756)
	Dividend Income from Subsidiary Companies	**–**	(104,593,603)
	Dividend Income from Associate Company	**(11,943,750)**	(11,123,000)
	Amalgamation adjustment for TTM (India) Private Limited (Refer Note 9 of Schedule 16)	**3,900,353**	–
	(Profit) on Sale of Current Investments	**(5,520)**	(8,320,661)
	Cash generated before working capital changes	**1,794,714,064**	789,689,160
	Working Capital changes:		
	(Increase)/Decrease in Sundry Debtors	**461,271,248**	(364,693,755)
	(Increase)/Decrease in Unbilled Revenue	**(52,038,814)**	68,427,424
	(Increase)/Decrease in Loans and Advances	**(300,046,288)**	(8,772,313)
	Increase/(Decrease) in Current Liabilities and Provisions	**(408,784,285)**	792,163,265
	Cash generated from operations	**1,495,070,925**	1,276,813,782
	Taxes Paid	**(201,259,384)**	(205,487,567)
	NET CASH GENERATED FROM OPERATING ACTIVITIES	**1,293,811,541**	1,071,326,215
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Fixed Assets	**(330,425,407)**	(929,576,671)
	Long term Investments in Subsidiaries	**(274,230,000)**	(280,053,147)
	Long term Investments in Joint Venture company	**–**	(20,000,000)
	Purchase of Long term Investment	**–**	(26,065,000)
	Proceeds from Long term Investments	**–**	100,000,000
	Proceeds from Sale of Fixed Assets	**4,835,647**	4,570,508
	Purchase of Current Investments	**(1,503,127,576)**	–
	Dividend Income from Current Investments	**33,127,971**	–
	Proceeds from Sale of Current Investments	**5,520**	1,949,310,421
	Proceeds from long term matured deposits	**–**	14,919,312
	Long-term deposits placed with banks	**(1,353,457,446)**	(25,257,207)
	Interest on loans and deposits	**135,910,882**	111,764,906
	Dividend Income from Subsidiary Companies	**–**	104,593,603
	Dividend Income from Associate Company	**11,943,750**	11,123,000
	NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	**(3,275,416,659)**	1,015,329,725
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from Issue of Share Capital	**1,348,640**	31,576,345
	Increase in Securities Premium account on account of further issue of Share Capital	**26,612,660**	–
	Proceeds of Secured Loans	**–**	86,667,529
	Repayment of Secured Loans	**(188,034,774)**	(280,541,558)
	Financial Expenses Paid	**(4,705,037)**	(35,137,309)
	Dividends Paid	**(97,226,832)**	(77,633,064)
	NET CASH USED IN FINANCING ACTIVITIES	**(262,005,343)**	(275,068,057)
D.	**EXCHANGE DIFFERENCES ON TRANSLATION OF CASH AND CASH EQUIVALENTS**	**17,563,350**	31,761,071
	NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	**(2,226,047,111)**	1,843,348,954
	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	Infotech Enterprises Limited	**2,702,521,033**	859,172,079
	TTM (India) Private Limited (Refer Note 9 of Schedule 16)	**3,714,606**	
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**480,188,528**	2,702,521,033
	Supplementary Information:		
	Cash and Bank Balances	**1,860,555,427**	2,729,155,278
	Less: Long Term Deposits with Scheduled Banks considered as Investment	**1,378,714,652**	25,257,207
	Less: Balance in unclaimed dividend accounts	**1,652,247**	1,377,038
	Balance considered for Cash Flow Statement	**480,188,528**	2,702,521,033

This is the Cash Flow Statement referred to in our report of even date.

For and on behalf of the Board of Directors

P R Ramesh
Partner

For and on behalf of
Deloitte Haskins & Sells
Chartered Accountants

Place : Secunderabad
Date : April 21, 2010

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

B. Sucharitha
Whole-time Director

S. Nataraja
Senior Vice President
Finance and Accounts

Sudheendhra Putty
Company Secretary

Place : Hyderabad
Date : April 21, 2010

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No:	13134	State Code :	01
Balance Sheet Date	31-03-2010		
	Date Month Year		

II. Capital raised during the year (Amounts in Rs. Thousands)

Public Issue	NIL	Right Issue	NIL
Sub-division	NIL	Private Placement	NIL
Bonus Issue	NIL	Stock Options	1349

III. Position of Mobilisation and deployment of funds (Amount in Rs. Thousands)

Total Liabilities	8038348	Total Assets	8038348

Sources of Funds

Paid-up Capital	277498	Reserves & Surplus	7760850
Secured Loans	NIL	Unsecured Loans	NIL

Application of Funds

Net Fixed Assets	2599304	Investments	2763521
Net Current Assets	2651532	Misc. Expenditure	NIL
Deferred Tax Assets	23991		

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	6079498	Total Expenditure	4531235
Profit/Loss before Tax	1548263	Profit/Loss after tax	1267646
Earnings per share in Rs. (Basic)	22.90	Dividend (Pro-rata)	40.00%

V. Generic Names of three principal products/Services of the Company (As per monetary terms)

Item Code No. (ITC Code) :	8523.8020
Product Description :	SOFTWARE SERVICES

Consolidated Financial Statements
Indian GAAP

Auditors' Report on the Consolidated Financial Statements

Report of the Auditors to the Board of Directors of Infotech Enterprises Limited.

1. We have audited the attached Consolidated Balance Sheet of INFOTECH ENTERPRISES LIMITED ("the Company"), its subsidiaries, associate and jointly controlled entity (the Company, its subsidiaries, associate and jointly controlled entity constitute "the Group") as at 31st March, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) and the jointly controlled entities accounted in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 1,040,920,438 as at 31st March, 2010, total revenues of Rs. 1,622,474,624 and net cash inflows aggregating to Rs. 72,428,195 for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of the other auditors.

4. The financial statements of a subsidiary and the jointly controlled entity, whose financial statements reflect total liabilities of Rs. 10,484,722 as at 31st March, 2010, total revenues of Rs. 19,131,364 and net cash outflow of Rs. 10,945,989 for the year ended 31st March, 2010 have not been audited. The financial statements of an associate which reflect the group's share of net profit of Rs. 129,174,431 for the year ended March 31, 2010 have not been audited.

5. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006.

6. Based on our audit and on consideration of the separate audit reports on the individual financial statements of the Company, and the aforesaid subsidiaries, joint venture and associate, and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2010;

   (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date and

   (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 8072S)

P R Ramesh
Partner
(Membership No. 70928)

Place : Secunderabad
Date : April 21, 2010

Consolidated Balance Sheet

(Amount in Rupees)

	Schedule Reference	As at March 31, 2010		As at March 31, 2009	
I. SOURCES OF FUNDS :					
1. Shareholders' Funds					
(a) Capital	1	**277,497,620**		276,148,980	
(b) Reserves and Surplus	2	**8,785,953,300**	**9,063,450,920**	7,427,157,029	7,703,306,009
2. Minority Interest			**–**		3,306,625
3. Loan Funds					
(a) Secured Loans	3		**43,993,253**		194,719,192
			9,107,444,173		7,901,331,826
II. Application of Funds :					
1. Goodwill (on Consolidation)			**462,618,994**		272,299,955
2. Fixed Assets	4				
(a) Gross Block		**4,479,158,520**		4,106,490,888	
(b) Less: Depreciation and Amortisation		**2,392,220,915**		1,954,429,534	
(c) Net Block		**2,086,937,605**		2,152,061,354	
(d) Capital Work in Progress		**604,842,299**	**2,691,779,904**	584,197,664	2,736,259,018
3. Investments	5		**2,022,735,755**		402,377,498
4. Deferred Tax Asset (net)	6		**29,220,809**		164,819,235
5. Current Assets, Loans and Advances					
(a) Sundry Debtors	7	**2,064,556,081**		2,251,873,978	
(b) Cash and Bank Balances	8	**2,337,227,884**		3,333,500,197	
(c) Loans and Advances	9	**1,337,461,056**		972,452,397	
(d) Unbilled Revenue		**324,500,917**		375,896,839	
		6,063,745,938		6,933,723,411	
Less: Current Liabilities and Provisions					
(a) Liabilities	10	**1,157,247,178**		1,846,500,964	
(b) Provisions	11	**1,005,410,049**		761,646,327	
		2,162,657,227		2,608,147,291	
Net Current Assets			**3,901,088,711**		4,325,576,120
			9,107,444,173		7,901,331,826
Notes to Accounts	16				

The Schedules referred to above and Statement on Significant Accounting Policies form an integral part of the Consolidated Balance Sheet.

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

For and on behalf of the Board of Directors

P R Ramesh
Partner

For and on behalf of
Deloitte Haskins & Sells
Chartered Accountants

Place : Secunderabad
Date : April 21, 2010

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

B. Sucharitha
Whole-time Director

S. Nataraja
Senior Vice President
Finance and Accounts

Sudheendhra Putty
Company Secretary

Place : Hyderabad
Date : April 21, 2010

Consolidated Profit and Loss Account

(Amount in Rupees)

	Schedule Reference	For the year ended March 31, 2010	For the year ended March 31, 2009
Income			
Sale of Services		**9,531,205,523**	8,897,500,123
Other Income	12	**463,705,164**	(294,496,762)
TOTAL INCOME		**9,994,910,687**	8,603,003,361
Expenditure			
Personnel Expenses	13	**5,427,211,351**	4,894,919,789
Operating and Administration Expenses	14	**2,020,902,446**	2,217,538,029
Depreciation and Amortization		**435,686,770**	465,593,727
Financial Expenses	15	**31,235,477**	40,295,343
TOTAL EXPENDITURE		**7,915,036,044**	7,618,346,888
Profit Before Taxation, Share of Profit in Associate Company and Minority Interest		**2,079,874,643**	984,656,473
Provision for Taxation			
- Current		**414,259,524**	303,645,146
- Earlier years		**45,302,920**	–
- MAT Credit		**(109,902,459)**	–
- Fringe Benefit		**(78,620)**	17,537,807
- Deferred		**155,487,419**	(181,029,831)
Profit After Taxation, before Share of Profit in Associate Company and Minority Interest		**1,574,805,859**	844,503,351
Share of Profit in Associate Company		**129,174,431**	80,128,540
Share of Minority Interest		**4,778,249**	207,606
Profit After Taxation, after Share of Profit in Associate Company and Minority Interest		**1,708,758,539**	924,839,497
Add: Balance brought forward from previous year		**793,779,083**	563,928,754
Add: TTM India (P) Ltd Amalgamation Adjustment (Refer Note 11 of Schedule 16)		**6,526,147**	–
Amount Available for Appropriation		**2,509,063,769**	1,488,768,251
Appropriations:			
Proposed Dividend -			
- Equity @ 40 % (2009: 30 %)		**110,999,048**	82,844,694
Tax on distributed profits		**18,864,288**	14,079,456
Residual Dividend and Dividend Tax paid thereon		**27,474**	565,018
Transfer to Contingency Reserve		**–**	47,500,000
Transfer to General Reserve		**1,000,000,000**	550,000,000
Balance after Appropriations		**1,379,172,959**	793,779,083
Balance carried to Balance Sheet		**1,379,172,959**	793,779,083
Earnings Per Share (Equity Shares, Par Value of Rs. 5 Each)			
- Basic		**30.88**	17.36
- Diluted		**30.76**	17.33
Number of Shares used in computing Earnings Per Share			
- Basic		**55,344,146**	53,262,303
- Diluted		**55,559,140**	53,368,636
Notes to Accounts	16		

The Schedules referred to above and Statement on Significant Accounting Policies form an integral part of the Consolidated Profit and Loss Account.

This is the Consolidated Profit and Loss Account referred to in our report of even date.

For and on behalf of the Board of Directors

P R Ramesh
Partner

For and on behalf of
Deloitte Haskins & Sells
Chartered Accountants

Place : Secunderabad
Date : April 21, 2010

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

B. Sucharitha
Whole-time Director

S. Nataraja
Senior Vice President
Finance and Accounts

Sudheendhra Putty
Company Secretary

Place : Hyderabad
Date : April 21, 2010

Schedule annexed to and forming part of the Consolidated Balance Sheet

(Amount in Rupees)

	As at March 31, 2010	As at March 31, 2009
1. CAPITAL		
Authorised :		
73,872,000 Equity Shares of Rs. 5 each (31.03.2009 : 73,872,000 Equity Shares of Rs. 5 each)	**369,360,000**	369,360,000
2,724,000 Compulsorily Convertible Preference Shares of Rs. 360 each (31.03.2009: 2,724,000 Compulsorily Convertible Preference Shares of Rs. 360 each)	**980,640,000**	980,640,000
	1,350,000,000	1,350,000,000
Issued and Subscribed :		
55,499,524 Equity Shares of Rs. 5 each fully paid-up (31.03.2009: 55,229,796 Equity Shares of Rs. 5 each fully paid-up)	**277,497,620**	276,148,980
	277,497,620	276,148,980

Out of the above:

(156,000 Equity Shares were allotted for a consideration other than cash pursuant to the Scheme of Amalgamation with M/s. Cartographic Sciences Limited.)

(811,710 Equity Shares were allotted for a consideration other than cash pursuant to the acquisition of 100% equity in M/s. Infotech Enterprises Europe Limited (formerly known as M/s. Dataview Solutions Limited.)

(34,921,157 Equity Shares were allotted by way of Bonus shares by capitalising General Reserve/Securities Premium account.)

(3,196,962 (31.03.2009: 2,927,234) Equity Shares were alloted to employees of the company pursuant to the Associate Stock Option Plans.)

(Refer Note 3 of Schedule 16)

Schedules annexed to and forming part of the Consolidated Balance Sheet

(Amount in Rupees)

	As at March 31, 2010		As at March 31, 2009	
2. RESERVES AND SURPLUS				
Securities Premium Account				
As at the commencement of the year	**3,601,355,038**		2,604,647,678	
Add: Received on account of further issue of Equity Shares	**26,612,660**	**3,627,967,698**	996,707,360	3,601,355,038
General Reserve				
As at the commencement of the year	**2,758,183,006**		2,208,183,006	
Less:Adjustments	**68,552,257**		–	
Add: Transferred from Profit and Loss Account	**1,000,000,000**	**3,689,630,749**	550,000,000	2,758,183,006
Contingency Reserve				
As at the commencement of the year	**161,000,000**		113,500,000	
Add : Transferred from Profit and Loss Account	**–**	**161,000,000**	47,500,000	161,000,000
Balance in Profit and Loss Account		**1,379,172,959**		793,779,083
Currency Translation Reserve		**(74,432,373)**		110,225,635
Capital Reserve		**2,614,267**		2,614,267
		8,785,953,300		7,427,157,029
3. SECURED LOANS				
From Banks				
- Rupee Term Loans		**–**		993,475
- Packing Credit		**–**		186,667,529
- Working Capital Loans		**4,941,860**		6,684,418
Other Loans*		**39,051,393**		373,770
(*Secured by Accounts receivable and fixed assets)				
		43,993,253		194,719,192

Schedule annexed to and forming part of the Consolidated Balance Sheet

4 . FIXED ASSETS

(Amount in Rupees)

DESCRIPTION	GROSS BLOCK					DEPRECIATION / AMORTIZATION					NET BLOCK	
	Cost as at April 1, 2009	Acquisition of Subsidiary@	Additions during the year	Deletions/ Adjustments during the year	**Cost as at March 31, 2010**	As at April 1, 2009	Acquisition of Subsidiary@	For the year	Deletions	**As at March 31, 2010**	**As at March 31, 2010**	As at March 31, 2009
TANGIBLE ASSETS												
1. Land												
– Freehold*	17,190,605	–	–	1,618,651	**15,571,954**	–	–	–	–	**–**	**15,571,954**	17,190,605
– Leasehold**	71,252,720	–	40,266,500	–	**111,519,220**	–	–	11,291,870	–	**11,291,870**	**100,227,350**	71,252,720
2. Building***	1,018,361,772	–	69,194,981	–	**1,087,556,753**	77,173,572	–	37,458,027	–	**114,631,599**	**972,925,154**	941,188,200
3. Leasehold Improvements	8,225,672	1,617,382	6,726,759	4,578,320	**11,991,493**	524,043	665,681	3,459,635	1,123,114	**3,526,245**	**8,465,248**	7,701,629
4. Computers and Software	1,986,537,287	96,666,848	153,259,870	50,372,620	**2,186,091,385**	1,569,946,329	59,181,749	279,517,853	50,331,064	**1,858,314,867**	**327,776,518**	416,590,958
5. Plant and Machinery	442,849,844	–	21,054,222	1,420,757	**462,483,309**	130,227,642	–	42,513,780	707,971	**172,033,451**	**290,449,858**	312,622,202
6. Office Equipment	89,246,943	–	7,567,677	1,918,915	**94,895,705**	30,620,333	–	9,861,981	791,121	**39,691,193**	**55,204,512**	58,626,610
7. Furniture and Fixtures (Including Interior Work)	231,823,204	22,123,895	16,128,460	9,664,566	**260,410,993**	94,369,983	18,561,766	18,195,691	10,146,634	**120,980,806**	**139,430,187**	137,453,221
8. Electrical Installations	227,146,473	–	16,395,242	5,224,737	**238,316,978**	44,418,559	–	23,449,549	2,693,431	**65,174,677**	**173,142,301**	182,727,914
9. Vehicles	13,030,018	–	–	3,535,638	**9,494,380**	6,322,723	–	2,220,215	2,793,081	**5,749,857**	**3,744,523**	6,707,295
INTANGIBLE ASSETS												
10. Other Intangible Assets	826,350	–	–	–	**826,350**	826,350	–	–	–	**826,350**	**–**	–
	4,106,490,888	120,408,125	330,593,711	78,334,204	**4,479,158,520**	1,954,429,534	78,409,196	427,968,601	68,586,416	**2,392,220,915**	**2,086,937,605**	2,152,061,354
Previous Year	3,488,888,835	33,283,988	675,933,671	91,615,606	**4,106,490,888**	1,582,562,728	16,005,331	441,453,701	85,592,226	**1,954,429,534**	**2,152,061,354**	
11. Capital Work–in–Progress****											**604,842,299**	584,197,664

* Includes Rs. 15,571,954 (31.03.2009: Rs.17,190,605) in respect of which land allocation letters have been received, pending the execution of conveyance deed.

** Includes Rs. 26,266,500 (31.03.2009: Rs.Nil) in respect of which land allocation letter has been received, pending the lease deed execution.

*** Includes Rs. 360,728,470 (31.03.2009: Rs.355,286,344) Building constructed on leasehold land.

**** Capital work-in-progress includes capital advances of Rs.28,375,800 (31.03.2009: Rs.29,640,764)

Schedules annexed to and forming part of the Consolidated Balance Sheet

(Amount in Rupees)

	As at March 31, 2010		As at March 31, 2009	
5. INVESTMENTS				
I) Long Term				
Trade - Unquoted - At Cost				
Investment in Associate Company				
Infotech Aerospace Services Inc., USA	**376,107,282**		307,101,742	
490 Shares of $0.01 par value fully paid-up				
Add : Share of Profit	**129,174,431**		80,128,540	
Less: Dividend received	**(11,943,750)**		(11,123,000)	
		493,337,963		376,107,282
Others				
Tele Atlas Kalyani Private Limited		**26,065,000**		26,065,000
(formerly Kalyani Net Venture Limited)				
781,582 Shares of Rs. 10 each fully paid-up				
Canesta, Inc., (a California Corporation)		**98,206**		98,206
10,000 Shares of $0.19275 par value fully paid-up				
II) Current - At the lower of cost and fair value				
Non-trade - Unquoted				
Investment in Mutual Funds		**1,503,127,576**		–
(Refer Note 8 of Schedule 16)				
Non Trade - Quoted				
Trafficmaster Plc, United Kingdom				
35,088 Ordinary Shares of GBP 1 each fully paid-up	**6,659,000**		6,659,000	
Less: Provision for Diminution in Value of Investment	**(6,551,990)**		(6,551,990)	
		107,010		107,010
		2,022,735,755		402,377,498
6. DEFERRED TAX ASSET (Net)				
Fixed Assets		**(74,652,502)**		(85,413,204)
Employee Benefits		**91,565,289**		71,954,461
Provision for derivative losses		**(9,013,262)**		174,978,391
Others		**21,321,284**		3,299,587
		29,220,809		164,819,235
7. SUNDRY DEBTORS (Unsecured)				
Considered good				
(a) Over six months old	**48,899,038**		64,020,885	
(b) Other debts	**2,015,657,043**		2,187,853,093	
		2,064,556,081		2,251,873,978
Considered doubtful - Over six months old		**63,104,527**		46,397,882
		2,127,660,608		2,298,271,860
Less: Provision for doubtful debts		**63,104,527**		46,397,882
		2,064,556,081		2,251,873,978

Schedules annexed to and forming part of the Consolidated Balance Sheet

(Amount in Rupees)

	As at March 31, 2010		As at March 31, 2009	
8. CASH AND BANK BALANCES				
Cash on hand		**758,207**		962,317
Cheques on hand		**396,627**		7,487,126
Balances with Scheduled Banks				
- On Current Accounts	**793,169,022**		902,722,647	
- On Deposit Accounts	**1,481,507,003**		2,257,724,339	
		2,274,676,025		3,160,446,986
Unclaimed Dividend Accounts		**1,652,248**		1,377,039
Balances with Non-Scheduled Banks on Current Accounts		**59,744,777**		163,226,729
		2,337,227,884		3,333,500,197
9. LOANS AND ADVANCES (Unsecured)				
(a) Considered good				
Interest accrued on Deposits		**17,498,719**		38,765,744
- Advances recoverable in cash or in kind or for value to be received		**412,015,365**		276,858,110
- Loan to Others		**72,848,764**		–
- Advance Tax [net of provision of Rs. 261,660,277 (31.03.2009: Rs.369,382,690)]		**671,617,890**		595,968,126
- MAT Credit entitlement		**109,902,459**		–
- Deposits *		**53,577,859**		60,860,417
		1,337,461,056		972,452,397
* Includes deposits with Government Authorities Rs. 28,559,506 (31.03.2009: Rs. 26,433,156)				
(b) Considered doubtful				
Deposits		**16,200,000**		16,200,000
Advances		**709,545**		709,545
		16,909,545		16,909,545
Less : Provision for doubtful Deposits and Advances		**(16,909,545)**		(16,909,545)
		1,337,461,056		972,452,397
10. LIABILITIES				
Sundry Creditors				
- Dues to Micro and Small enterprises		**–**		–
- Dues to other		**657,926,631**		821,590,031
Advances from Customers		**93,203,779**		24,017,010
Unearned Revenue		**–**		6,478,698
Unclaimed Dividends (There are no dues payable to Investor Education and Protection Fund)		**1,652,248**		1,377,039
Other Liabilities		**404,464,520**		993,038,186
		1,157,247,178		1,846,500,964
11. PROVISIONS				
Warranty cost		**1,581,255**		–
Income Taxes [Net of advance tax of Rs. 55,092,420 (31.03.2009: Rs. Nil)]		**497,023,233**		369,825,001
Proposed Dividend including tax thereon		**129,863,336**		96,924,150
Employee Benefits		**376,942,225**		294,897,176
		1,005,410,049		761,646,327

Schedules annexed to and forming part of the Consolidated Profit and Loss Account

(Amount in Rupees)

	For the year ended March 31, 2010	For the year ended March 31, 2009
12. OTHER INCOME		
Interest on Loans and Deposits	**117,452,366**	148,099,456
Dividend Income from Current Investments	**33,127,971**	54,796,756
Profit on Sale of Current Investments	**5,520**	8,320,661
Provision no longer required written back	**40,932,569**	10,587,722
Gain/(Loss) on Exchange Fluctuations (net)	**241,504,181**	(536,033,922)
Miscellaneous Income	**30,682,557**	19,732,565
	463,705,164	(294,496,762)
13. PERSONNEL EXPENSES		
Salaries and Bonus	**4,840,368,707**	4,310,641,140
Contribution to Provident and Other Funds	**385,445,360**	344,366,721
Staff Welfare Expenses	**201,397,284**	239,911,928
	5,427,211,351	4,894,919,789
14. OPERATING AND ADMINISTRATION EXPENSES		
Rent	**90,597,135**	90,977,094
Rates and Taxes	**13,884,397**	9,029,451
Insurance	**19,551,069**	15,044,523
Travelling and Conveyance	**551,024,855**	649,335,254
Communication	**93,168,139**	101,622,435
Printing and Stationery	**20,466,347**	24,562,283
Power and Fuel	**87,606,319**	95,179,572
Marketing Expenses	**34,297,522**	33,324,847
Advertisement	**2,492,103**	7,867,857
Repairs and Maintenance		
- Buildings	**5,812,032**	4,976,230
- Machinery	**214,333,325**	184,195,919
- Others	**34,906,229**	24,974,597
Professional Charges	**308,548,153**	390,979,002
Bad Debts/Advances Written Off	**15,894,814**	23,011,294
Provision for Doubtful Debts	**8,974,481**	17,436,022
Loss/(Profit) on sale of Fixed Assets	**7,570,464**	1,176,790
Auditors' Remuneration	**14,111,514**	10,460,271
Recruitment Expenses	**27,310,114**	32,704,011
Training and Development	**17,667,848**	24,483,953
Purchase of Computer Software	**322,401,083**	302,736,596
Managerial Remuneration		
- Salaries	**47,052,912**	48,396,254
- Contribution to Provident Fund and Other Funds	**1,294,049**	2,795,938
- Commission	**30,860,331**	13,642,712
- Sitting Fee	**250,000**	–
Miscellaneous Expenses	**50,827,211**	108,625,124
	2,020,902,446	2,217,538,029
15. FINANCIAL EXPENSES		
Interest on Rupee Term Loans	**653,467**	16,778,412
Interest on Packing Credit	**898,881**	13,576,682
Interest on Working Capital Loans	**389,165**	1,295,138
Bank and Other Finance Charges	**29,293,964**	8,645,111
	31,235,477	40,295,343

Schedule 16 - Notes to Consolidated Accounts

1. **Description of Business**

Infotech Enterprises Limited ('Infotech' or 'the Company') is a global technology services and solutions Company specializing in geospatial, engineering design and IT solutions. Its range of services include digitization of drawings and maps, photogrammetry, computer aided design/engineering (CAD/CAE), design and modeling, repair development engineering, reverse engineering application software development, software products development, consulting and implementation. The Company specializes in software services and solutions for the manufacturing, utilities, telecommunications, transportation & logistics, local government and financial services markets. The Company has its headquarters in Hyderbad. India and development facilities in India at Hyderabad, Bangalore, Noida, Kakinada and overseas branches at Australia, Canada, Dubai, New Zealand, Norway, Malaysia and Singapore, and serves a global customer base through its subsidiaries in India, United States of America (USA), United Kingdom (UK), Japan and Germany.

Infotech Group ('the Group') includes Infotech and its wholly owned subsidiaries, partially owned subsidiary, associate and joint venture.

2. **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, 2010	Extent of holding (%) as on March 31, 2009
	Subsidiaries			
1	Infotech Enterprises Europe Limited	U.K	100%	100%
2	Mapcentric Consulting Limited	U.K	100% *	100%
3	Infotech Enterprises Benelux, B.V	Netherlands	100% *	100%
4	Infotech Enterprises America, Inc.	U.S.A	100%	100%
5	Infotech Software Solutions Canada Inc.	Canada	100% #	100%
6	Infotech Enterprises GmbH	Germany	100%	100%
7	Infotech Geospatial (India) Limited	India	74%	74%
8	Infotech Enterprises Electronic Design Services Inc.	U.S.A	100% @1	100%
9	TTM Institute of Information Technology Pvt. Ltd.	India	100%	100%
10	Infotech Enterprises Japan KK	Japan	100%	100%
11	Infotech Enterprises Information Technology Services Pvt. Ltd	India	100% @2	100%
12	Daxcon Engineering Services Inc	U.S.A	100% @3	100%
13	TTM (India) Pvt. Ltd.	India	– ^	100%
	Associate			
1	Infotech Aerospace Services Inc.	U.S.A	49% ^^	49%
	Joint Venture			
1	Infotech HAL Limited	India	50% ^^^	50%

* Wholly owned by Infotech through its wholly owned subsidiary Infotech Enterprises Europe Limited.

Wholly owned by Infotech through its wholly owned subsidiary Infotech Enterprises America Inc.

@1 Infotech Enterprises Electronic Design Services Inc - A subsidiary of IEAI (formerly known as Time to Market Inc, USA)

@2 Infotech Enterprises Information Technology Services Pvt. Ltd (formerly known as Infotech Enterprises Engineering Services Private Limited)

@3 During the year, Infotech Enterprises America Inc. has acquired 101 equity shares in Daxcon Engineering Services Inc resulting in 100% ownership of Daxcon Engineering Services Inc and has been consolidated w.e.f. January 15, 2010.

^ Merged with Infotech w.e.f. April 1, 2009. Refer Note 11 below.

^^ The Group's associate Infotech Aerospace Services Inc follows calendar year as its reporting period and these financial statements include audited figures of the associate for the year ended December 31, 2009 adjusted for the unaudited results from operations for the three months ended March 31, 2009 and the three months ended March 31, 2010.

^^^ 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.

3. **Associate Stock Option Plans**

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

Infotech Employee Stock Offer Scheme 1999 (ESOP Plan)

In 1998-99, the Company set up Infotech Employee Stock Offer Scheme (ESOP Plan) and allotted 80,900 equity shares of Rs.10 each at a premium of Rs.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 and 2006-07 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 Trust at a predetermined price. Hence, the lock-in-period has been considered as vesting period. However, the Trust and the Company have a discretionary power to waive the restriction on selling such stock to the Trust.

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

Scheme established after SEBI Guidelines on Stock Options

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

Associate Stock Option Plan - 2001 (ASOP 2001)

The Company instituted ASOP 2001 in April 2001 and earmarked 225,000 equity shares of Rs.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 bonus issue and stock split cum bonus issue during 2002-03 and 2006-07 respectively.

Changes in number of options outstanding were as follows:	**March 31, 2010**	March 31, 2009
Options outstanding at the beginning of year	**–**	13,500
Granted	**–**	–
Forfeited	**–**	–
Exercised	**–**	(13,500)
Options outstanding at the end of year	**–**	–

Associate Stock Option Plan - 2002 (ASOP 2002)

The Company instituted ASOP 2002 in October 2002 and earmarked 575,000 equity shares of Rs.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, 2010**	March 31, 2009
Options outstanding at the beginning of the year	**114,825**	16,125
Granted	**–**	117,300
Forfeited	**(5,975)**	(6,600)
Exercised	**–**	(12,000)
Options outstanding at the end of year	**108,850**	114,825

Associate Stock Option Plan - 2004 (ASOP 2004)

The Company instituted ASOP 2004 in October 2004 and earmarked 1,150,000 equity shares of Rs.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, 2010	March 31, 2009
Options outstanding at the beginning of the year	1,585,643	1,672,265
Granted	33,000	346,475
Forfeited	(162,005)	(80,800)
Exercised	(269,728)	(352,297)
Options outstanding at the end of year	1,186,910	1,585,643

During the year 2006-07, the Company completed two corporate actions, viz., (i) Sub-Division of Rs.10/- shares into 2 shares of Rs.5/- each and (ii) Issue of Bonus shares of Rs.5/- each in the ratio of 1:2. All original grants that remained un-exercised have been suitably adjusted so as to have the effect of above corporate actions.

Associate Stock Option Plan - 2008 (ASOP 2008)

The Company instituted ASOP 2008 vide the resolution passed by the members of the Company at their meeting held on July 23, 2008, Company has got the in principles from the stock exchanges and there are no grants under this Plan.

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 Binomial Lattice model, the proforma amounts of the Company's net profit and earnings per share would have been as follows:

Particulars	March 31, 2010	March 31, 2009
A. Profit After Tax		
- As reported	1,708,334,539	924,839,497
- Proforma	1,650,779,274	862,787,356
B. Earnings Per Share Basic		
- Number of shares	55,344,146	53,262,303
- EPS as reported (Rs.)	30.88	17.36
- Proforma EPS (Rs.)	29.83	16.20
Diluted		
- Number of shares	55,559,140	53,368,636
- EPS as reported (Rs.)	30.76	17.33
- Proforma EPS (Rs.)	29.71	16.17

The following assumptions were used for calculation of fair value of grants: (based on Binomial Lattice model)

Dividend yield (%)	0.42	0.55
Expected volatility (%)	49.05	45.89
Risk-free interest (%)	1.69	2.04
Expected term (in years)	3.50	3.50

4. Infotech has entered into certain foreign currency option contracts that mature over the next 7 months in respect of which a provision towards unrealised loss of Rs. 63,964,134 (31.03.2009: Rs. 514,793,735) on a mark to market basis has been recorded in the accounts. These losses are not realised losses and have a potential to reverse or increase over the maturity period.

Infotech has also entered into certain foreign currency forward contracts that mature over the next 9 months in respect of which an unrealised gain of Rs. 90,481,526 (31.03.2009: Rs. Nil) has been recorded in the accounts. These gains are not realised gains and have a potential to reverse or decrease over the maturity period.

The foreign exchange forward and option contracts held by Infotech to hedge its risk to foreign currency exposures as at March 31, 2010 included:

- Foreign currency forward contracts of USD 8,000,000 (31.03.2009: USD 6,000,000).
- Foreign currency forward contracts of GBP 5,040,000 (31.03.2009: GBP Nil).
- Foreign currency forward contracts of EURO 9,450,000. (31.03.2009: EURO Nil)
- Foreign currency option contracts to sell a maximum of USD 13,000,000. (31.03.2009: USD 44,500,000).

5. **Segmental Information**

Management evaluates the 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: Utilities, Telecom Government (UTG) 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 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. **Utilities, Telecom, Government (UTG)**

UTG vertical services customers in industries such as power, gas, telecom, transportation and local government. The Infotech Group service offerings to the UTG 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.

(Amount in Rupees)

Business Segments	**UTG**	**EMI**	**Total**
For the year 2010			
External Revenue	3,349,766,224	6,204,495,723	9,554,261,947
Less: Inter-Segment revenue		23,056,424	23,056,424
Total Revenue	**3,349,766,224**	**6,181,439,299**	**9,531,205,523**
Segment Results	1,117,131,810	1,371,072,964	2,488,204,774
Un-allocable expenses			(872,035,295)
Other Income			463,705,164
Profit before tax			2,079,874,643
Income Tax (including deferred tax)			(505,068,784)
Profit after tax before share of profit in Associate company and Minority Interest			1,574,805,859
Share of profit in associate company			129,174,431
Minority interest			4,778,249
Profit after tax after share of profit in Associate company and Minority Interest			**1,708,758,539**

(Amount in Rupees)

Business Segments	UTG	EMI	Total
For the year 2009			
External Revenue	3,093,979,016	5,823,829,467	8,917,808,483
Less Inter-Segment revenue		20,308,360	20,308,360
Total Revenue	**3,093,979,016**	**5,803,521,107**	**8,897,500,123**
Segment Results	858,165,854	1,354,619,314	2,212,785,168
Un-allocable expenses			(933,631,933)
Other Income			(294,496,762)
Profit before tax			984,656,473
Income Tax (including deferred tax)			(140,153,122)
Profit after tax before share of profit in			
Associate company and Minority Interest			844,503,351
Share of profit in associate company			80,128,540
Minority interest			207,606
Profit after tax after share of profit in Associate company and Minority Interest			**924,839,497**

The segment disclosures for the previous year have been reclassified to conform to the current year's presentation.

Geographic Segments

Segment Revenue (Amount in Rupees)

Geographic Location	March 31, 2010	March 31, 2009
North America	**4,509,466,516**	4,465,954,552
Europe	**4,156,747,491**	3,488,410,757
Rest of World	**864,991,516**	943,134,814
Total	**9,531,205,523**	8,897,500,123

Segment Assets (Amount in Rupees)

Geographic Location	March 31, 2010	March 31, 2009
India	**2,004,809,518**	2,102,494,549
Others	**54,474,081**	321,877,760
Total	**2,549,556,599**	2,424,361,309

Segment Capital Expenditure (Amount in Rupees)

Geographic Location	March 31, 2010	March 31, 2009
India	**314,247,886**	663,397,904
Others	**16,345,825**	12,535,767
Total	**330,593,711**	675,933,671

6. **Related Party Transactions**

Infotech Group has transactions with the following related parties:

a) **Associate**

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

b) **Joint Venture**

Name of the Joint Venture Company
Infotech HAL Limited

c) **Directors:**

Name of Director	Designation
Mr. B.V.R. Mohan Reddy	Chairman and Managing Director
Mrs. B. Sucharitha	Whole Time Director

d) **Key Management Personnel (w.e.f. April 1, 2009)**

S. A. Lakshminarayanan	Chief Operating Officer - UTG
K. Ashok Kumar	Chief Technology Officer
S. Nataraja	Senior Vice President - F & A
Bhanu Cherukuri	Senior Vice President - Strategy
Rajeev Lal	President - SBI & ITG
Chandrasekhar Nori	Managing Director - Infotech Geospatial (India) Limited
John Patrick Renard	President - UTG
Martin Trostel	Managing Director - Infotech Enterprises GmbH
N. J. Joseph	Director - Infotech Enterprises Europe Limited, UK
Greg Tilley	Director on the Board of IEAI, USA, ISSCI Canada and IEEDS Inc
Venkata Simhadri	Director - Infotech Enterprises Electronic Design services Inc.
Nobuyuki Kawai	Director - Infotech Enterprises Japan KK
Albert Juraco	President - Daxcon Engineering Services Inc

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

Mr. Krishna Bodanapu	Senior Vice President - Engineering
Mr. B. Ashok Reddy	President - Global Human Resources & Corporate Affairs

7. **The transactions with the related parties are summarized below:**

(Amount in Rupees)

Nature of Transactions	Transactions for the year ended		Closing Balance as on	
	March 31, 2010	March 31, 2009	**March 31, 2010**	March 31, 2009
Transactions with Associate:				
Investment in Infotech Aerospace Services Inc., Puerto Rico (IASI)	–	–	**493,337,963**	376,107,282
Shares of profits from IASI	**129,174,431**	80,128,540	**–**	–
Dividend received from IASI	**11,943,750**	11,123,000	**–**	–
Transactions with Joint Venture:				
Investments in Infotech HAL Limited, India	–	20,000,000	**20,000,000**	20,000,000
Rent Received/Receivable	**3,969,000**	3,472,875	**1,422,621**	586,552
Transactions with Key Management Personnel				
Remuneration to Managing Director/Payable	**26,793,380**	13,243,406	**22,985,331**	9,364,174
Remuneration to Whole Time Director/Payable	**2,428,366**	2,327,538	**–**	–
Remuneration to other KMPs	**102,071,020**	–	**–**	–
Loan given to KMP	**1,000,000**	–	**–**	–
Loan recovered from KMP	**782,034**	155,817	**937,313**	715,605
Rent Deposit given to Whole Time Director	**2,476,800**	–	**2,476,800**	–
Rent/Payable to Whole Time Director	**412,800**	608,400	**42,518**	75,200
Transactions with Relatives of Managing/Whole Time Director:				
Mr. B. Ashok Reddy	**3,668,297**	3,616,310	**–**	–
Mr. Krishna Bodanapu	**3,367,217**	2,866,465	**–**	–

8. **Investment in Mutual Funds**

Sl. No.	Name of Mutual Fund	Purchased during the year		Sold during the year		**Balance as on March 31, 2010**	
		No. of Units	Amount in Rupees	No. of Units	Amount in Rupees	**No. of Units**	**Amount in Rupees**
1	ICICI Prudential Institutional Liquid Plan–Super Institutional Daily Dividend	10,000,728	100,012,281	10,000,728	100,012,281	**–**	**–**
2	ICICI Prudential Flexible Income Plan Premium– Daily Dividend	9,673,570	102,283,494	9,673,570	102,308,645	**–**	**–**
3	Reliance Money Manager Fund – Retail Option–Daily Dividend Plan	29,993	30,019,966	29,993	30,019,965	**–**	**–**
4	Reliance Money Manager Fund –Institutional option–Daily Dividend Plan	96,383	96,492,425	96,383	96,492,425	**–**	**–**
5	HDFC Cash Management Fund – Savings Plan– Daily Dividend Reinvestment	16,492,145	175,417,055	16,492,145	175,417,055	**–**	**–**
6	HDFC Floating Rate Income Fund–Short Term Plan–Wholesale Option –Dividend Reinvestment	17,861,861	180,063,630	–	–	**17,861,861**	**180,063,630**
7	Reliance Medium Term Fund–Daily Dividend Plan	1,777,816	30,392,647	1,777,816	30,392,647	**–**	**–**

Sl. No.	Name of Mutual Fund	Purchased during the year		Sold during the year		**Balance as on March 31, 2010**	
		No. of Units	Amount in Rupees	No. of Units	Amount in Rupees	**No. of Units**	**Amount in Rupees**
8	GCDB IDFC Cash Fund– Inst Plan B–Daily Dividend	2,835,376	30,002,817	2,835,376	30,002,817	**–**	**–**
9	GFBD IDFC Money Manager Fund – Treasury Plan–Inst Plan B–Daily Dividend	3,066,764	30,883,232	–	–	**3,066,764**	**30,883,232**
10	UTI Liquid Cash Plan Institutional –Daily Income Option –Re–Investment	29,431	30,003,199	29,431	30,003,199	**–**	**–**
11	UTI Treasury Advantage Fund– Institutional Plan– Daily Dividend–Re–Investment	30,895	30,901,646	–	–	**30,895**	**30,901,646**
12	Birla Sun Life Cash Plus– Instl.Prem. –Daily Dividend–Reinvestment	14,972,427	150,016,228	14,972,427	150,016,228	**–**	**–**
13	Birla Sun Life Short Term Fund–Retail –Daily Dividend–Reinvestment	20,474,292	204,855,531	9,994,503	100,000,000	**10,479,789**	**104,855,531**
14	Templeton India Ultra Short Bond Fund Super Institutional Plan–Daily Dividend Reinvestment	5,122,946	51,288,885	–	–	**5,122,946**	**51,288,885**
15	Kotak Floater Long Term –Daily Dividend	4,191,811	42,252,615	–	–	**4,191,811**	**42,252,615**
16	LICMF Income Plus Fund–Daily Dividend Plan	5,038,131	50,381,312	5,038,131	50,381,312	**–**	**–**
17	Reliance Money Manager Fund–Retail Option –Daily Dividend Plan	130,877	130,992,946	130,877	130,992,947	**–**	**–**
18	Reliance Liquidity Fund–Daily Dividend Reinvestment Option	6,598,520	66,005,656	6,598,520	66,005,656	**–**	**–**
19	Kotak Liquid (Institutional)–Daily Dividend	3,271,397	40,002,967	3,271,397	40,002,967	**–**	**–**
20	Kotak Flexi Debt Scheme Institutional–Daily Dividend	3,994,269	40,132,421	3,994,269	40,132,421	**–**	**–**
21	Kotak Floater Long Term–Daily Dividend	5,065,002	51,054,203	–	–	**5,065,002**	**51,054,203**
22	ICICI Prudential Flexible Plan Regular Daily Dividend	1,652,266	16,563,949	1,652,266	16,572,554	**–**	**–**
23	Principal Ultra Short Term Fund– Dividend Reinvestment Daily	1,221,091	12,235,334	–	–	**1,221,091**	**12,235,334**
24	HDFC Cash Management Fund– Savings Plan–Daily Dividend Reinvestment	2,350,640	25,002,350	2,350,640	25,002,350	**–**	**–**
25	HDFC Floating Rate Income Fund–Short Term Plan– Wholesale Option–Dividend Reinvestment	2,509,195	25,294,942	2,509,195	25,294,942	**–**	**–**
26	Templeton Floating Rate Income Fund Long Term Plan Super Institutional	5,195,183	51,985,296	–	–	**5,195,183**	**51,985,296**
27	Kotak Floater Long Term –Daily Dividend	5,086,564	51,271,547	–	–	**5,086,564**	**51,271,547**
28	IDFC Liquid Fund–Plan A Daily Dividend	40,127	40,135,024	40,127	40,135,025	**–**	**–**
29	IDFC Money Manager Fund–Treasury Plan –Inst Plan B –Daily Dividend	4,053,215	40,817,091	–	–	**4,053,215**	**40,817,091**
30	ICICI Prudential Flexible Income Plan Premium–Daily Dividend	7,577,450	80,120,171	7,577,450	80,139,872	**–**	**–**
31	UTI Liquid Cash Plan Institutional –Daily Income Option–Reinvestment	40,479	41,265,689	40,479	41,265,690	**–**	**–**

Sl. No.	Name of Mutual Fund	Purchased during the year		Sold during the year		Balance as on March 31, 2010	
		No. of Units	Amount in Rupees	No. of Units	Amount in Rupees	**No. of Units**	**Amount in Rupees**
32	UTI Treasury Advantage Fund– Institutional Plan– Daily Dividend–Re–Investment	41,972	41,980,743	–	–	**41,972**	**41,980,743**
33	ICICI Prudential Flexible Income Plan Premium –Daily Dividend	982,640	103,924,311	–	–	**982,640**	**103,899,450**
34	ICICI Prudential Flexible Income Plan Premium–Daily Dividend	479,413	50,690,780	–	–	**479,413**	**50,690,780**
35	ICICI Prudential Flexible Income Plan Premium–Daily Dividend	769,716	81,405,447	–	–	**769,716**	**81,385,973**
36	ICICI Prudential Flexible Income Plan Regular–Daily Dividend	167,433	16,793,763	–	–	**167,433**	**16,790,160**
37	Templeton India Ultra Short Bond Fund Super Institutional Plan– Daily Dividend Reinvestment	6,071,779	60,788,222	–	–	**6,071,779**	**60,788,222**
38	Kotak Liquid (Institutional Premium) – Daily Dividend	4,089,299	50,004,355	4,089,299	50,004,355	**–**	**–**
39	Kotak Floater Long Term –Daily Dividend	5,029,489	50,696,245	–	–	**5,029,489**	**50,696,245**
40	TFLD TATA Floater Fund–Daily Dividend	5,050,255	50,682,335	–	–	**5,050,255**	**50,682,335**
41	TFLD TATA Floater Fund–Daily Dividend	6,045,690	60,672,123	6,045,690	60,672,123	**–**	**–**
42	UTI Treasury Advantage Fund–Institutional Plan (Daily Dividend option)–Re–Investment	52,254	52,264,798	–	–	**52,254**	**52,264,798**
43	UTI Liquid Cash Plan Institutional –Daily Income Option– Re–Investment	61,804	63,005,568	61,804	63,005,568	**–**	**–**
44	UTI Treasury Advantage Fund–Institutional Plan (Daily Dividend Option) –Re–Investment	63,855	63,868,515	–	–	**63,855**	**63,868,515**
45	TATA Liquid Super High Investment Fund – Daily Dividend	44,866	50,004,154	44,866	50,004,154	**–**	**–**
46	IDFC Money Manager Fund–TP–Super Inst Plan C –Daily Dividend	6,072,683	60,735,940	–	–	**6,072,683**	**60,735,940**
47	UTI Treasury Advantage Fund– Institutional Plan (Daily Dividend Option) – Re–investment	60,721	60,734,355	–	–	**60,721**	**60,734,355**
48	GCCD IDFC Cash Fund–Super Inst Plan C– Daily Dividend	6,067,035	60,685,513	6,067,035	60,685,513	**–**	**–**
49	G50 IDFC Money Manager Fund–Investment Plan–Inst Plan B–Daily Dividend	6,068,065	60,771,676	–	–	**6,068,065**	**60,771,676**
50	Reliance Money Manager Fund–Institutional Option–Daily Dividend Plan	100,116	100,229,376	–	–	**100,116**	**100,229,376**
	TOTAL	207,799,927	3,188,084,767	115,414,416	1,684,962,711	**92,385,511**	**1,503,127,576**

Note: Investment in mutual fund as on March 31, 2009 is Rs.NIL

9. Lease payments made under operating leases amounting to Rs. 90,597,135 (2008 -09: Rs. 90,997,094) have been recognised as an expense in the consolidated profit and loss account. The future minimum lease commitments of Infotech Group under non-cancellable operating leases are as follows:

Maximum Obligations on long-term non-cancellable operating leases (Amount in Rupees)

	March 31, 2010	March 31, 2009
Not Later than One Year	**20,290,814**	10,285,531
Later than One Year but not Later than Five Years	**5,445,855**	14,033,464
Total	**25,736,669**	24,318,995

10. **Earnings per Share (EPS)**

Particulars	**March 31, 2010**	March 31, 2009
Profit After Tax (Rs.)	**1,708,758,539**	924,839,497
Basic:		
Number of shares outstanding	**55,499,524**	55,229,796
Weighted average shares outstanding	**55,344,146**	53,262,303
Earnings Per Share (Rs.)	**30.88**	17.36
Diluted:		
Effect of dilutive issue of stock options	**214,994**	106,333
Total shares outstanding (including dilution)	**55,559,140**	53,368,636
Earnings Per Share (Rs.)	**30.76**	17.33

11. **Amalgamation:**

TTM (India) Private Limited, a wholly owned subsidiary of Infotech Enterprise Limited ("the Company") has been amalgamated with the Company w.e.f. April 1, 2009 pursuant to Scheme of Amalgamation approved by the Honorable High Court of Judicature, Andhra Pradesh vide its order dated July 27, 2009 and filed with Registrar of Companies on September 29, 2009. Consequently all the Assets, Liabilities and Reserves stand taken over by the Company retrospectively from April 1, 2009 and accounted under "Pooling of Interest" method as per the Accounting Standard-14 "Accounting for Amalgamations". As TTM (India) Private Limited was a wholly owned subsidiary of the Company, no additional shares were issued to effect the Amalgamation.

Particulars	**Amount in Rupees**
Consideration paid	**36,842,000**
Less: 100% of net assets taken over as on April 1, 2009 based on audited accounts	**(1,936,000)**
Goodwill*	**34,906,000**

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

12. Goodwill arising on acquisition of Daxcon Engineering Services Inc

As on January 15, 2010, the group acquired 100% stake in Daxcon Engineering Services Inc. The total cost of acquisition was Rs. 367,075,004 (including cost of investment of Rs. 5,955,004). The goodwill on the acquisition has been determined as follows:

Particulars	Amount in Rupees
Consideration Paid	**367,075,004**
Less: 100% of net assets as on January 15, 2010 based on audited accounts	**(19,401,116)**
Goodwill arising	**347,673,888**

13. Investment in Joint Venture : Infotech HAL Limited

The schedules for Consolidated Balance Sheet and Consolidated Profit and Loss account include the following amounts towards Infotech's share in the Joint Venture:

Consolidated Balance Sheet: (Amount in Rupees)

Particulars	Schedule Reference	March 31, 2010	March 31, 2009
Debit balance in Profit and Loss Account	2	**5,494,264**	5,574,380
Fixed Assets(Net)	4	**2,653,691**	1,408,604
Cash and Bank Balance	8	**4,595,949**	12,408,826
Loans and Advances	9	**353,866**	2,095,156
Current Liabilities	10	**(1,897,511)**	(1,486,965)

Consolidated Profit and loss account: (Amount in Rupees)

Particulars	Schedule Reference	March 31, 2010	March 31, 2009
Sale of services		**9,690,165**	2,609,150
Other Income	12	**511,681**	189,933
Personnel Expenses	13	**4,702,105**	3,302,691
Operating and Administrative Expenses	14	**4,459,501**	4,795,738
Financial Expenses	15	**–**	15,030
Depreciation and Amortisation	4	**959,280**	211,254
Provision for Tax		**–**	48,750

14. Contingency Reserve

Infotech is contesting the Income Tax Appellate Tribunal's (ITAT) order for the denial of certain export benefits under the Income Tax Act, 1961 on the grounds of the date of establishment of the Export Oriented Unit. The petition contesting the ITAT's Order has been admitted by the Honourable High Court of Judicature, 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 Rs. 161,000,000 (31.03.2009 Rs. 161,000,000) as Contingency Reserve to meet any future eventuality.

15. During the year, Company entered into an agreement with the Government of Karnataka, represented by the Commissioner Survey Settlement and Land Records to undertake the Urban Property Ownership Records project. The project would operate on a PPP model i.e. Public Private Partnership. Company undertakes to build, develop, construct, commission, operate and maintain the IT solutions for the Urban Property Ownership Records project for a period of 6 years and 270 days. The investment made in the project till March 31, 2010 is Rs. 26,833,543 towards hardware/software and other operating costs. As the project in progress as at the year end the amount invested is included in Capital Work in Progress.

16. Contingent Liabilities and Commitments

a. Estimated amount of contracts remaining to be executed on capital accounts not provided for, net of advances Rs. 45,325,045 (31.03.2009: Rs. 81,465,424).

b. Infotech has outstanding counter guarantees of Rs 72,925,183 as on March 31, 2010, including Share in Joint Venture of Rs. 2,882,000, to banks in respect of guarantees given by the said banks in favour of various agencies (31.03.2009: Rs. 83,800,447 including Share in Joint Venture Rs. 7,640,000).

c. Infotech has disputed various demands raised by Income Tax authorities for the assessment years 1997-98 to 2006-07. The orders are pending at various stages of appeals. The aggregate amount of disputed tax not provided for is Rs. 161,954,153 (31.03.2009: Rs.166,143,227). Infotech is confident that these appeals will be decided in its favour, based on professional advice.

d. Infotech has disputed the demands raised by the sales tax authorities for the year 2004-05 to 2009-10. The Company has filed appeals and pending with the appropriate authorities. The aggregate amount of disputed tax not provided for is Rs. 16,344,575 (31.03.2009: Rs. Nil) Infotech is confident that these appeals will be decided in its favour, based on professional advice.

17. Regrouping/Reclassification

The figures for previous year have been regrouped/reclassified wherever necessary, to conform to the current year figures.

For and on behalf of the Board of Directors

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

B. Sucharitha
Whole-time Director

S. Nataraja
Senior Vice President
Finance and Accounts

Sudheendhra Putty
Company Secretary

Place : Hyderabad
Date : April 21, 2010

Statement on Significant Accounting Policies

1. Basis for preparation of financial statements

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

These consolidated financial statements of Infotech Group are prepared under historical cost convention in accordance with generally accepted accounting principles ("GAAP") applicable in India and the Accounting Standard 21 on Consolidation of Financial Statements, Accounting Standard 23 on Accounting for Associates and Accounting Standard 27 on Financial reporting of investment in joint ventures, notified under Section 211(3C) and other relevant provisions of the Companies Act, 1956 and in conformity with the guidelines issued by SEBI from time to time to the extent possible in the same format as that adopted by Infotech for its separate financial statements.

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

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

2. Use of Estimates

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

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

3. Revenue Recognition

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 recognized as and when services are performed.

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

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

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

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

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

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

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

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

Statement on Significant Accounting Policies

4. **Fixed assets, intangible assets and capital work-in-progress**

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

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 profit and loss account.

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

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

5. **Depreciation and amortisation**

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

The estimated useful lives are as follows:

	Estimated Useful Lives
Building	28 years
Computers and Software	3 years
Plant and Machinery	10 years
Office Equipment	10 years
Furniture and Fixtures	10 years
Electrical Installation	10 years
Vehicles	5 years
Leasehold Improvements	Shorter of lease period or estimated useful lives

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

6. **Goodwill**

Goodwill represents excess cost paid for investment in subsidiary over the parent's portion of equity in that subsidiary at the date on which investment in each subsidiary is made. Goodwill is amortized on a straight-line basis principally over a period of 5-10 years. The goodwill is reviewed for impairment whenever events or changes in business circumstances indicate the carrying amount of assets may not be fully recoverable. If impairment is indicated, the asset is written down to its fair value.

7. **Investments**

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

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

8. **Research and development**

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

9. **Foreign currency transactions**

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

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

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

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

Statement on Significant Accounting Policies

contract are recognised in the statement of profit and loss in the reporting period in which the exchange rates change.

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

All other derivative exchange contract are valued on a mark to market basis and any gain or loss on mark to market changes as at the end of the reporting period is recognised in the profit and loss account.

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

10. Retirement benefits

Provident fund

Contributions in respect of Employees Provident Fund and Pension Fund are made to a fund administered and managed by the Government of India and are charged as incurred on accrual basis.

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

Superannuation

Contributions under the superannuation plan are made to a fund administered and managed by the Life Insurance Corporation of India and are charged as incurred on accrual basis.

Compensated absences

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

Gratuity

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

11. Income taxes

Income taxes are accrued in the same period that the related revenue and expense arise. Infotech operates as Export Oriented Unit ("EOU") and enjoys tax exemptions u/s 10A of Income Tax Act, 1961. For subsidiaries, the current charge for income tax is calculated in accordance with the relevant tax regulations. A provision is made for income tax annually, based on tax liability computed, after considering tax allowances and exemptions. Tax expense for a year comprises of current tax and deferred tax.

Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961. Tax expense relating to foreign operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.

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

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

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

MAT paid in accordance with the tax laws, which gives rise to future economic benefits in the form of tax credit against future income tax liability, is recognised as an asset in the balance sheet.

12. Operating Lease

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

13. Warranty cost

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

14. Earnings per share (EPS)

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

15. Employee Stock Options

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

The exercise price is the market price as defined in the SEBI Guidelines from time to time. i.e. market price equals the latest available closing price, prior to the date of the meeting of the Board of Directors in which options are granted/ shares are issued, on the stock exchange on which the shares of the company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered. This methods results in following of Intrinsic Value method under which no deferred employee compensation is charged to profit and loss account.

16. Impairment of assets

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

Reversal of impairment loss is recognised immediately as income in the profit and loss account.

17. Provisions and contingencies

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

18. Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from the date of purchase, to be cash equivalents.

Consolidated Cash Flow Statement

(Amount in Rupees)

	For the year ended	
	March 31, 2010	March 31, 2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Taxation, Share of profit in Associate Company and Minority Interest	**2,079,874,643**	984,656,473
Adjustment for :		
Depreciation and Amortisation	**435,686,770**	465,593,727
Financial Expenses	**31,235,477**	40,295,343
Loss on sale of Fixed Assets	**7,570,464**	1,176,790
Interest on Loans and Deposits	**(117,452,366)**	(148,099,456)
Amalgamation adjustment for TTM (India) Private Limited	**3,900,353**	–
Provision for Doubtful Debts	**8,974,481**	17,436,022
Bad Debts/Advances Written off	**15,894,814**	23,011,294
Unrealized Gain on Translation Differences	**(178,160,431)**	125,812,457
Unrealized Exchange Differences on Translation of Foreign Currency Cash and Cash Equivalents	**(17,563,350)**	(31,761,071)
Dividend Income from Current Investments	**(33,127,971)**	(54,796,756)
(Profit)/Loss on Sale of Current Investments	**(5,520)**	(8,320,661)
Cash generated before working capital changes	**2,236,827,364**	1,415,004,162
Working Capital changes:		
(Increase) / Decrease in Sundry Debtors	**122,445,434**	(533,199,075)
(Increase) / Decrease in Unbilled Revenue Receivables	**36,896,301**	107,945,225
(Increase) / Decrease in Loans and Advances	**(177,714,018)**	5,290,085
Increase / (Decrease) in Current Liabilities and Provisions	**(551,111,523)**	972,082,340
Cash Generated from Operations	**1,667,343,558**	1,967,122,737
Income Taxes Paid	**(407,935,356)**	(401,224,298)
Fringe Benefit Tax Paid	**–**	(17,537,807)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**1,259,408,202**	1,548,360,632
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	**(351,238,350)**	(948,856,168)
Purchase of Long term Investments	**–**	(26,065,000)
Proceeds from Sale of Fixed Assets	**3,795,974**	4,846,590
Paid for acquisition of Time to Market, Inc., USA	**–**	(293,315,250)
Paid for acquisition of TTM India Private Limited	**–**	(40,742,353)
Paid for acquisition of TTM Institute of Information Technology Private Limited	**–**	(100,000)
Paid for acquisition of Daxcon Engineering Services Inc. (Refer Note No. 12 of Schedule 16)	**(367,075,004)**	-
Purchase of Current Investments	**(1,503,127,576)**	-
Proceeds from Sale of Long Term Investments	**–**	100,000,000
Proceeds from Sale of Current Investments	**33,133,491**	1,949,310,421
Proceeds from long term matured deposits	**25,257,206**	14,919,312
Long term deposits placed with banks	**(1,378,714,652)**	(25,257,206)
Interest on Loans and Deposits	**138,719,391**	118,080,773
NET CASH GENERATED/(USED IN) INVESTING ACTIVITIES	**(3,399,249,520)**	852,821,119
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	**27,961,300**	31,576,345
Proceeds from Secured Loans	**–**	86,667,529
Repayment of Loans	**(128,363,126)**	(308,057,400)
Financial Expenses Paid	**(31,235,477)**	(40,295,343)
Dividends Paid	**(96,676,415)**	(78,835,329)
NET CASH USED IN FINANCING ACTIVITIES	**(228,313,718)**	(308,944,198)
D. EXCHANGE DIFFERENCES ON TRANSLATION OF CASH AND CASH EQUIVALENTS	**17,563,350**	31,761,071
NET(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	**(2,350,591,686)**	2,123,998,624
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**3,306,865,951**	1,176,812,733
CASH ACQUIRED ON ACQUISITION OF DAXCON ENGINEERING SERVICES INC. (Refer Note No. 12 of Schedule 16)*	**586,719**	6,054,594
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**956,860,984**	3,306,865,951
Supplementary Information:		
Cash and Bank Balances	**2,337,227,884**	3,333,500,197
Less: Long Term Deposits with Scheduled Banks considered as Investment	**1,378,714,652**	25,257,207
Less: Balance in unclaimed dividend accounts	**1,652,248**	1,377,039
Balance considered for Cash Flow Statement	**956,860,984**	3,306,865,951

*Previous year cash acquired of Rs. 6,054,594 is on account of acquisition of Time to Market Inc and Associate Companies.

This is the Consolidated Cash Flow Statement referred to in our report of even date.

For and on behalf of the Board of Directors

P R Ramesh
Partner

For and on behalf of
Deloitte Haskins & Sells
Chartered Accountants

Place : Secunderabad
Date : April 21, 2010

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

B. Sucharitha
Whole-time Director

S. Nataraja
Senior Vice President
Finance and Accounts

Sudheendhra Putty
Company Secretary

Place : Hyderabad
Date : April 21, 2010

Statement pursuant to Section 212(1)(e) of the Companies Act, 1956, relating to the Subsidiary Companies

Name of the Subsidary Company	Infotech Enterprises Europe Limited	Infotech Enterprises America Inc.	Infotech Enterprises GmbH	Infotech Enterprises Japan KK	Infotech Geospatial (India) Limited	TTM Institute of Information Technology Pvt. Ltd.	Infotech Enterprises Information Technology Services Pvt. Ltd.
1. Financial year of the subsidiary ended on	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010
2. Shares of Subsidiary Company held on the above date and extent of holding							
I) Number of Shares held	185,000,000	500,500	1,126	900	2,190,400	10,000	9,990
II) Extent of holding	100%	100%	100%	100%	74%	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 INR	NIL NIL	NIL NIL	NIL NIL	NIL NIL	NIL NIL	NIL NIL	NIL NIL
II) not dealt with in the accounts of Infotech Enterprises Limited Equivalent INR	GBP 724,996 INR 55,035,367	USD 3,451,653 INR 158,342,794	EUR 2,242,333 INR 150,729,059	(JPY 42,887,972) (INR 21,975,553)	(INR 18,377,881) (INR 18,377,881)	(INR 4,471,113) (INR 4,471,113)	NIL NIL
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 INR	GBP 800,648 INR 64,840,475	USD 620,000 INR 26,712,700	EUR 1,005,556 INR 63,814,128	NIL NIL	NIL NIL	NIL NIL	NIL NIL
II) not dealt with in the accounts of Infotech Enterprises Limited Equivalent INR	GBP 1,230,433 INR 99,765,280	USD 6,891,838 INR 300,328,842	EUR 3,263,831 INR 161,272,346	NIL NIL	(INR 10,534,487) (INR 10,534,487)	(INR 2,108,753) (INR 2,108,753)	NIL NIL

For and on behalf of the Board of Directors

Place : Hyderabad
Date : April 21, 2010

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

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	TTM Institute of Information Technology Pvt. Ltd.	Infotech Enterprises Information Technology Services Pvt. Ltd.
	INR	INR	INR	INR	INR	INR	INR
Financial year of the subsidiary ended on	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010
(A) Capital	145,442,075	794,058,272	25,427,950	4,787,622	40,000,000	100,000	100,000
(B) Reserves	151,043,929	443,130,875	343,512,946	(21,203,140)	(32,387,949)	(7,321,417)	–
(C) Total Assets	455,757,613	1,701,851,843	763,406,813	6,070,313	53,238,380	2,914,990	105,515
(D) Total Liabilities	159,378,437	464,760,902	394,465,917	22,485,831	45,626,328	10,136,406	5,515
(E) Details of Investment	97,828	98,206	–	–	–	–	–
(F) Turnover	1,246,882,790	3,448,221,723	2,208,130,585	9,441,199	61,644,327	–	–
(G) Profit Before Taxation	77,940,509	287,611,348	222,476,166	(21,939,942)	(17,882,418)	(4,471,113)	–
(H) Provision for Taxation	22,905,142	129,268,554	71,747,107	35,611	495,463	–	–
(I) Profit After Taxation	55,035,367	158,342,794	150,729,059	(21,975,553)	(18,377,881)	(4,471,113)	–
(J) Dividends paid	–	–	–	–	–	–	–

For and on behalf of the Board of Directors

Place : Hyderabad
Date : April 21, 2010

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

Consolidated Financial Statements
U.S. GAAP
(Unaudited)

Consolidated Balance Sheets - Unaudited

(Amounts in rupees/US$)

	As of March 31		
	2009	**2010**	**2010** *(Refer Note 2)*
ASSETS			
Current assets			
Cash and cash equivalents	Rs. 1,252,841,311	**Rs. 954,137,531**	**$ 21,226,641**
Investments and deposits	2,067,005,340	**2,883,123,112**	**64,140,670**
Accounts receivable, net of allowance for doubtful debts	2,370,048,640	**2,056,295,080**	**45,746,275**
Unbilled revenue on contracts	257,722,178	**324,500,917**	**7,219,153**
Deferred taxes on income	235,004,744	**24,107,596**	**536,320**
Derivative financial asset	–	**90,372,743**	**2,010,518**
Prepaid expenses and other assets	573,244,650	**977,506,207**	**21,746,523**
Total current assets	6,755,866,863	**7,310,043,186**	**162,626,101**
Premises and equipment, net	2,813,461,969	**2,582,024,767**	**57,442,153**
Prepaid land usage rights, net	–	**111,519,220**	**2,480,960**
Goodwill, net	239,918,382	**519,073,226**	**11,547,791**
Other intangible assets, net	266,817,056	**299,497,127**	**6,662,895**
Investments, non-current	26,270,216	**26,270,216**	**584,432**
Investments in associates	390,532,903	**507,704,470**	**11,294,871**
Deferred taxes on income	48,046,667	**29,107,542**	**647,554**
Other non-current assets	43,871,773	**106,351,242**	**2,365,900**
Total assets	Rs. 10,584,785,829	**Rs. 11,491,590,996**	**$ 255,652,747**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term and curent portion of long-term debts	Rs. 194,719,192	**Rs. 22,902,378**	**$ 509,508**
Accounts payable	717,578,677	**727,513,152**	**16,184,942**
Derivative financial liability	513,393,736	**63,964,134**	**1,423,006**
Unearned revenue	99,665,346	**–**	**–**
Other current liabilities	499,725,255	**505,463,960**	**11,245,027**
Total current liabilities	2,025,082,206	**1,319,843,624**	**29,362,483**
Long-term debts, excluding current portion	–	**21,090,875**	**469,207**
Deferred taxes on income	380,838,875	**250,065,474**	**5,563,192**
Other non-current liabilities	286,407,067	**640,500,127**	**14,249,169**
Total liabilities	2,692,328,148	**2,231,500,100**	**49,644,051**
Contingencies and Commitments (Note 28)			
Equity			
Common stock - par value Rs. 5 ($ 0.10) per share (147,744,000 and 147,744,000 equity shares authorised and 110,459,592 and 110,999,048 equity shares issued as of March 31, 2009 and 2010 respectively)	276,148,980	**554,995,240**	**12,346,946**
Additional paid-in capital	4,242,678,888	**4,347,461,631**	**96,717,723**
Retained earnings	3,196,850,774	**4,413,658,577**	**98,190,402**
Other comprehensive (loss)/income	172,114,367	**(55,910,975)**	**(1,243,848)**
Shares held by the Infotech Trust under employee stock option plan (224,160 equity shares as of March 31, 2009 and 2010 respectively)	(2,054,800)	**(2,054,800)**	**(45,713)**
Total Infotech shareholders' equity	7,885,738,209	**9,258,149,673**	**205,965,510**
Non-controlling Interest	6,719,472	**1,941,223**	**43,185**
Total equity	7,892,457,681	**9,260,090,896**	**206,008,695**
Total liabilities and equity	Rs. 10,584,785,829	**Rs.11,491,590,996**	**$ 255,652,747**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Income - Unaudited

(Amounts in rupees/US$)

				Year ended March 31
	2008	2009	**2010**	**2010** *(Refer Note 2)*
Revenues	Rs. 6,741,262,473	Rs. 8,894,890,974	**Rs. 9,521,515,357**	**$ 211,824,591**
Cost of revenues	5,018,494,795	6,613,687,336	**6,950,218,169**	**154,621,094**
Gross Profit	1,722,767,678	2,281,203,638	**2,571,297,188**	**57,203,497**
Selling, general and administrative expenses	1,129,009,477	961,711,094	**988,771,344**	**21,997,138**
Amortization of other intangible assets	12,449,105	29,646,340	**–**	**–**
(Gain)/loss on exchange fluctuation	17,864,869	(263,790,703)	**89,785,240**	**1,997,447**
Total operating expenses	1,159,323,451	727,566,731	**1,078,556,584**	**23,994,585**
Operating income	563,444,227	1,553,636,907	**1,492,740,604**	**33,208,912**
Interest income	51,464,485	147,901,233	**116,232,923**	**2,585,827**
Interest expense	(36,074,864)	(38,385,069)	**(29,122,580)**	**(647,888)**
Other income/(expense), net	193,224,814	(706,281,359)	**401,538,402**	**8,933,001**
Equity in earnings of affiliates	54,253,425	57,824,207	**100,246,802**	**2,230,185**
Income before income taxes	826,312,087	1,014,695,919	**2,081,636,151**	**46,310,037**
Income taxes	307,468,248	169,093,700	**494,619,809**	**11,003,778**
Net Income	518,843,839	845,602,219	**1,587,016,342**	**35,306,259**
Add : Net Loss attributable to non-controlling interest	2,208,679	207,606	**4,778,249**	**106,301**
Net income attributable to Infotech Enterprises Limited shareholders	**Rs. 521,052,518**	**Rs. 845,809,825**	**Rs. 1,591,794,591**	**$ 35,412,560**
Earnings per share:				
Basic	Rs. 5.18	7.96	**14.41**	**$0.32**
Diluted	Rs. 4.92	7.66	**14.38**	**$0.32**
Weighted average shares used in computing earnings per share (on an adjusted basis):				
Basic	100,585,920	106,300,446	**110,464,132**	**110,464,132**
Diluted	105,903,883	110,403,159	**110,688,110**	**110,688,110**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Shareholders' Equity and Comprehensive Income - Unaudited

(Amounts in rupees/US$)

	Common Stock Shares	Common Stock Par Value	Additional Paid-in capital	Retained earnings	Other comprehensive (loss)/income	Shares held by Infotech Trust	Total Infotech shareholders' equity	Non-controlling interest	Total Shareholders' equity	Comprehensive income
Balance as at March 31, 2007	**46,153,892**	**230,769,460**	**851,577,783**	**1,968,309,830**	**4,245,046**	**(2,054,800)**	**3,052,847,319**	**–**	**3,052,847,319**	
Net income	–	–	–	521,052,518	–	–	521,052,518	(2,208,679)	518,843,839	518,843,839
Other comprehensive income										
Gain/(loss) on foreign currency translation	–	–	–	–	(9,695,934)	–	(9,695,934)	–	(9,695,934)	(9,695,934)
Total comprehensive income										**509,147,905**
Non-controlling interest arising on acquisition of subsidiary	–	–	–	–	–	–	–	9,135,757	9,135,757	
Preferential allotment of shares	5,974,107	29,870,535	2,014,251,485	–	–	–	2,044,122,020	–	2,044,122,020	
Stock based compensation expense	–	–	291,093,097	–	–	–	291,093,097	–	291,093,097	
Cash dividends paid at the rate of Rs. 1.125 per share (including dividend tax)	–	–	–	(60,747,464)	–	–	(60,747,464)		(60,747,464)	
Balance as at March 31, 2008	**52,127,999**	**260,639,995**	**3,156,922,365**	**2,428,614,884**	**(5,450,888)**	**(2,054,800)**	**5,838,671,556**	**6,927,078**	**5,845,598,634**	
Net income				845,809,825			845,809,825	(207,606)	845,602,219	845,602,219
Other comprehensive income										
Gain/(loss) on foreign currency translation	–	–	–	–	177,482,692	–	177,482,692	–	177,482,692	177,482,692
Transfer of unrealized gains on sale of securities, net of taxes	–	–	–	–	(129,800)	–	(129,800)	–	(129,800)	(129,800)
Adjustments to initially adopt SFAS 158, net of taxes	–	–	–	–	212,363	–	212,363	–	212,363	212,363
Total comprehensive income										**1,023,167,474**
Issuance of common stock on exercise of stock options	377,797	1,888,985	51,601,977	–	–	–	53,490,962		53,490,962	
Issue of common stock on conversion of preferred stock	2,724,000	13,620,000	967,020,000	–	–	–	980,640,000		980,640,000	
Stock based compensation expense			67,134,546	–	–	–	67,134,546		67,134,546	
Cash dividends paid at the rate of Rs. 1.20 per share (including dividend tax)				(77,573,935)	–	–	(77,573,935)		(77,573,935)	
Balance as at March 31, 2009	**55,229,796**	**276,148,980**	**4,242,678,888**	**3,196,850,774**	**172,114,367**	**(2,054,800)**	**7,885,738,209**	**6,719,472**	**7,892,457,681**	
Net income	–	–	–	1,591,794,591	–	–	1,591,794,591	(4,778,249)	1,587,016,342	1,587,016,342
Other comprehensive income										
Gain/(loss) on foreign currency translation	–	–	–	–	(228,025,342)	–	(228,025,342)	–	(228,025,342)	(228,025,342)
Transfer of unrealized gains on sale of securities, net of taxes						–	–		–	
Adjustments to initially adopt SFAS 158, net of taxes						–	–		–	
Realised losses on securities, net of taxes						–	–		–	
Total comprehensive income						–	–		–	**1,358,991,000**
Issuance of common stock on exercise of stock options	269,728	1,348,640	26,612,660	–	–	–	27,961,300		27,961,300	
Stock split (effected in the form of stock dividend)	55,499,524	277,497,620	–	(277,497,620)	–	–	–		–	
Stock based compensation expense	–	–	78,170,083	–	–	–	78,170,083		78,170,083	
Cash dividends paid at the rate of Rs. 1.50 per share (including dividend tax)	–	–		(97,489,168)	–	–	(97,489,168)		(97,489,168)	
Balance as at March 31, 2010	**110,999,048**	**554,995,240**	**4,347,461,631**	**4,413,658,577**	**(55,910,975)**	**(2,054,800)**	**9,258,149,673**	**1,941,223**	**9,260,090,896**	
Balance as at March 31, 2010 (Refer note - 2)	**110,999,048**	**$12,346,946**	**$96,717,723**	**$98,190,402**	**($1,243,848)**	**($45,713)**	**$205,965,510**	**$43,186**	**$206,008,696**	

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows - Unaudited

(Amounts in rupees/US$)

	2008	2009	2010	2010 *(Refer Note 2)*
Cash flows from Operating Activities				
Net income	Rs. 521,052,518	Rs. 845,809,825	Rs. 1,591,794,591	$ 35,412,560
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	347,338,164	427,345,548	420,420,470	9,353,069
Amortization of other intangible assets	12,449,105	29,646,340	62,113,929	1,381,845
Stock–based compensation	291,093,095	67,134,546	78,170,083	1,739,045
Deferred taxes on income	103,258,879	(134,212,796)	8,333,409	185,393
(Profit)/Loss on sale of investments	(13,835,104)	(8,190,861)	(5,520)	(123)
(Profit)/Loss on sale of premises and equipment	(3,688,133)	1,176,790	7,570,464	168,420
Equity in earnings of associated company and ventures, net of taxes	(54,253,425)	(57,824,207)	(100,246,802)	(2,230,185)
Changes in assets and liabilities:				
Accounts receivable, net	(461,569,011)	(453,018,292)	273,750,393	6,090,109
Unbilled revenue on contracts	(105,985,542)	68,427,425	(81,278,360)	(1,808,195)
Prepaid expenses and other assets	(190,588,751)	(152,758,629)	(492,771,334)	(10,962,655)
Other non–current assets	1,096,389	30,211,847	(62,479,469)	(1,389,977)
Accounts payable	122,096,096	285,962,274	9,934,476	221,012
Current liabilities	(5,161,642)	704,178,936	(388,899,734)	(8,651,829)
Unearned revenue	63,079,314	(51,126,960)	(99,665,346)	(2,217,249)
Other non–current liabilities	72,444,835	7,219,112	354,093,060	7,877,487
Net cash provided by operating activities	698,826,787	1,609,980,898	1,580,834,313	35,168,727
Cash flows from investing activities				
Proceeds from maturity of bank deposits	1,036,146	509,609,058	–	–
Investments in bank deposits	(509,609,058)	(2,067,005,340)	–	–
Purchase of premises and equipment	(1,413,287,426)	(947,447,566)	(348,584,660)	(7,754,942)
Proceeds from sale of premises and equipment	9,693,079	4,846,590	3,795,974	84,449
Purchase consideration for acquisitions, net of cash acquired	–	(328,102,986)	(360,533,280)	(8,020,763)
Long term investment in associate companies	–	(46,065,000)	–	–
Purchase of investments	(2,140,340,951)	–	(816,117,772)	(18,156,124)
Proceeds from sale of investments	181,451,051	2,049,310,421	33,133,491	737,119
Net cash used in investing activities	(3,871,057,159)	(824,854,823)	(1,488,306,247)	(33,110,261)
Cash flows from financing activities				
Issuance of common stock on exercise of stock options	3,027,662,020	53,490,962	27,961,300	622,053
Repayment of short–term debts	–	(16,367,332)	(149,454,001)	(3,324,894)
Proceeds from long–term debts	154,227,008	–	–	–
Repayment of long–term debts	–	(205,022,539)	21,090,875	469,207
Cash dividends paid	(71,683,493)	(77,458,290)	(97,489,168)	(2,168,835)
Net cash provided by/(used in) financing activities	3,110,205,535	(245,357,199)	(197,890,994)	(4,402,467)
Effect of foreign exchange rate changes on cash and cash equivalents	9,695,935	54,732,240	(193,340,852)	(4,301,243)
Net change in cash and cash equivalents	(52,328,902)	594,501,116	(298,703,778)	(6,645,244)
Cash and cash equivalents at beginning of the year	Rs. 710,669,097	Rs. 658,340,195	Rs. 1,252,841,311	$27,871,887
Cash and cash equivalents at end of the year	Rs. 658,340,195	Rs. 1,252,841,311	Rs. 954,137,531	$21,226,641
Supplementary information:				
Cash paid during the year for:				
Income taxes	Rs. 251,743,933	Rs. 418,762,105	Rs. 408,092,596	$9,078,812
Interest	Rs. 37,171,668	Rs. 40,295,343	Rs. 31,235,477	$694,894
Non–cash items:				
Issuance of common stock on conversion of preferred stock		Rs. 980,640,000		

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements - Unaudited

1. **Description of business**

Infotech Enterprises Limited (hereinafter referred to as "Infotech" or "the Company"), its subsidiaries and associates (hereinafter referred to as "Infotech Group") is engaged in providing global technology services and solutions specialising in geospatial, engineering design and IT solutions.

Infotech was incorporated on August 28, 1991 in Hyderabad, Andhra Pradesh as a private limited company and subsequently converted into a public limited company on April 21, 1995. Infotech has its headquarters and development facilities in India and serves a global customer base through its subsidiaries in United States of America (USA), United Kingdom (UK), Germany and Japan and branches in India, Australia, Singapore, Canada, Norway, New Zealand, Malaysia and Dubai. Infotech group's range of services include geographical information systems (GIS), digitization of drawings and maps, photogrammetry, computer aided design/engineering (CAD/CAE), design and modelling, repair development engineering, reverse engineering application software development, software products development, consulting and implementation. Infotech specialises in software services and solutions for the manufacturing, utilities, telecommunications, transportation & logistics, local government and financial services markets.

2. **Summary of significant accounting policies**

a) **Basis of preparation.** The consolidated financial statements of Infotech Group are prepared in accordance with Generally Accepted Accounting Principles in the United States ("U.S. GAAP"). The consolidated financial statements are presented in Indian Rupee ("Rs.").

b) **Basis of consolidation.** The consolidated financial statements include the financial statements of Infotech and all of its subsidiaries, which are more than 50% owned and controlled. Infotech did not have variable interests in any variable interest entities during the periods presented. All inter-company accounts and transactions are eliminated on consolidation.

c) **Convenience translation.** Solely for the convenience of the reader, the financial statements as of and for the year ended March 31, 2010 have been translated into United States dollars at the noon buying rate in New York City on March 31, 2010 for cable transfers in Indian rupees, as certified for customs purposes by the Federal Reserve Bank of New York of $1 = Rs. 44.95. No representation is made that the Indian rupee amounts have been, could have been or could be converted into United States dollars ($) at such a rate or at any other certain rate on March 31, 2010 or at any other date.

d) **Investments in associates.** Investments in business entities in which Infotech Group does not have control, but has the ability to exercise significant influence over operating and financial policies are accounted for using the equity method and initially recognised at cost . Significant influence generally exists when the Company owns between 20% and 50% of the voting equity. Goodwill arising on the acquisition of associate is included in the carrying value of investment in associate. Infotech associates are as follows:

Name of Affiliates	Country of Incorporation	Year ended March 31, 2009	Year ended March 31, 2010
Infotech Aerospace Services Inc ("IASI")	USA	49%	49%
Infotech HAL Limited ("IHAL")	India	50%	50%

e) **Use of estimates.** The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reported period. Examples of such estimates include: allowance for doubtful debts, obligations under employee benefit plans, valuation allowances on deferred tax assets, useful lives of premises and equipment (fixed assets), goodwill impairment and income taxes. Actual results could differ materially from those estimates.

f) **Foreign currency translation.** The accompanying consolidated financial statements are presented in Indian Rupees, the reporting as well as functional currency of Infotech. However, the US dollar, Pound sterling and Euro are the functional currencies of its subsidiaries located in USA, UK and Germany respectively. The translation of functional currencies into Indian Rupees (reporting currency) is performed for assets and liabilities using the current exchange rates in effect at the balance sheet date and for revenues, costs and expenses using the average exchange rates prevailing during the reporting periods. Adjustments resulting from the translation of functional currency financial statements to reporting currency are accumulated and reported as other comprehensive income/(loss), a separate component of shareholders' equity.

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are expressed in the functional currency at the exchange rates in effect at the balance sheet date. Gains or losses resulting from foreign currency transactions are included in the Consolidated Statements of Income of the respective periods.

g) **Revenue recognition.** Revenue from software services consist of revenues earned from services performed either on a time-and-material basis or under fixed price contracts. Revenues earned from services performed on a "time and material" basis are recognised as and when services are performed. Revenues from fixed price contracts are recognised over the life of the contract using the percentage-of-completion method, with contract costs determining the degree of completion. Revenue recognition using the percentage-of-completion method in conformity with ASC Topic 605, is based on the guidance in ASC Topic 985, Software Revenue Recognition, to account for revenues under fixed price arrangements for software development and related services. Losses on such contracts are recognised when probable. Revenues in excess of billings are recognised as unbilled revenues in the balance sheet; to the extent billings are in excess of revenues recognised, the excess is reported as unearned revenue in the balance sheet.

In accordance with ASC Topic 605, "Income Statement Characterization of Reimbursements Received for "Out-of-Pocket" Expenses Incurred", Infotech Group accounts for reimbursements for out-of-pocket expenses incurred as revenues in the Consolidated Statements of Income.

All revenues are recognised only when collectability of the resulting receivable is reasonably assured, and are reported net of discounts and indirect and service taxes.

h) **Cost of revenues and selling, general and administrative expenses.** Cost of revenues primarily include the compensation cost of technical staff, depreciation and amortisation on dedicated assets and system software, application software costs, travel costs, data communication expenses and other expenses incurred that are related to the generation of revenue. Selling, general and administrative expenses generally include the compensation costs of sales, management and administrative personnel, travel costs, advertising, business promotion, rent, repairs, electricity, and other general expenses not attributable to cost of revenues.

i) **Cash and cash equivalents.** Infotech Group considers investments in highly liquid instruments that are purchased with remaining maturities, of three months or less to be cash equivalents. Cash and claims to cash that are restricted as to withdrawal or use in the ordinary course of business is classified separately under other current and non-current assets.

j) **Premises, equipment and depreciation.** Premises and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives. The estimated useful life of assets are as follows:

	Estimated Useful Life
Building	28 years
Computers including software	3 years
Office equipment	10 years
Furniture and fixtures	10 years
Electrical installation	10 years
Vehicles	5 years
Leasehold improvements	Shorter of lease period or estimated useful life

Advances paid towards the acquisition of premises and equipment outstanding at each balance sheet date and the cost of premises and equipment not put to use before such date are disclosed as Assets under construction.

k) **Goodwill and other intangible assets.** Goodwill represents the excess of the cost of an acquired entity over the net of the amounts assigned to assets acquired and liabilities assumed. In accordance with ASC Topic 350, "Goodwill and Other Intangible Assets", goodwill is tested for impairment using a fair-value approach at the reporting unit level, annually or sooner when circumstances indicate impairment. Infotech Group follows the two-step impairment recognition and measurement guidance in accordance with ASC Topic 350.The fair value of the reporting unit is first compared to its carrying value. The fair value of reporting units is determined using the income approach. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, goodwill is not impaired. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, then the implied fair value of the reporting unit's goodwill is compared with the carrying value of the reporting unit's goodwill. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognised in a business combination. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, then an impairment loss equal to the difference is recorded.

Infotech Group amortises other intangible assets over their estimated useful life on a straight-line basis unless such life is deemed indefinite. Amortisable intangible assets are amortized over their estimated useful lives in proportion to the economic benefits consumed in each period. Intangible assets with indefinite lives are tested at least annually for impairment and written down to the fair value as required. The estimated useful lives of the amortisable intangible assets are as follows:

	Estimated Useful Life
Customer contracts	3 to 7 years
Technology related intangibles	3 to 5 years

l) **Impairment of long-lived assets.** Long-lived assets and assets group, including certain identifiable intangible assets, to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Such assets are considered to be impaired if the carrying amount of the assets is higher than the future undiscounted net cash flows expected to be generated from the assets. The impairment amount to be recognised is measured by the amount by which the carrying value of the assets exceeds its fair value. Assets held-for-sale are reported at the lower of the carrying value or the fair value less costs to sell.

m) **Investments.** Infotech Group classifies equity securities and investments in mutual funds with readily determinable fair market values as available-for-sale securities and is recorded at fair value. Accordingly, such securities are carried at fair value with unrealised gains and losses, net of taxes included in other comprehensive income, a separate component of shareholders' equity. Realised gains and losses and decline in value considered to be other-than-temporary are included in other income. The cost of securities sold is determined on the first-in-first-out (FIFO) method. Interest and dividends on securities classified as available-for-sale are included in other income. Non-readily marketable equity securities for which there is no readily determinable fair value are recorded at cost, subject to an impairment charge for any other-than-temporary decline in value. Infotech Group does not have any securities classified as trading or held to maturity.

n) **Income taxes.** Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year.

(i) *Current income taxes.* The current income tax expense includes Indian income taxes payable for Infotech and its Indian subsidiaries after taking credit for benefits available for operations in Software Technology Parks (or STPs) and export earnings, and after offsetting benefits under tax avoidance treaties for foreign taxes payable in overseas jurisdictions.

Current income tax is payable for each of Infotech and its Indian subsidiaries overseas branches and is computed in accordance with the tax laws applicable in the jurisdiction in which each of the branches operate. The amounts paid are generally available for offset as tax credits in India towards the income tax liability.

The current income tax expense for foreign subsidiaries has been computed based on the laws applicable to each entity in the jurisdiction in which that entity operates.

Payments of advance taxes and income taxes payable in the same tax jurisdictions are offset.

(ii) *Deferred income taxes:* Deferred tax assets and liabilities are recognised for the future tax consequences attributable to differences between the financial statements carrying amounts of assets and liabilities and their respective tax bases, operating loss carry forwards and tax credits. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets and liabilities are computed separately for each taxable entity in the consolidated enterprise and for each taxable jurisdiction. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realised and are separately estimated at each such entity without offsetting. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the Consolidated Statements of Income in the period of change.

For domestic operations carried out in STPs, deferred tax liabilities, if any, have been established for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends. No deferred tax asset has been recognised for the reduction in taxes attributable to such tax holidays.

Uncertain tax positions are recognised using the more likely-than-not threshold determined solely based on technical merits that the tax positions will sustain upon examination. Tax positions that meet the recognition threshold are measured as the largest amount of benefit that is greater than fifty percent likely of being realised upon settlement with relevant taxing authority that has full knowledge of all relevant information. Infotech Group classifies potential interest and penalties related to unrecognised tax benefits as interest expense and other expense respectively.

o) **Earnings per share.** In accordance with the provisions of ASC Topic 260, "Earnings Per Share", basic earnings per share are computed by dividing net income attributable to shareholders of Infotech Group by the weighted average number of shares outstanding during the period. Diluted earnings per share are computed on the basis of the weighted average number of common and dilutive common equivalent shares outstanding during the period, using the "treasury stock" method for options and warrants, except where the results will be anti-dilutive.

p) **Employee stock option plan.** Infotech Group accounts for the compensation cost from share based transactions in accordance with ASC Topic 718, "Share-Based Payment," requires the recognition of stock based compensation expense in the consolidated financial statements for awards of equity instruments to employees based on the grant-date fair value of those awards. Infotech Group recognizes these compensation costs on a graded vesting basis over the requisite service period of the award.

q) **Derivative financial instruments.** Infotech Group accounts for its derivative instruments in accordance with ASC Topic 815, "Accounting for Derivative Instruments and Hedging Activities". Infotech Group enters into foreign exchange forward contracts and foreign exchange option contracts where the counter party is generally a bank. Infotech purchases these foreign exchange contracts to mitigate the risk of changes in foreign exchange rates on cash flows denominated in certain foreign currencies. As these contracts are not designated as hedges for accounting in accordance with ASC Topic 815, they are fair valued at every period end with corresponding gain or loss recognised in earnings immediately.

r) **Employment benefits.**

(1) *Provident fund.* In accordance with Indian law, all employees in India are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employee and the employer make monthly contributions to the plan at a predetermined rate (presently 12.0%) of the employees' basic salary. Infotech Group has no further obligations under the plan beyond its monthly contributions. These contributions are made to fund administered and managed by the Government of India. Infotech Group's monthly contributions are charged to income in the period it is incurred.

(2) *Employees state insurance fund.* In addition to the above benefit, all employees in India who are drawing gross salary of less than Rs. 10,000 ($ 222) per month are entitled to receive benefit under employee state insurance fund scheme. The employer makes contribution to the scheme at a predetermined rate (presently 4.75%) of employee's gross salary. Infotech has no further obligations under the scheme beyond its monthly contributions. These contributions are made to fund administered and managed by the Government of India. Infotech's monthly contributions are charged to income in the year it is incurred.

(3) *Gratuity plan.* In addition to the above benefits, Infotech provides for a gratuity obligation, a defined benefit retirement plan (the "Gratuity Plan") covering all its employees in India. The Gratuity Plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary, and the years of employment with Infotech Group. Infotech Group provides for the Gratuity Plan on the basis of actuarial valuation.

The funded status of the Gratuity Plan is recognised in the Consolidated Balance Sheet. The funded status is measured as the difference between the fair value of plan assets and the projected benefit obligation at March 31, the measurement date. (Gains)/losses arise as a result of differences between actual experience and assumptions or as a result of changes in actuarial assumptions. These are recognised as and when they arise. Net periodic gratuity cost is recorded in the Consolidated Statement of Income and includes service cost, interest cost, return on plan assets, actuarial gains/losses and amortisation of transition obligation.

(4) *Superannuation plan.* In addition to the above benefits, the senior management employees of Infotech in India are entitled to superannuation, a defined contribution plan (the "superannuation plan"). Infotech makes yearly contributions under the superannuation plan administered and managed by the Life Insurance Corporation of India ('LIC'), based on a specific percentage (presently 15.0%) of each employee's basic salary. Infotech Group has no further obligations under the plan beyond its contributions.

(5) *Contribution pension scheme.* In addition to the above, Infotech Europe, operates a defined contribution pension scheme. The assets of the scheme are held separately from those of Infotech Europe in an independent administered fund. Infotech Europe has no further obligations under the scheme beyond its monthly contributions. Infotech Germany also operates a defined contribution benefit scheme and the assets of the scheme are held separately in an independent administered fund. Infotech Germany has no further obligations under the scheme beyond its monthly contributions which are determined based on actual report.

(6) *Compensated absences.* The Company has provided for the cost of vacation earned but not taken based on the number of days of carry forward entitlement at each balance sheet date.

s) **Dividends.** Final dividend on the common stock is recorded as a liability on the date of declaration by the stockholders. Interim dividends are recorded as a liability on the date of declaration by the board of directors.

t) **Recently announced accounting pronouncements.**

In April 2010, the Emerging Issues Task Force (EITF) reached a final consensus on milestone method of revenue recognition and published ASU 2010-17, Revenue Recognition - Milestone Method (ASC Topic 605). The scope of this ASU is limited to arrangements that include milestones relating to research or development deliverables. The consensus specifies guidance that must be met for a vendor to recognize consideration that is contingent upon achievement of a substantive milestone in its entirety in the period in which the milestone is achieved. The guidance applies to milestones in arrangements within the scope of this consensus regardless of whether the arrangement is determined to have single or multiple deliverables or units of accounting. The final consensus will be effective for fiscal years, and interim periods within those years, beginning on or after June 15, 2010. Early application is permitted. Companies can apply this guidance prospectively to milestones achieved after adoption. However, retrospective application to all prior periods is also permitted. The Company will adopt ASU 2010-17 in fiscal year 2011 and its effect on future periods is presently being evaluated by the Company.

In April 2010, the FASB issued ASU 2010-13, Compensation - Stock Compensation (ASC Topic 718); Effect of Denominating the Exercise Price of a Share-Based Payment Award in the Currency of the Market in Which the Underlying Equity Security Trades. The objective of this ASU is to address the classification of an employee share-based payment award with an exercise price denominated in the currency of a market in which the underlying equity security trades. FASB Accounting Standards Codification Topic 718, Compensation-Stock Compensation, provides guidance on the classification of a share-based payment award as either equity or a liability. A share-based payment award that contains a condition that is not a market, performance, or service condition is required to be classified as a liability. Under ASC Topic 718, awards of equity share options granted to an employee of an entity's foreign operation that provide a fixed exercise price denominated in (1) the foreign operation's functional currency or (2) the currency in which the employee's pay is denominated should not be considered to contain a condition that is not a market, performance, or service condition. However, U.S. generally accepted accounting principles do not specify whether a share-based payment award with an exercise price denominated in the currency of a market in which the underlying equity security trades has a market, performance, or service condition. Diversity in practice has developed on the interpretation of whether such an award should be classified as a liability when the exercise price is not denominated in either the foreign operation's functional currency or the currency in which the employee's pay is denominated. ASU 2010-13 clarifies that an employee share-based payment award with an exercise price denominated in the currency of a market in which a substantial portion of the entity's equity securities trades should not be considered to contain a condition that is not a market, performance or service condition. Therefore, an entity would not classify such an award as a liability if it otherwise qualifies as equity. This ASU is effective for fiscal years and interim periods within those fiscal years, beginning on or after December 15, 2010. The Company will adopt ASU 2010-13 in fiscal year 2011 and its effect on future periods is presently being evaluated by the Company.

On March 5, 2010, the FASB issued ASU 2010-11, Derivatives and Hedging (ASC Topic 815) - Scope Exception related to Embedded Credit Derivatives to clarify the type of embedded credit derivative that is exempt from embedded derivative bifurcation requirements. Specifically, only one form of embedded credit derivative qualifies for the exemption - one that is related only to the subordination of one financial instrument to another. As a result, entities that have contracts containing an embedded credit derivative feature in a form other than such subordination may need to separately account for the embedded credit derivative feature. This guidance also has transition provisions, which permit entities to make a special one-time election to apply the fair value option to any investment in a beneficial interest in securitized financial assets, regardless of whether such investments contain embedded derivative features. This guidance is effective on the first fiscal quarter beginning after June 15, 2010. Early adoption is permitted at the beginning of any fiscal quarter beginning after March 5, 2010. The adoption of ASU 2010-11 is not expected to have any impact on the financial position or results of operations of the Company.

In October 2009, the FASB published FASB ASU 2009-14, Software (ASC Topic 985) - Certain Revenue Arrangements that Include Software Elements. ASU 2009-14 changes the accounting model for revenue arrangements that include both tangible products and software elements. Under this guidance, tangible products containing software components and non-software components that function together to deliver the tangible product's essential functionality are excluded from the software revenue guidance in ASC Subtopic 985-605, Software-Revenue Recognition. In addition, hardware components of a tangible product containing software components are always excluded from the software revenue guidance. The amendments also provide additional guidance on how to determine which software, if any, relating to the tangible products would be excluded from the scope of the software revenue guidance. These amendments significantly expand the disclosure requirements of multiple-deliverable revenue arrangements. The provisions of ASU 2009-14 are effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. Early adoption is permitted. If a company elects early adoption and the period of adoption is not the beginning of the company's fiscal year, the company is required to apply the amendments in this Updated retrospectively from the beginning of that fiscal year. Additionally, a company is required to adopt the amendments in this Update in the same period and using the same transition methods used to adopt ASU 2009-13, Revenue Recognition (Topic 605) - Multiple-Deliverable Revenue Arrangements. The Company will adopt ASU 2009-14 in fiscal year 2011 and its effect on future periods is presently being evaluated by the Company.

In October 2009, the FASB published FASB ASU 2009-13, Revenue Recognition (ASC Topic 605) - Multiple-Deliverable Revenue Arrangements. ASU 2009-13 addresses the accounting for multiple-deliverable arrangements to enable vendors to account for products or services (deliverables) separately rather than as a combined unit. Specifically, this guidance amends the criteria in ASC Subtopic 605-25, Revenue Recognition-Multiple-Element Arrangements, for separating consideration in multiple-deliverable arrangements. This guidance establishes a selling price hierarchy for determining the selling price of a deliverable, which is based on: (a) vendor-specific objective evidence if available; (b) third-party evidence if vendor-specific objective is not available; or (c) estimated selling price if neither vendor-specific objective evidence nor third-party evidence is available. This guidance also eliminates the residual method of allocation and requires that arrangement consideration be allocated at the inception of the arrangement to all deliverables using the relative selling price method. In addition, this guidance significantly expands required disclosures related to a vendor's multiple-deliverable revenue arrangements. The provisions of ASU 2009-13 are effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. Early adoption is permitted. The Company will adopt ASU 2009-13 in fiscal year 2011 and its effect on future periods is presently being evaluated by the Company.

u) **Recently adopted accounting pronouncements.**

On April 1, 2009, Infotech adopted the provisions of Financial Accounting Standards Board Statement No.160, Non-controlling Interests in Consolidated Financial Statements-an amendment of ARB No.51, (ASC Topic 810). Infotech Group has retrospectively changed the classification and presentation of non-controlling interest as required by FAS 160, previously referred to as minority interest, in our consolidated financial statements for all periods presented to conform to the classification and presentation of non-controlling interest.

In June 2009, the FASB issued authoritative guidance, "The FASB Accounting Standards Codification and Hierarchy of Generally Accepted Accounting Principles-a replacement of FASB Statement No. 162" (the "Codification"). The Codification does not alter current U.S. GAAP, but rather integrates existing accounting standards with other authoritative guidance. Under the Codification, there is a single source of authoritative U.S. GAAP for non governmental entities and it supersedes all other previously issued non-SEC accounting and reporting guidance. The Codification is effective for financial statement periods ending after September 15, 2009. Our adoption of the Codification did not have a material effect on our financial condition or consolidated results of operations.

In May 2009, the FASB issued ASC Topic 855-10 "Subsequent events", which is effective for interim and annual periods ending after June 15, 2009. The guidance is intended to establish general standards of accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. It requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date-that is, whether that date represents the date the financial statements were issued or were available to be issued. This disclosure should alert all users of financial statements that an entity has not evaluated subsequent events after that date in the set of financial statements being presented. The adoption of this guidance did not have a material impact on the Company's consolidated financial position, results of operations or cash flows. See note 30 for further details.

In December 2007, the FASB issued new accounting guidance for business combinations. The new accounting guidance changes the accounting for business combinations including the measurement of acquirer shares issued in consideration for a business combination, the recognition of contingent consideration, the accounting for pre-acquisition gain and loss contingencies, the recognition of capitalised in-process research and development, the accounting for acquisition-related restructuring cost accruals, the treatment of acquisition-related transaction costs and the recognition of changes in the acquirer's income tax valuation allowance. The Company acquired a 100% stake in Daxcon Engineering Inc ("Daxcon") on January 15, 2010. The acquisition was accounted for in accordance with this new accounting guidance. See note 3(B) for further details.

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities, an amendment to FASB Statement No. 133 (SFAS No. 161) (ASC Topic 815). ASC Topic 815 requires additional disclosures on derivative and hedging activities by describing the need and objectives to be disclosed in terms of risks and the effects of such instruments on the financial statements. This statement is effective for the fiscal year on or after November 15, 2008. Because the guidance applies only to financial statement disclosures, the adoption did not have a material effect on the Company's consolidated financial position, results of operations or cash flows.

In December 2008, FASB issued FASB Staff Position (FSP) FAS 132(R)-1, Disclosures about Employers' Plan Assets. Through this FSP, amendments were made in Statement 132 (R) (ASC Topic 715), "Employers' Disclosures about Pensions and Other Postretirement Benefits." The FSP enhances the disclosures required about employers' plan assets, including employers' investment strategies, major categories of plan assets, concentrations of risk within plan assets, and valuation techniques used to measure the fair value of plan assets. This FSP is effective on December 30, 2008. An entity must provide the FSP's disclosures in financial statements for fiscal years ending after December 15, 2009. Because the guidance applies only to financial statement disclosures, the adoption did not have a material effect on the Company's consolidated financial position, results of operations or cash flows.

On 30 September 2009, the FASB issued Accounting Standards Update No. 2009-12, "Investments in Certain Entities That Calculate Net Asset Value per Share." ASU 2009-12 amends ASC 820 of the FASB Accounting Standards Codification (ASC) by providing additional guidance on measuring the fair value of certain alternative investments. Under the amended guidance, entities are permitted, as a practical expedient, to estimate the fair value of investments within its scope using the net asset value (NAV) per share of the investment as of the reporting entities measurement dates. The amended guidance applies only to investments in entities that calculate NAV consistent with the measurement principles of ASC 946 (i.e., entities that measure investment assets at fair value on a recurring basis). Our adoption of the ASU did not have a material effect on our financial condition or consolidated results of operations.

3. Business combinations

a) TTM Group

On October 1, 2008, Infotech Group acquired 100% of the ordinary share capital of Time To Market, Inc., TTM India Private Limited and TTM Institute of Information Technology Private Limited (collectively referred to as "TTM Group"). TTM Group is engaged in Application Specific Integrated Circuit (ASIC) design, embedded software services and owns a training institute in information technology.

The consideration for this acquisition amounted to Rs. 334,157,580 ($ 6,658,853) comprising of a cash payment of Rs. 268,509,750 ($ 5,278,352), a deferred payment of Rs. 30,570,000 ($ 600,944), which is subsequently payable at the end of first and second year from the date of acquisition and direct acquisition costs of Rs. 35,077,830 ($ 689,558).

The allocation of purchase price resulted in recognition of intangible assets - customer contracts of Rs. 202,618,948 ($ 3,983,073) and technology related intangibles of Rs. 93,844,448 ($ 1,844,790), each with a remaining useful life of 5 years and goodwill of Rs. 22,996,282 ($ 452,060).

The final purchase price allocation is as follows:

		Assigned value
Current assets (other than cash)		Rs. 119,582,029
Cash		6,054,594
Property and equipment		17,267,928
Intangible assets		296,463,396
Goodwill		22,996,282
	Total assets acquired	462,364,229
Current liabilities		19,512,968
Non-current liabilities		7,925,773
Deferred tax liability		100,767,908
	Net assets acquired	**Rs. 334,157,580**

b) Daxcon Engineering Services Inc.

On January 15, 2010, Infotech Group acquired 100% of the ordinary share capital of Daxcon Engineering Services Inc. ("Daxcon"). Daxcon is engaged in product design engineering, consulting services and engineering tool designing.

The consideration for this acquisition amounted to Rs. 361,120,000 ($ 8,033,815), comprising completely of cash payment. The share purchase agreement between Infotech Group and Daxcon includes contingent payments of $ 2 million to shareholders of Daxcon who became employees of the Infotech Group subsequent to the acquisition and will be payable at the end of first and second year from the date of acquisition. The contingent payment is in the nature of employee compensation expense as the payment is subject to continuing employment of these employees and hence is being recognised over the service period.

The allocation of purchase price resulted in recognition of intangible assets - customer relationships of Rs.94,794,000 ($ 2,108,876), with a remaining useful life of 7 years and goodwill of Rs. 279,154,844 ($ 6,210,341). The acquisition related costs of Rs. 5,955,004 ($ 132,481) has been charged off to Income Statement.

The final purchase price allocation is as follows:

		Assigned value
Current assets (other than cash)		Rs. 74,447,485
Cash		586,720
Property and equipment		19,474,292
Intangible assets		94,794,000
Goodwill		279,154,844
	Total assets acquired	468,457,341
Current liabilities		53,337,785
Non-current liability		21,769,623
Deferred tax liability		32,229,933
	Net assets acquired	**Rs. 361,120,000**

The amount of revenue and earnings of Daxcon that has been included in the Consolidated Income Statement from the date of acquisition is Rs. 146,808,347 ($ 3,266,037) and Rs. 8,266,627 ($ 183,907).

Proforma results for Daxcon acquisition :

The following proforma financial information presents the combined results of operations of Infotech and Daxcon as if the acquisition had occurred as of the beginning of each of the periods presented. The unaudited proforma results for all periods presented include amortisation charges for identified intangible assets, elimination of inter-company transactions and related tax effects.

The proforma results were as follows for the fiscal years ended March 31, 2009 and 2010:

	For the year ending March 31, 2009	For the year ending March 31, 2010	For the year ending March 31, 2010
Revenues	Rs. 9,881,959,357	**Rs. 10,060,996,426**	**$ 223,826,394**
Net Income	914,050,001	**1,687,577,507**	**37,543,437**
Earnings per share	Rs. 16.55	**Rs. 30.55**	**$ 0.68**

The proforma financial information is presented for informational purposes and is not indicative of the results of operations that may have been achieved if the acquisition had taken place at the beginning of each of the periods presented.

4. Cash and cash equivalents

Cash and cash equivalents consist of:

As of March 31

	2009	2010	2010
Cash in hand	Rs. 962,317	**Rs. 758,207**	**$ 16,868**
Cash at bank	1,061,159,995	**850,586,973**	**18,922,958**
Short term deposits	190,718,999	**102,792,351**	**2,286,815**
Cash and cash equivalents	Rs. 1,252,841,311	**Rs. 954,137,531**	**$ 21,226,641**

5. Investments and deposits

Investments and deposits consist of:

As of March 31

	2009	2010	2010
Investment in Mutual funds - AFS	–	**Rs. 1,504,408,460**	**$ 33,468,486**
Investment in bank deposits	2,067,005,340	**1,378,714,652**	**$ 30,672,184**
Investments - current	Rs. 2,067,005,340	**Rs. 2,883,123,112**	**$ 64,140,670**

The proceeds from sale of investments in mutual funds is Rs. 33,133,491 ($737,119) and the gross realized gains that have been included in earnings as a result of these sales is Rs. 33,127,971 ($ 736,996).

6. Accounts receivables, net of allowance for doubtful debts

Accounts receivable consist of:

As of March 31

	2009	2010	2010
Accounts receivable	Rs. 2,416,446,522	**Rs. 2,119,399,607**	**$ 47,150,158**
Less: allowance for doubtful debts	(46,397,882)	**(63,104,527)**	**(1,403,883)**
Accounts receivable, net	Rs. 2,370,048,640	**Rs. 2,056,295,080**	**$ 45,746,275**

The allowance for doubtful debts are established at amounts considered to be appropriate based primarily upon Infotech Group's past credit loss experience with the customers and an evaluation of potential losses on the outstanding receivable balances.

The activity in the allowance for doubtful accounts receivable is given below :

As of March 31

	2009	2010	2010
At the beginning of the year	Rs. 62,674,549	**Rs. 46,397,882**	**$ 1,032,211**
Additions	24,306,418	**16,706,645**	**371,672**
Deductions	(40,583,085)	**–**	**–**
At the end of the year	Rs. 46,397,882	**Rs. 63,104,527**	**$ 1,403,883**

7. Prepaid expenses and other assets

Prepaid expenses and other assets consist of:

As of March 31

	2009	2010	2010
Advance income tax	Rs. 277,319,533	**Rs. 694,622,978**	**$ 15,543,236**
Prepaid expenses	203,659,887	**158,487,515**	**3,525,862**
Loans and advances to employees	3,969,777	**11,803,270**	**262,587**
Other advances	15,885,366	**44,226,661**	**983,908**
Other receivables	72,410,087	**68,365,783**	**1,520,930**
Prepaid expenses and other assets	Rs. 573,244,650	**Rs. 977,506,207**	**$ 21,746,523**

Other receivables include restricted bank balances of Rs. 1,377,039 and Rs. 1,652,247 ($ 36,757) as of March 31, 2009 and 2010 respectively. These balances pertain to dividend unclaimed by the shareholders.

8. Premises and equipment, net.

Premises and equipment at cost less accumulated depreciation consist of:

As of March 31

	2009	2010	2010
Building	Rs. 1,018,361,772	**Rs. 1,087,556,753**	**$ 24,194,811**
Computers including software	1,985,800,569	**2,090,194,865**	**46,500,442**
Office equipment	532,833,505	**560,465,755**	**12,468,649**
Furniture and fittings	231,823,204	**260,410,993**	**5,793,348**
Electrical installation	227,146,473	**238,316,977**	**5,301,826**
Vehicles	13,030,018	**9,494,380**	**211,221**
Leasehold improvements	8,225,672	**11,991,494**	**266,774**
Leasehold Land	7,771,720	**–**	**–**
Freehold land	80,671,605	**15,571,954**	**346,428**
Assets under construction	584,197,664	**604,842,299**	**13,455,891**
Total	4,689,862,202	**4,878,845,470**	**108,539,388**
Less: Accumulated depreciation	(1,876,400,233)	**(2,296,820,703)**	**(51,097,235)**
Premises and equipment, net	Rs. 2,813,461,969	**Rs. 2,582,024,767**	**$ 57,442,153**

Depreciation expense aggregated to Rs. 347,338,164, Rs. 427,345,548 and Rs. 420,420,470 ($ 9,353,069) for the years ended March 31, 2008, 2009 and 2010 respectively. This includes Rs. 139,248,815 , Rs. 152,554,683 and Rs. 124,288,093 ($ 2,765,030) as amortisation of capitalised internal use software during the years ended March 31, 2008, 2009 and 2010 respectively.

9. Goodwill, net

	As of March 31		
	2009	2010	2010
At the beginning of the year	Rs. 216,922,100	**Rs. 239,918,382**	**$ 5,337,450**
Addition during the year	22,996,282	**279,154,844**	**6,210,341**
Balance at the end of the year	Rs. 239,918,382	**Rs. 519,073,226**	**$ 11,547,791**

Infotech performed its annual impairment test as of March 31, 2010. Infotech estimated the fair values of the reporting units using an income based approach and estimated future cash flows after considering current economic conditions and trends, estimated future operating results and growth rate, and anticipated future economic and regulatory conditions. The estimated cash flows were developed using internal forecasts. The discount rates used for the reporting units were based on the historical market returns of the comparable companies. As of March 31, 2010, the fair values of all reporting units exceed the carrying amounts and hence no impairment loss was recognised in fiscal 2010.

10. Other Intangible Assets, net

The following table presents details of Infotech Group's total other intangible assets:

	Gross Cost	Additions	Accumulated amortisation	Net carrying value	
As of March 31, 2009					
Customer contracts	–	Rs. 202,618,948	Rs. 20,261,895	Rs.182,357,053	$ 4,056,887
Technology related intangibles	–	93,844,448	9,384,445	84,460,003	1,878,977
Total	**–**	**Rs. 296,463,396**	**Rs. 29,646,340**	**Rs. 266,817,056**	**$ 5,935,864**
As of March 31, 2010					
Customer contracts	**Rs. 202,618,948**	**Rs. 94,794,000**	**Rs. 63,606,935**	**Rs. 233,806,013**	**$ 5,201,469**
Technology related intangibles	**93,844,448**	**–**	**28,153,334**	**65,691,114**	**1,461,426**
Total	**Rs. 296,463,396**	**Rs. 94,794,000**	**Rs. 91,760,269**	**Rs. 299,497,127**	**$ 6,662,895**

Amortisation of intangible assets aggregated to Rs. 12,449,105, Rs. 29,646,340 and Rs. 62,113,929 ($ 1,381,845) for the years ended March 31, 2008, 2009 and 2010 respectively.

The weighted average amortization period for intangibles in total is 5.48 years and for customer contracts and technology related intangibles is 5.64 years and 5.00 years respectively.

The estimated amortization for each of the 5 fiscal years subsequent to March 31, 2010 is as follows:

Year ending March 31,	Amortisation expense
2011	Rs. 72,834,680
2012	72,834,680
2013	72,834,680
2014	43,188,340
2015	13,542,000

11. Investments - non-current

Investments - non-current consist of:

	As of March 31		
	2009	2010	2010
Other investments, at cost	Rs. 26,270,216	**Rs. 26,270,216**	**$ 584,432**
Investments - non current	**Rs. 26,270,216**	**Rs. 26,270,216**	**$ 584,432**

In November 2008, Infotech subscribed to 781,582 equity shares of Rs 10 each in Kalyani Net Ventures Limited, Pune, India at a cost of Rs. 26,065,000 ($ 512,385) resulting in 10% ownership.

In 2009, Infotech Enterprises America Inc. a wholly-owned subsidiary of Infotech, subscribed to 10,000 shares of $ 0.19275 each in Canesta, Inc., California, USA, at a cost of Rs. 98,206 ($ 1,928).

Infotech Group records an investment impairment charge on investments, when management believes an investment has experienced a decline in value that is judged to be other than temporary. Infotech monitors its investments for impairment by considering current factors including economic environment, market conditions and the operational performance and other specific factors relating to the business underlying the investment.

12. Investments in associates

Investment in IASI :

		As of March 31	
	2009	**2010**	**2010**
Opening balance	Rs. 307,101,805	**Rs. 376,107,283**	**$ 8,367,237**
Share of profits	80,128,478	**129,174,431**	**2,873,736**
Dividend received	(11,123,000)	**(11,943,750)**	**(265,712)**
Closing balance	Rs. 376,107,283	**Rs. 493,337,964**	**$ 10,975,261**

The difference between Infotech's share of equity in IASI and the carrying amount of investment was Rs. 73,396,619 and Rs. 15,035,629 ($ 334,497) as at March 31, 2009 and 2010 respectively.

Investment in IHAL :

		As of March 31	
	2009	**2010**	**2010**
Opening balance	–	Rs. 14,425,620	$ 320,926
Additions	20,000,000	–	–
Share of loss	(5,574,380)	(59,114)	(1,316)
Closing balance	**Rs. 14,425,620**	**Rs. 14,366,506**	**$ 319,610**

Details of significant associate:

IASI

Infotech Aerospace Services Inc., Puerto Rico, USA, is engaged in providing information technology and engineering services to North American clients. Infotech holds 49% stake in IASI.

The summarised financial information as to assets, liabilities and results of operations of IASI is presented below:

		As of March 31	
	2009	**2010**	**2010**
Balance Sheet			
Current assets	Rs. 885,277,853	**Rs. 1,086,770,959**	**$ 24,177,329**
Non-current assets	270,342,127	**204,547,035**	**4,550,546**
Current liabilities	238,265,077	**253,820,866**	**5,646,738**
Net assets	917,354,903	**1,037,497,128**	**23,081,137**
Stockholders equity	917,354,903	**1,037,497,128**	**23,081,137**

Statement of Income	For the year ending March 31, 2008	For the year ending March 31, 2009	For the year ending March 31, 2010	For the year ending March 31, 2010
Revenues	Rs. 1,547,906,080	Rs. 2,072,409,053	**Rs. 2,827,783,112**	**$ 62,909,524**
Gross profit	358,953,347	400,095,804	**413,947,748**	**9,209,071**
Net income	142,755,642	163,526,669	**263,621,287**	**5,864,767**

Infotech's equity in the profit of IASI, net of taxes was Rs. 54,253,425, Rs. 62,147,696 and Rs. 100,187,689 ($ 2,228,870) for the years ended March 31, 2008, 2009 and 2010.

13. Other non-current assets

Other assets (non-current) consists of:

As of March 31

	2009	2010	2010
Electricity and other deposits	Rs. 14,390,909	**–**	**–**
Rent and maintenance deposits	24,465,361	**10,878,180**	**242,006**
Advance to others	–	**72,848,764**	**1,620,662**
Others	5,015,503	**22,624,300**	**503,321**
Other non-current assets	Rs. 43,871,773	**Rs. 106,351,244**	**$ 2,090,648**

14. Borrowings

Short-term and current portion of long-term debts

Short-term debt and current portion of long-term debts, payable to banks, consists of:

As of March 31

	2009	2010	2010
Working capital facility in Indian rupees	Rs. 108,051,663	**Rs. 7,741,860**	**$ 172,233**
Current portion of long term debt	86,667,529	**15,160,518**	**337,275**
Short-term debt and current portion of long-term debt	Rs. 194,719,192	**Rs. 22,902,378**	**$ 509,508**

Weighted average borrowing rate for working capital facility in Indian rupees was 13.75 %.

Long-term debts, excluding current portion

Long-term debts, excluding current portion, consists of:

As of March 31

	2009	2010	2010
Secured debt	–	**Rs. 21,090,875**	**$ 469,207**
Long-term debts, excluding current portion	–	**Rs. 21,090,875**	**$ 469,207**

Aggregate maturities of long-term debts subsequent to March 31, 2010 are Rs.21,090,875 ($ 469,207) in fiscal 2011.

Unused lines of credit

Unused lines of credit comprise of:

As of March 31

	2009	2010	2010
Packing credit and other lines of credit	Rs. 395,059,533	**Rs. 500,000,000**	**$ 11,123,471**
Non-fund facilities	223,839,553	**129,957,000**	**2,891,146**
Total unused lines of credit	Rs. 618,899,086	**Rs. 629,957,000**	**$ 14,014,617**

To utilize the above unused lines of credit, the Company requires consent of the lender and compliance with certain financial covenants.

15. Other current liabilities

Other current liabilities consist of:

	As of March 31		
	2009	**2010**	**2010**
Accrued payroll	Rs. 366,477,340	**Rs. 309,199,301**	**$ 6,878,739**
Accrued expenses	54,753,622	**76,162,970**	**1,694,393**
Statutory payments	27,181,662	**–**	**–**
Unclaimed dividend	1,377,039	**1,652,248**	**36,757**
Deferred tax liability	28,612,501	**–**	**–**
Dividend	–	**96,924,150**	**2,156,266**
Others	21,323,091	**21,525,291**	**478,872**
Other current liabilities	Rs. 499,725,255	**Rs. 505,463,960**	**$ 11,245,027**

16. Other non-current liabilities

Other non-current liabilities consist of:

	As of March 31		
	2009	**2010**	**2010**
Income taxes	–	**Rs. 497,023,233**	**$ 11,057,247**
Dividend	77,008,918	**-**	**-**
Employee benefits	209,398,148	**141,895,638**	**3,156,744**
Others	–	**1,581,256**	**35,178**
Other non-current liabilities	Rs. 286,407,067	**Rs. 640,500,127**	**$ 14,249,169**

17. Shareholders' equity and dividends

Stock split

On June 1, 2010, the shareholders approved a bonus issue of 55,499,524 equity shares. The bonus issue is in the nature of stock split with one additional share issued for every share held. In accordance with Indian law, Rs. 277,497,620 ($ 6,173,473) has been capitalized from additional paid-in capital as share capital on allotment of bonus shares.

The number of shares and earnings per share amount has been adjusted retrospectively for all the periods presented.

Dividends

Final dividends proposed by the Board of Directors are payable when formally declared by the shareholders, who have the right to decrease but not increase the amount of the dividend recommended by the Board of Directors. With respect to equity shares issued by Infotech during a particular financial year, cash dividends declared and paid for such financial year generally will be pro-rated from the date of issuance to the end of such financial year.

Dividends payable to equity shareholders are based on the net income available for distribution as reported in Infotech unconsolidated financial statements prepared in accordance with the Generally Accepted Accounting Practices in India (Indian GAAP).

Under the Companies Act, dividends may be paid out of the profits of a company in the year in which the dividend is declared or out of the undistributed profits of previous fiscal years. Before declaring a dividend greater than 10% of the par value of its equity shares, a company is required to transfer its reserves to a minimum percentage of its profits for that year, ranging from 2.5% to 10%, depending upon the dividend percentage to be declared in such year. Dividends declared, distributed or paid by an Indian corporation are subject to a dividend tax of 16.995% including the presently applicable surcharge, of the total dividend declared, distributed or paid. This tax is not paid by the shareholders nor is it a withholding requirement, but rather a direct tax payable by the corporation.

During the year ended March 31, 2010, the company completed the merger of its wholly-owned subsidiary, TTM India Pvt. Limited with, Infotech Enterprises Limited, the parent entity, pursuant to the terms of merger approved by courts in India. This transaction was determined to be a common control transfer, in accordance with the guidance in ASC Topic 805 , Definition of "Common Control" in relation to ASC Topic 805. Accordingly, no adjustments were made to the carrying value of assets and liabilities.

18. Other income/(expenses), net

Other income/(expenses), net consists of: Year ended March 31

	2008	2009	2010	2010
Profit on sale of investments	Rs. 20,058,579	–	**Rs. 5,520**	**$ 123**
Dividend received on investments	89,282,373	63,117,417	**33,127,971**	**736,996**
Gain / (loss) on derivative contracts	57,212,788	(799,824,625)	**354,128,461**	**7,878,275**
Others	26,671,074	30,425,849	**14,276,450**	**317,607**
Other income, net	Rs. 193,224,814	(Rs. 706,281,359)	**Rs. 401,538,402**	**$ 8,933,001**

19. Shipping and Handling costs

Selling, General and Administration expenses for the years ended March 31 2008, 2009 and 2010, include shipping and handling costs of Rs. 1,512,544, Rs. 862,663 and Rs. 2,753,999 ($ 61,268) respectively.

20. Earnings per share

Basic earnings per share is computed on the basis of the weighted average number of shares outstanding (weighted average number of shares issued less unallocated, unvested or unexercised shares held by the Infotech Employee Trust). Allocated but unvested or unexercised shares not included in the calculation of weighted-average shares outstanding for basic earnings per share were 58,800 as of March 31, 2008, 2009 and 2010 respectively. Diluted earnings per share is computed on the basis of the weighted average number of shares outstanding plus the effect of outstanding stock options using the "treasury stock" method.

In addition to the above, the unallocated shares held by Infotech ESOP Trust, which are by definition unvested, have been excluded from the calculations. Such shares amounted to 165,360 as of March 31, 2008, 2009 and 2010 respectively.

The components of basic and diluted earnings per share were as follows: Year ended March 31

	2008	2009	2010	2010
Net income attributable to Infotech Enterprises Limited shareholders	Rs. 521,052,518	Rs. 845,809,825	**Rs. 1,591,794,591**	**$ 35,412,560**
Average outstanding shares	100,585,920	106,300,446	**110,464,132**	**110,464,132**
Dilutive effect of stock options and preferred stock	5,317,962	4,102,713	**223,978**	**223,978**
Share and share equivalents	105,903,883	110,403,159	**110,688,110**	**110,688,110**
Earnings per share				
Basic	Rs. 5.18	Rs. 7.96	**Rs. 14.41**	**$0.32**
Diluted	Rs. 4.92	Rs. 7.66	**Rs. 14.38**	**$ 0.32**

Options to purchase 628,443 shares of common stock at Rs. 305 per share were outstanding as on March 31, 2010, but were not included in the computation of diluted EPS because the options' exercise price was greater than the average market price of the common shares.

21. Financial instruments

Infotech enters into foreign currency forward and options contracts to mitigate its exposure to foreign exchange.

Infotech enters into derivative contracts where the counter party is generally a bank. Infotech considers the risks of non-performance by the counter party as non material. The outstanding foreign exchange forward contracts as of March 31, 2010 mature between one to six months.

The following tables give details of outstanding foreign exchange derivative contracts:

As of March 31

	2009	2010	2010
Aggregate contracted principal amounts of contracts outstanding:			
Forward contracts	Rs. 279,970,000	**Rs. 1,380,214,200**	**$ 30,705,544**
Options	1,796,730,000	**525,660,000**	**11,694,327**
Total	Rs.2,076,700,000	**Rs. 1,905,874,200**	**$ 42,399,871**

The following table sets forth the fair value of foreign currency exchange contracts and their location on the consolidated balance sheet for the years ended March 31, 2009 and 2010:

a) Derivative contracts not designated as Hedge instruments

As of March 31

	2009	2010	2010
Derivative financial asset			
Foreign currency forward contracts	–	**Rs. 90,372,743**	**$ 2,010,517**
Derivative financial liability			
Foreign currency option contracts	Rs. 513,393,736	**Rs. 63,964,134**	**$ 1,423,006**

The following table sets forth the effect of foreign currency exchange contracts on the consolidated statements of income for the years ended March 31, 2008, 2009 and 2010:

Derivative contracts not designated as Hedging instruments

As of March 31

	Location of gain / (loss) recognised in income on derivatives	2008	2009	2010	2010
Foreign currency forward contracts	Other income/ (expense), net	Rs. 57,212,788	Rs. (71,503,210)	**Rs. 129,764,814**	**$ 2,886,870**
Foreign currency option contracts	Other income/ (expense), net	–	Rs. (728,321,415)	**Rs. 224,363,647**	**$ 4,991,405**

b) Fair value of financial instruments

The carrying amounts reported in the balance sheet for cash and cash equivalents, investments in bank deposits, investments in mutual funds, accounts receivables, loans to others and other non-current assets, deposits, accounts payable and other liabilities approximate their respective fair values due to their short maturity.

Estimated fair value of financial instruments

Effective April 1, 2009, Infotech adopted SFAS No. 157 (ASC No 820) limited to financial assets and liabilities, which primarily relate to Infotech's investments and derivative contracts.

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1- Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2- Inputs are quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable and market-corroborated inputs which are derived principally from or corroborated by observable market data.

Level 3- Inputs which are unobservable reflecting internal assumptions are used in pricing assets or liabilities.

The following table summarises financial assets and liabilities measured at fair value on a recurring basis in accordance with SFAS No. 157 as of March 31, 2010:

Assets and liabilities measured at fair values	Level-1	Level-2	Level-3
Investments available for sale	–	Rs. 1,504,408,460	–
Foreign exchange forward contracts	–	90,372,743	–
Foreign exchange option contracts	–	(63,964,134)	–

Disclosure for fair value measurement of Investment in Mutual Funds as required by ASU 2009-12.

	Fair values as of March 31		
	2009	2010	2010
Debt based mutual funds	–	**Rs. 1,504,408,460**	**$ 33,468,486**

The above category includes investments in debt funds that invest approximately 65% in Commercial paper and Certificate of Deposits and balance 35% in other forms of liquid investments. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.

22. Other comprehensive (loss)/income

Other comprehensive (loss)/income includes:

	As of March 31		
	2009	2010	2010
At the beginning of the year	Rs. (5,450,888)	**Rs. 172,114,367**	**$ 3,829,018**
Translation adjustments	117,482,692	**(228,025,342)**	**(5,072,866)**
Transfer of unrealised gains on securities	(129,800)	**–**	**–**
Adjustments to initially adopt SFAS 158	212,363	**–**	**–**
At the end of the year	Rs. 172,114,367	**Rs. (55,910,975)**	**($ 1,243,848)**

23. Employee Benefits

The Gratuity Plan

The following table sets forth the funded status of the gratuity plan of Infotech, and the amounts recognised in the balance sheet.

	As of March 31		
	2009	2010	2010
Accumulated benefit obligation	Rs. 110,614,209	**Rs. 130,741,614**	**$ 2,908,601**
Change in projected benefit obligation			
Projected benefit obligation at the beginning of the year	135,683,950	**142,575,941**	**3,171,878**
Service Cost	30,857,306	**31,310,443**	**696,562**
Interest Cost	13,079,403	**12,295,593**	**273,539**
Actuarial loss/(gain)	(30,947,292)	**4,407,052**	**98,043**
Benefits paid	(6,097,426)	**(8,583,992)**	**(190,967)**
Projected benefit obligation at the end of the year	142,575,941	**182,005,037**	**4,049,055**
Plan asset at fair value			
Plan assets at the beginning of the year	2,358,746	**3,799,634**	**84,530**
Actual return on plan assets	166,331	**505,585**	**11,247**
Employer contribution	7,371,983	**9,809,514**	**218,232**
Benefits paid	(6,097,426)	**(8,583,992)**	**(190,967)**
Plan asset at fair value at the end of the year	3,799,634	**5,530,741**	**123,042**
Funded status of the plan	(138,776,307)	**(176,474,296)**	**(3,926,013)**
Accrued benefit cost	(138,776,307)	**(176,474,296)**	**(3,926,013)**
The components of net gratuity cost are reflected below:			
Service cost	30,857,306	**31,310,443**	**696,562**
Interest cost	13,079,403	**12,295,593**	**273,539**
Expected return on plan assets	(166,331)	**(505,585)**	**(11,248)**
Amortisation of transition obligation	107,521	**–**	**–**
Actuarial loss/(gain)	(30,947,292)	**4,407,052**	**98,043**
Net gratuity cost	Rs. 12,930,607	**Rs. 47,507,503**	**$ 1,056,896**

	As of March 31		
	2009	**2010**	**2010**
Weighted average assumptions used to determine net gratuity cost and benefit obligations:			
Discount rate	7.25% p.a	**8.0% p.a**	**8.0% p.a**
Long-term rate of compensation increase	7.5% to 10.0% p.a	**7.5% to 10.0% p.a**	**7.5% to 10.0% p.a**
Rate of return on plan assets	9.25% p.a	**9.25% p.a**	**9.25% p.a**

The company assesses these assumptions with its projected long term plans of growth and prevalent industry standards. The company estimates the long-term return on plan assets based on the average rate of return expected to prevail over the next 15 to 20 years in the types of investments held. As of March 31 2009 and 2010, the entire plan assets were invested in debt securities.

Accumulated benefit obligation was Rs. 110,614,209 and Rs. 130,741,614 ($ 2,908,601) as at March 31, 2009 and 2010 respectively.

Cash Flows

Infotech expects to contribute Rs. 23,543,000 ($ 523,760) to its Gratuity plan during the year ending March 31, 2011. The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

For the financial year ended March 31,	Rs.
2012	24,207,600
2013	25,301,964
2014	23,025,790
2015	21,463,989
2016- 2021	83,476,003

The contributions made to various employee benefit contribution funds are as follows:

	Year ended March 31			
	2008	2009	**2010**	**2010**
Provident fund	Rs. 94,557,035	Rs.109,856,545	**Rs. 112,286,098**	**$ 2,498,022**
Employee state insurance scheme	7,837,616	9,573,534	**8,948,203**	**199,070**
Superannuation fund	22,291,822	30,774,105	**33,153,440**	**737,563**
Contribution pension scheme	131,426,839	194,393,307	**231,057,619**	**5,140,325**

The Company has recognised Rs. 41,298,323 and Rs. 57,756,140 ($ 1,284,897) towards compensated absence liability for the years ended March 31, 2009 and 2010 respectively.

24. Income taxes

The income tax expense consists of:

	Year ended March 31			
	2008	2009	**2010**	**2010**
Domestic taxes				
Current	Rs. 78,934,252	Rs. 85,842,486	**Rs. 235,606,030**	**$ 5,241,513**
Deferred	90,212,990	(135,304,282)	**56,170,172**	**1,249,615**
Foreign taxes				
Current	125,275,116	217,464,010	**250,680,371**	**5,576,871**
Deferred	13,045,890	1,091,486	**(47,836,764)**	**(1,064,221)**
Aggregate taxes	Rs. 307,468,248	Rs. 169,093,700	**Rs. 494,619,809**	**$ 11,003,778**

The provision for foreign taxes as of March 31, 2008, 2009 and 2010 is due to income taxes payable by the foreign subsidiaries and branches of Infotech.

Under Section 10A of the Indian Income Tax Act, 1961, Infotech is entitled to tax holidays for its various Software Technology Park (STP) units located across India. These tax holidays are available for a period of ten fiscal years from the date of commencement of operations. These holidays expire in fiscal 2011.

The reconciliation of estimated income tax expense at Indian statutory income tax rate to income tax expense reported in statement of income is as follows :

Year ended March 31

	2008	2009	2010	2010
Income before income taxes and equity in earnings of affiliates	Rs. 772,058,662	Rs. 956,871,711	**Rs. 1,981,389,349**	**$ 44,079,852**
Indian statutory income tax rate	33.99%	33.99%	**33.99%**	**33.99%**
Expected income tax expense	Rs. 262,422,739	Rs. 325,240,694	**Rs. 673,474,240**	**$ 14,982,742**
Tax effect of :				
Adjustments to reconcile expected income tax expense to reported income tax expense :				
Tax effect of permanent differences :				
Tax holidays and income exempt from tax	(85,294,471)	(210,921,402)	**(227,424,332)**	**(5,059,496)**
Income taxed at different rates	32,555,385	39,013,585	**21,999,891**	**489,430**
Stock compensation expense	89,777,162	22,819,032	**26,570,010**	**591,102**
Others, net	8,007,433	(7,058,209)	**–**	**–**
Total taxes recognised in the statement of income	Rs. 307,468,248	Rs. 169,093,700	**Rs. 494,619,809**	**$ 11,003,778**

The aggregate rupee and per share (basic) effects of tax exemptions are Rs. 85,294,471 and Rs. 0.84 for the year ended March 31, 2008, Rs. 210,921,402 and Rs. 1.98 for the year ended March 31, 2009 and Rs. 227,424,332 and Rs.2.06 for the year ended March 31, 2010.

Under the Indian Income Tax Act, 1961, Infotech is liable to pay Minimum Alternate Tax (MAT). The excess tax paid as per MAT over and above the regular tax liability can be carried forward for a period of 10 years and can be set off against the future tax liabilities computed under regular tax provisions. Consequently, Infotech has recognised a deferred tax asset of Rs. 109,902,459 ($ 2,444,993) as of March 31, 2010.

Infotech indefinitely reinvests all the accumulated undistributed earnings of foreign subsidiaries, and accordingly, has not recorded any deferred taxes in relation to such undistributed earnings of its foreign subsidiaries. It is impracticable to determine the undistributed earnings and the additional taxes payable when these earnings are remitted.

In assessing the realizability of deferred tax assets, Infotech considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences and loss carry-forwards become deductible or utilizable. Infotech considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, Infotech believes it is more likely than not that it will realize the benefits of these deductible differences and loss carry-forwards, net of the existing valuation allowances at March 31, 2010. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

The components of net deferred tax liability are as follows:

	Year ended March 31		
	2009	**2010**	**2010**
Deferred tax assets:			
Accounts receivable	Rs. 14,905,452	**Rs. 23,833,655**	**$ 530,226**
Employee benefits	71,080,731	**78,067,481**	**1,736,763**
Derivative contracts	174,978,391	**–**	**–**
Minimum alternate tax	–	**109,902,459**	**2,438,310**
Others	22,086,837	**29,340,842**	**652,774**
Gross deferred tax assets	283,051,411	**241,144,437**	**5,364,725**
Less: Valuation allowance	–	**–**	**–**
Total deferred tax assets	283,051,411	**241,144,437**	**5,364,725**
Deferred tax liabilities:			
Unbilled revenue	28,612,501	**10,136,662**	**225,510**
Premises and equipment	179,921,946	**160,925,321**	**3,580,096**
Investments in associates and AFS	87,643,373	**117,881,006**	**2,622,492**
Intangibles	90,691,118	**109,602,030**	**2,438,310**
Derivative contracts	–	**9,013,262**	**200,518**
Others	22,582,438	**30,436,494**	**677,118**
Total deferred tax liabilities	409,451,376	**437,994,775**	**9,744,044**
Net deferred income tax assets/(liabilities)	(Rs. 126,399,965)	**(Rs. 196,850,338)**	**($ 4,379,319)**

In July 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" an interpretation of FASB Statement No. 109 ("FIN 48") (ASC Topic 740). The Interpretation clarifies the accounting for uncertainty in income taxes recognised in a company's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 (ASC Topic 740) is effective from fiscal year beginning on April 1, 2007. As a result of the adoption of FIN 48, (ASC Topic 740) Infotech did not have to recognize any increase/decrease in the liability for unrecognised tax benefits related to tax positions taken in prior periods.Under FIN 48 (ASC Topic 740) assessment, the company made an additional tax provision of Rs. 45,000,000 ($ 1,001,112).

Infotech files numerous consolidated and separate income tax returns in India, United States federal and state jurisdictions, United Kingdom, Germany and in several other foreign jurisdictions. On an ongoing basis Infotech is routinely subject to examination by tax authorities. Infotech has not recognised any unrecognised tax liability. The resolution of a matter could be recognised as an adjustment to provision for income taxes and effective tax rate in the period of resolution, and may also require the outflow of cash.

Infotech has ongoing disputes with Indian Income tax authorities relating to tax treatment of certain items. These mainly include disallowed expenses, tax treatment of certain expenses claimed by Infotech as deductions, and computation of, or eligibility of, certain tax incentives or allowances. Infotech is contesting the Income Tax Appellate Tribunal's (ITAT) order for the denial of certain export benefits under the Income Tax Act, 1961 on the grounds of the date of establishment of the Export Oriented Unit. The estimated contingency amounts to Rs. 161,000,000 and Rs. 161,000,000 ($ 3,581,758) as of March 31, 2009 and 2010 respectively. The petition contesting the ITAT's Order has been admitted by the High Court of Andhra Pradesh and management believes that it has strong merits for this petition and hence it will not have the material adverse affect on Infotech Group's results of operations, liquidity or financial position.

The number of years that are subject to tax assessments varies depending on tax jurisdiction. For each major jurisdiction, the Company has listed out the periods for which the income tax authorities can review / audit Company's income tax filings.

Jurisdiction	Open Tax years
India	1997-98 to 2009-10
USA	2008-09 to 2009-10
UK	2009-10
Germany	2005-06 to 2009-10

25. Employee Stock Option Plans

2001 Associate Stock Option Plan (ASOP 2001)

Infotech instituted ASOP 2001 in April 2001 and earmarked 225,000 equity shares of Rs. 10 each for issue to the employees under ASOP. 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.

Changes in number of shares representing stock options outstanding were as follows:

Year ended March 31

	2008		2009		**2010**	
	Number of shares	Weighted Average Exercise Price	Number of shares	Weighted Average Exercise Price	**Number of shares**	**Weighted Average Exercise Price**
Balance at the beginning of the year	27,000	Rs. 42	27,000	Rs. 42	**–**	**–**
Granted	–	–	–		**–**	**–**
Exercised	–	–	(27,000)	Rs. 42	**–**	**–**
Forfeited and lapsed	–	–	–		**–**	**–**
Balance at the end of the year	27,000	Rs. 42	–	–	**–**	**–**
Exercisable at the end of the year	5,400	Rs. 42	–	–	**–**	**–**
Weighted average fair value of options granted during the year	–	–	–	–	**–**	**–**

2002 Associate Stock Option Plan (ASOP 2002)

Infotech instituted ASOP 2002 in October 2002 and earmarked 575,000 equity shares of Rs.10 each for issue to the employees under ASOP. Under ASOP 2002, options will be issued to employees at an exercise price, which shall not be less than the market price on the date of grant. These options vest over a period ranging from one to three years from the date of grant, starting with 10% at the end of first year, 15% at the end of one and half years, 20% after two years, 25% at the end of two and half years and 30% at the end of third year.

Changes in number of shares representing stock options outstanding were as follows:

Year ended March 31

	2008		2009		**2010**	
	Number of shares	Weighted Average Exercise Price	Number of shares	Weighted Average Exercise Price	**Number of shares**	**Weighted Average Exercise Price**
Balance at the beginning of the year	92,050	Rs. 44	32,250	Rs. 128	**229,650**	**Rs. 278**
Granted	–	–	234,600	284	**–**	**–**
Exercised	(15,100)	40	(24,000)	42	**–**	**–**
Forfeited and lapsed	(44,700)	130	(13,200)	284	**(11,950)**	**162**
Balance at the end of the year	32,250	Rs.128	229,650	Rs. 274	**217,700**	**Rs. 250**
Exercisable at the end of the year	9,360	Rs. 42	–	–	**54,426**	**Rs. 250**
Weighted average fair value of options granted during the year	–	–	–	Rs. 108	**–**	**–**

Associate Stock Option Plan - 2004 (ASOP 2004)

Infotech instituted ASOP 2004 in October 2004 and earmarked 1,150,000 equity shares of Rs.10 each for issue to the employees under ASOP. Under the ASOP 2004, options will be issued to employees at an exercise price, which shall not be less than the market price on the date of grant. These options vest over a period ranging from one to three years from the date of grant, starting with 10% at the end of first year, 15% at the end of one and half years, 20% after two years, 25% at the end of two and half years and 30% at the end of third year.

Changes in number of shares representing stock options outstanding were as follows:

Year ended March 31

	2008		2009		**2010**	
	Number of shares	Weighted Average Exercise Price	Number of shares	Weighted Average Exercise Price	**Number of shares**	**Weighted Average Exercise Price**
Balance at the beginning of the year	4,314,708	Rs. 48	3,344,530	Rs. 226	**3,171,286**	**Rs. 246**
Granted	90,000	270	692,950	284	**66,000**	**184**
Exercised	(765,720)	70	(704,594)	86	**(539,456)**	**104**
Forfeited and lapsed	(294,458)	254	(161,600)	190	**(325,000)**	**132**
Balance at the end of the year	3,344,530	Rs. 226	3,171,286	Rs. 246	**2,373,820**	**Rs. 280**
Exercisable at the end of the year	415,520	Rs. 176	382,160	Rs. 328	**1,844,286**	**Rs. 290**
Weighted average fair value of options granted during the year	–	Rs. 124	–	Rs. 108	**–**	**Rs. 76**

Information about number of equity shares representing stock options outstanding as of March 31, 2010:

Year ended March 31

	Outstanding			**Exercisable**	
Range of Exercise Price (per share)	Weighted Average Exercise Price (per share)	Weighted Average remaining contractual Life	Number of shares arising out of options	Weighted Average Exercise Price (per share)	Number of shares arising out of options
160 to 240	216	2.18	227,700	230	171,700
242 to 360	304	2.10	2,337,570	324	1,700,762
452 to 550	500	0.63	26,250	500	26,250

Stock-based compensation

Infotech's consolidated financial statements as of and for the year ended March 31, 2010 reflect the impact of SFAS 123R (ASC Topic 718). As required byASC Topic 718, management has made an estimate of expected forfeitures and is recognizing compensation costs only for those equity awards expected to vest.

Infotech recorded stock -based compensation related to stock options of Rs. 264,128,161, Rs. 67,134,546 and Rs. 78,170,083 ($ 1,739,045) during the years ended March 31, 2008, 2009 and 2010 respectively. The compensation cost has been allocated to Cost of Revenues and Selling, General and Administrative expenses as follows :

As of March 31

	2008	2009	**2010**	**2010**
Cost of revenues	Rs. 224,508,937	Rs. 63,777,819	**Rs. 66,444,571**	**$ 1,478,188**
Selling, General and Administrative expenses	39,619,224	3,356,727	**11,725,512**	**260,857**
Total	Rs. 264,128,161	Rs. 67,134,546	**Rs. 78,170,083**	**$ 1,739,045**

As of March 31, 2010, there was Rs. 12,537,542 ($ 278,922) of unrecognised compensation cost related to unvested options which is expected to be recognised over a weighted average period of 3.5 years. Infotech issues new shares to satisfy share option exercise. Cash received from option exercises amounted to Rs. 62,081,051, Rs. 93,543,488 and Rs. 27,961,300 ($ 622,053) for the years ended March 31, 2008, 2009 and 2010 respectively.

The fair value of each option award is estimated on the date of grant using the Binomial-Lattice option-pricing model. The compensation cost is determined based on a weighted average fair value of the award in total as a single award. The following table gives the weighted-average assumptions used to determine fair value:

	Year ended March 31	
	2009	**2010**
Expected volatility	46.46%	**49.05%**
Risk-free interest rate	8.17%	**1.69%**
Expected term (in years)	3.63	**3.50**

Expected Term: The expected term represents the period that the Company's stock-based awards are expected to be outstanding and was determined based on historical experience of similar awards, giving consideration to the contractual terms of the stock-based awards, vesting schedules and expectations of future employee behavior.

Risk-Free Interest Rate: The risk-free interest rate is based on the applicable rates of government securities in effect at the time of grant.

Expected Volatility: The fair values of stock-based payments were valued using a volatility factor based on the Company's historical stock prices.

Estimated Pre-vesting Forfeitures: When estimating forfeitures, the Company considers voluntary termination behavior. Estimated forfeiture rates are trued-up to actual forfeiture results as the stock-based awards vest.

Fringe benefit tax: Effective April 1, 2007 the Indian government enacted a Fringe Benefit Tax ("FBT") on equity compensation. In July 2009, the Indian government abolished the FBT effective April 1, 2009. The FBT was calculated based on the difference between the fair market value as of the vesting date and the exercise price of the equity compensation awards granted to India-based employees. For the years ended March 31, 2008, 2009 and 2010, the Company recorded FBT expense of Rs. 26,835,790, Rs. 21,873,387and Rs. NIL ($ NIL) respectively. The Company recovered FBT from its India-based employees, and such recovery was treated as an additional exercise price and was recorded as additional paid-in capital in the consolidated balance sheet. Because the abolition of the FBT resulted in a change in the exercise price of equity-compensation awards granted to its India-based employees, the Company was required to re-compute the fair value of the outstanding stock options and restricted stock as of the date of the modification. For the year ended March 31, 2010, the Company recognised expense of Rs. 26,082,625 ($ 580,259) as a result of such modification.

26. Segmental reporting

SFAS 131, "Disclosure about Segments of an Enterprise and Related Information" establishes standards for the way that public business enterprises report information about business segments and related disclosures about products and services, geographical areas and major customers.

The Chairman of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by ASC Topic 280. The Chairman of the Company evaluates the segments based on their revenue growth, operating income and return on capital employed. The management believes that return on capital employed is considered appropriate for evaluating the performance of its operating segments. Return on capital employed is calculated as operating income divided by the average of the capital employed at the beginning and at the end of the period. Capital employed includes total assets of the respective segments less all liabilities, except for short-term borrowings, long-term debt and obligations under capital leases.

Management evaluates Infotech Group's performance and allocates resources based on an analysis of various performance indicators by business verticals and geographical segmentation of customers.

A brief description of these verticals is given below:

I. Utilities, Telecom and Government (UTG)

UTG vertical services customers in industries such as power, gas, telecom, transportation and local government. Infotech Group's service offerings to the UTG vertical include data conversion, data maintenance, photogrammetry and IT services.

II. Engineering, Manufacturing, Industrial Products (EMI)

EMI vertical services customers in industries such as aerospace, automotive, off-highway transportation and industrial and commercial products, engineering design, embedded software, IT solutions, manufacturing support, technical publications and other strategic customers. New business initiatives are also handled by this vertical.

Revenue in relation to these verticals is categorized based on items that are individually identifiable to that vertical. Geographical segmentation is driven based on the location of the respective clients and these are North America, Europe and Rest of the World.

Fixed assets used in Group's business are not identified to any of the reportable segments and management believes that it is currently not practicable to provide segment disclosures relating to total assets and liabilities since a meaningful segregation of the available data is onerous.

Segment data for previous periods has been reclassified on a comparable basis.

Business Segments

	UTG	EMI	Consolidated Totals
For the year ended March 31, 2008			
External revenues	2,588,227,603	4,173,891,382	**6,762,118,985**
Less: Inter-segment revenues			(20,856,512)
Total revenues			**6,741,262,473**
Operating expenses	(1,903,730,467)	(3,266,082,439)	(5,169,812,906)
Less: Inter-segment expenses			22,011,448
Segmental operating income	**684,497,136**	**907,808,943**	**1,593,461,015**
Un-allocable expenses			(1,030,016,786)
Interest income			51,464,485
Interest expense			(36,074,864)
Other income/(expense), net			193,224,814
Equity in earnings of affiliates			54,253,425
Income before income taxes			826,312,087
Income taxes			307,468,248
Non-controlling Interest			2,208,679
Net income attributable to Infotech Enterprises Limited shareholders			**Rs. 521,052,518**

	UTG	EMI	Consolidated Totals
For the year ended March 31, 2009			
External revenues	3,093,979,016	5,821,220,318	**8,915,199,334**
Less: Inter-segment revenues			(20,308,360)
Total revenues			**8,894,890,974**
Operating expenses	(2,235,813,162)	(4,428,593,433)	(6,664,406,595)
Less: Inter-segment expenses			20,308,360
Segmental operating income	**858,165,854**	**1,392,626,885**	**2,250,792,739**
Un-allocable expenses			(697,155,832)
Interest income			147,901,233
Interest expense			(38,385,069)
Other income/(expense), net			(706,281,359)
Equity in earnings of affiliates			57,824,207
Income before income taxes			1,014,695,919
Income taxes			169,093,700
Non-controlling Interest			207,606
Net income attributable to Infotech Enterprises Limited shareholders			**Rs. 845,809,825**

	UTG	EMI	Consolidated Totals
For the year ended March 31, 2010			
External revenues	3,349,766,224	6,194,805,557	**9,544,571,781**
Less: Inter-segment revenues			(23,056,424)
Total revenues			**9,521,515,357**
Operating expenses	(2,232,783,095)	(4,810,640,703)	(7,043,423,798)
Less: Inter-segment expenses			23,056,424
Segmental operating income	**1,116,983,129**	**1,384,164,854**	**2,501,147,983**
Un-allocable expenses			(1,008,407,379)
Interest income			116,232,923
Interest expense			(29,122,580)
Other income/(expense), net			401,538,402
Equity in earnings of affiliates			100,246,802
Income before income taxes			2,081,636,151
Income taxes			494,619,809
Non-controlling Interest			4,778,249
Net income attributable to Infotech Enterprises Limited shareholders			**Rs. 1,591,794,591**

Geographic segment

The revenues that are attributable to countries based on location of customers are as follows:

Total revenues Year ended March 31

	2008	2009	2010	2010
India	Rs. 120,223,640	Rs. 155,470,902	**Rs. 158,996,574**	**$ 3,537,187**
North America	3,094,309,331	4,465,954,552	**4,509,466,516**	**100,321,836**
Europe	3,109,315,276	3,488,410,757	**4,156,747,491**	**92,474,916**
Rest of the World	417,414,226	785,054,763	**696,304,776**	**15,490,651**
Total	Rs. 6,741,262,473	Rs. 8,894,890,974	**Rs. 9,521,515,357**	**$ 211,824,591**

Geographic Assets

Year ended March 31

Geographic Location	2009	2010	2010
India	Rs. 2,688,678,179	**Rs. 2,508,175,609**	**$ 55,799,235**
Others	124,783,790	**73,849,158**	**1,642,918**
Total	Rs. 2,813,461,969	**Rs. 2,582,024,767**	**$ 57,442,153**

Allocation of goodwill and intangibles by segments :

Segment	As at March 31, 2009		**As at March 31 2010**	
	Goodwill	Intangibles	**Goodwill**	**Intangibles**
UTG	Rs. 177,950,334	–	**Rs. 177,950,334**	**–**
EMI	61,968,048	266,817,056	**341,122,892**	**299,497,127**
Total	Rs. 239,918,382	Rs. 266,817,056	**Rs. 519,073,226**	**Rs. 299,497,127**

27. Concentration of credit risk

Financial instruments that potentially subject Infotech Group to concentrations of credit risk principally consist of cash and cash equivalents, accounts receivable and unbilled revenues. Accounts receivable balances are typically unsecured and are derived from revenues earned from customers primarily located in United States and Europe. Infotech Group monitors the creditworthiness of its customers to which it grants credit terms in the normal course of business.

The following table gives details in respect of percentage of revenues generated from top two and top ten customers:

Year ended March 31

	2008	2009	**2010**
Revenues generated from top two customers			
Customer I	13.85%	15.40%	**17.70%**
Customer II	10.56%	8.60%	**9.30%**
Total revenues from top ten customers	57.74%	56.40%	**58.70%**

Infotech has a customer concentration of risk, as illustrated in the table below showing the aggregated accounts receivable and unbilled revenues for five largest customers as of March 31, 2009 and 2010, respectively.

Year ended March 31, 2009

	Total accounts receivable and unbilled revenues	**Percentage**
Customer SP	Rs. 248,377,619	9.45%
Customer UG	220,708,393	8.40%
Customer UB	124,690,634	4.75%
Customer GB	113,176,163	4.31%
Customer UR	91,621,709	3.50%
Others	1,829,196,299	69.59%
Total	**Rs. 2,627,770,817**	**100.00%**

Year ended March 31, 2010

	Total accounts receivable and unbilled revenues	**Percentage**
Customer SP	**Rs. 400,158,396**	**16.81%**
Customer UB	**166,700,433**	**7.00%**
Customer SH	**97,949,372**	**4.11%**
Customer GB	**94,145,397**	**3.95%**
Customer UG	**89,712,234**	**3.77%**
Others	**1,532,130,166**	**64.36%**
Total	**Rs. 2,380,795,998**	**100.00%**

Infotech also has a geographic concentration of credit risk relating to cash and cash equivalents held with banks in India, United Kingdom, United States of America and Germany comprising 52.7%, 9.4%, 21.4% and 15.7% of the balances as of March 31, 2009 and 50.5%, 10.6%, 8.7% and 29.7% of the balances as of March 31, 2010, respectively.

28. Related party transactions

Infotech has taken land and building on lease, for a period of 15 years, from Mrs. B. Sucharitha, whole time director of Infotech Enterprises Limited, the parent entity. The lease agreement effective from July 1, 1995 provides monthly lease rent of Rs. 50,000 ($ 1,250) subject to an increase of 20% in first three blocks of 3 years each and 30% increase for the remaining two blocks of three years. Lease rentals paid included in the selling, general and administrative overheads for this lease were Rs. 1,610,560, Rs. 608,400 and Rs.412,800 ($ 9,183) for the years ended March 31, 2008, 2009 and 2010 respectively.

Infotech's share of profits from its affiliate, IASI, was Rs. 69,950,265, Rs. 80,128,478 and Rs. 129,174,431 ($ 2,873,736) for the years ended March 31, 2008, 2009 and 2010 respectively. Infotech's share of loss from its affiliate, IHAL, was Rs. Nil, Rs. 5,574,380 and Rs. 59,114 ($ 1,316) for the years ended March 31, 2008, 2009 and 2010 respectively.

29. Contingencies and commitments

Contingencies

The bank guarantees outstanding were Rs. 83,800,447 and Rs. 72,925,183 ($ 1,622,362) as of March 31, 2009 and 2010 respectively. These guarantees are provided to Excise and Customs authorities for the purposes of maintaining a bonded warehouse. Infotech also provides guarantees to the customers towards the performance and execution of the projects as per the technical service agreements. The beneficiaries may revoke these guarantees if they suffer any losses or damage through the breach of any of the covenants contained in the agreements. Additionally, corporate guarantee given to subsidiary's bankers for subsidiary companies to obtain line of credit amounted to Rs. 334,902,600 and Rs. NIL ($ NIL) as of March 31, 2009 and 2010 respectively.

Infotech has disputed various demands raised by the sales tax authorities for the fiscal 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 Rs.16,344,575 ($ 363,617).

Capital commitments

Infotech had contractual commitments (net of advances) for capital expenditure amounting to Rs. 81,465,424 and Rs. 45,325,045 ($ 1,008,344) as of March 31, 2009 and 2010 respectively.

Operating leases

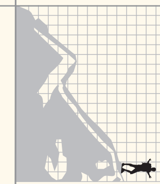
Rental expense for operating leases amounted to Rs. 131,192,839, Rs. 90,997,253 and Rs. 87,836,631 ($ 1,954,096) for the years ended March 31, 2008, 2009 and 2010 respectively. The future minimum lease commitments of Infotech Group under non-cancellable operating leases are as follows:

As of March 31

	2010	2010
2011	**Rs. 20,290,814**	**$ 451,409**
2012	**3,844,133**	**85,520**
2013	**1,601,733**	**35,634**
Total obligations	**Rs. 25,736, 680**	**$ 572,563**

30. Subsequent events

On April 21, 2010, the Board of Directors declared a final dividend of 40%, which is Rs. 2 ($ 0.045) per equity share of Rs. 5 ($ 0.11) each.



10 Year Historical Data – Standalone as per Indian GAAP

(Rs. Millions except per share data, other information and ratios)

Particulars	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009-10
For the year										
Total Revenue	602.03	1,004.70	1,253.68	1,257.82	1,573.39	2,150.52	3,549.40	4,540.86	5,438.11	**6,079.50**
EBITDA	229.14	439.04	468.76	307.19	418.32	493.77	988.77	1,091.92	1,123.30	**1,960.04**
Financial charges	2.09	10.89	6.75	2.38	1.11	3.03	3.61	28.70	35.14	**4.71**
Depreciation & Amortization	51.75	114.66	151.31	160.36	124.07	139.34	222.69	343.03	426.64	**407.07**
Provision for Income Tax	3.00	4.43	57.00	43.00	92.50	65.00	100.08	94.30	110.00	**125.70**
Deferred Tax	–	21.43	(12.87)	(20.65)	(22.42)	(7.88)	(1.34)	25.02	(174.10)	**154.92**
Fringe Benefit Tax	–	–	–	–	–	10.51	13.27	15.29	17.00	**–**
Profit Before Extraordinary item	172.30	287.63	266.57	122.10	223.06	283.76	650.45	585.57	708.62	**1,267.64**
Extraordinary item (OCD's)	–	31.33	–	–	–	–	–	–	–	**–**
Profit after tax from ordinary activities	**172.30**	**256.30**	**266.57**	**122.10**	**223.06**	**283.76**	**650.45**	**585.57**	**708.62**	**1,267.64**
Dividend	13.47	15.04	18.09	18.23	22.09	34.24	51.92	62.55	82.84	**111.00**
As at the end of the year										
Share capital	61.20	72.00	144.70	145.81	147.27	152.19	230.77	1,241.28	276.15	**277.50**
Reserves and surplus	563.99	1,103.18	1,279.13	1,384.39	1,591.51	1,963.58	2,504.56	5,014.97	6,622.86	**7,760.85**
Net Worth	**625.19**	**1,175.18**	**1,423.83**	**1,530.20**	**1,738.78**	**2,115.78**	**2,735.33**	**6,256.25**	**6,899.01**	8,038.35
Loan funds	167.13	141.63	2.25	1.52	2.40	2.31	151.74	380.54	186.67	**–**
Gross block	441.86	684.09	793.54	884.91	1,126.36	1,679.44	2,323.50	3,703.78	4,542.28	**4,836.26**
Capital investment	222.34	242.23	109.45	91.37	241.45	553.09	644.06	1,380.27	838.50	**293.98**
Net Curent assets	143.11	664.38	709.95	649.80	603.57	757.40	1,046.02	1,766.40	3,203.98	**2,651.53**
Debt – equity ratio	0.27	0.12	0.002	0.001	0.001	0.001	0.055	0.061	0.027	**–**
Market capitalization										
Per share data										
Bonus/Capital History	–	–	1:1	–	–	1:2	–	–	–	**1:1**
Basic earnings from ordinary activities (Rs.) (EPS)	29.00	40.91	18.47	8.41	15.23	18.80	14.18	11.54	13.30	**22.90**
Dividend Per Share (Rs.) (DPS)	2.20	2.40	1.25	1.25	1.50	2.25	1.13	1.20	1.50	**2.00**
Dividend (%)	22.0%	24.0%	12.5%	12.5%	15.0%	22.5%	22.5%	24.0%	30.0%	**40.0%**
Dividend Pay–out (%)	7.8%	5.9%	6.8%	14.9%	9.9%	12.1%	8.0%	10.3%	11.7%	**8.8%**
Book Value (Rs.)	102	163	98	105	118	139	59	124	125	**145**
Face Value (Rs.)*	10	10	10	10	10	10	5	5	5	**5**

* Figures are regrouped and reclassified where–ever necessary.

* In 2006-07, the Company sub divided its Rs.10 share into 2 shares of Rs.5 each. Post that, 1 Bonus share was issued for every 2 shares held.

Financial Analysis – Standalone as per Indian GAAP

Balance Sheet

(Rs. Million and Percentage)

	2009–10	%	2008–09	%	2007–08	%	2006–07	%	2005–06	%
SOURCES OF FUNDS										
Shareholders' Funds										
Share Capital	**277.50**	**3.45**	276.15	3.90	1,241.28	18.70	230.77	7.99	152.19	7.19
Reserves and Surplus	**7,760.85**	**96.55**	6,622.86	93.47	5,014.97	75.56	2,504.56	86.75	1,963.58	92.71
Net worth	**8,038.35**	**100.00**	6,899.01	97.37	6,256.25	94.27	2,735.33	94.74	2,115.78	99.89
Loan Funds										
Secured	–	–	186.67	2.63	380.54	5.73	151.74	5.26	2.31	0.11
Total debt	–	–	186.67	2.63	380.54	5.73	151.74	5.26	2.31	0.11
TOTAL	**8,038.35**	**100.00**	7,085.68	100.00	6,636.79	100.00	2,887.07	100.00	2,118.09	100.00
APPLICATION OF FUNDS										
Fixed Assets Gross	**4,836.26**	**60.16**	4,542.28	64.11	3,703.78	55.81	2,323.50	80.48	1,679.44	79.29
Depreciation & Amortisation	**2,236.96**	**27.83**	1,866.40	26.35	1,525.17	22.98	1,183.48	40.99	1,015.53	47.95
Net block	**2,599.30**	**32.34**	2,675.88	37.76	2,178.61	32.83	1,140.03	39.49	663.91	31.34
Investments	**2,763.52**	**34.38**	1,026.91	14.49	2,686.98	40.49	671.19	23.25	671.19	31.69
Deferred Tax Assets	**23.99**	**0.30**	178.91	2.52	4.80	0.07	29.83	1.03	25.59	1.21
Current Assets										
Debtors	**1,131.06**	**14.07**	1,540.46	21.74	1,261.63	19.01	902.23	31.25	673.79	31.81
Cash & Bank	**1,860.56**	**23.15**	2,729.16	38.52	875.35	13.19	455.80	15.79	273.52	12.91
Loans and Advances	**1,304.31**	**16.23**	464.58	6.56	347.55	5.24	276.68	9.58	200.97	9.49
Total Current assets	**4,295.93**	**53.44**	4,734.20	66.82	2,484.53	37.44	1,634.71	56.62	1,148.27	54.21
Less: Current Liabilities	**1,644.39**	**20.46**	1,530.22	21.59	718.14	10.82	588.69	20.39	390.87	18.45
Net current Assets	**2,651.54**	**32.99**	3,203.98	45.23	1,766.40	26.62	1,046.02	36.23	757.40	35.76
TOTAL	**8,038.35**	**100.00**	7,085.68	100.00	6,636.79	100.00	2,887.07	100.00	2,118.09	100.00

*Figures are regrouped and reclassified where-ever necessary.

Financial Analysis – Standalone as per Indian GAAP

Profit and Loss Summary

(Rs. Million and Percentage)

	2009-10	%	2008–09	%	2007–08	%	2006–07	%	2005–06	%
INCOME										
Export	**5,457.36**	**89.77**	5,510.25	101.33	4,231.65	93.19	3,378.84	95.19	2,073.77	96.43
Domestic	**160.63**	**2.64**	155.47	2.86	120.22	2.65	67.30	1.90	63.14	2.94
Other Income	**461.50**	**7.59**	(227.61)	–4.19	188.99	4.16	103.26	2.91	13.61	0.63
Total Income	**6,079.49**	**100.00**	5,438.11	100.00	4,540.86	100.00	3,549.40	100.00	2,150.52	100.00
EXPENDITURE										
Staff Cost	**2,786.82**	**45.84**	2,725.33	50.12	2,109.35	46.45	1,462.45	41.20	877.17	40.79
Operating & Admin. Expenditure	**1,332.64**	**21.92**	1,589.49	29.23	1,339.59	29.50	1,098.19	30.94	779.58	36.25
Financial Charges	**4.71**	**0.08**	35.13	0.65	28.70	0.63	3.61	0.10	3.03	0.14
Depreciation & Amortisation	**407.07**	**6.70**	426.64	7.85	343.03	7.55	222.69	6.27	139.34	6.48
Total Expenditure	**4,531.24**	**74.53**	4,776.59	87.84	3,820.67	84.14	2,786.94	78.52	1,799.13	83.66
Pre –tax profit	**1,548.25**	**25.47**	661.52	12.16	720.19	15.86	762.46	21.48	351.39	16.34
Provision for Income Tax	**125.70**	**2.07**	110.00	2.02	94.30	2.08	100.08	2.82	65.00	3.02
Deferred Tax	**154.92**	**2.55**	(174.10)	(3.20)	25.02	0.55	(1.34)	(0.04)	(7.88)	(0.37)
Fringe Benefit Tax	**–**	**–**	17.00	0.31	15.29	0.34	13.27	0.37	10.51	0.49
Profit Before Extraordinary Item	**1,267.63**	**20.85**	708.62	13.03	585.57	12.90	650.45	18.33	283.76	13.20
Extraordinary item (OCD's)	**–**	**–**	–	–	–		–	–	–	–
POST- TAX PROFIT	**1,267.63**	**20.85**	708.62	13.03	585.57	12.90	650.45	18.33	283.76	13.20

*Figures are regrouped and reclassified where ever necessary.

Financial Analysis – Consolidated as per Indian GAAP

Balance Sheet

(Rs. Million and Percentage)

	2009-10	%	2008–09	%	2007–08	%	2006–07	%	2005–06	%
SOURCES OF FUNDS										
Shareholders' Funds										
Share Capital	**277.50**	**3.05**	276.15	3.49	1,241.28	17.36	230.77	7.21	152.19	6.96
Reserves and Surplus	**8,785.95**	**96.47**	7,427.16	94.00	5,482.81	76.67	2,711.09	84.66	1,971.33	90.09
Net worth	**9,063.45**	**99.52**	7,703.31	97.49	6,724.09	94.02	2,941.86	91.87	2,123.52	97.05
Minority Interest	**–**	**–**	3.31	0.04	3.49	0.05	–	–	–	–
Loan Funds										
Secured	**43.99**	**0.48**	194.72	2.46	424.03	5.93	260.44	8.13	64.61	2.95
Total debt	**43.99**	**0.48**	194.72	2.46	424.03	5.93	260.44	8.13	64.61	2.95
Deferred Tax Liability								–	–	–
TOTAL	**9,107.44**	**100.00**	7,901.33	100.00	7,151.62	100.00	3,202.30	100.00	2,188.13	100.00
APPLICATION OF FUNDS										
Fixed Assets Gross	**5,546.62**	**60.90**	5,197.81	65.78	4,088.00	57.16	2,473.56	77.24	1,821.95	83.27
Depreciation & Amortization	**2,392.22**	**26.27**	2,189.25	27.71	1,793.24	25.07	1,215.57	37.96	1,013.72	46.33
Net block	**3,154.40**	**34.64**	3,008.56	38.08	2,294.76	32.09	1,257.99	39.28	808.23	36.94
Investments	**2,022.74**	**22.21**	402.38	5.09	2,293.40	32.07	258.74	8.08	178.28	8.15
Deferred Tax Assets	**29.22**	**0.32**	164.82	2.09	(16.21)	(0.23)	22.15	0.69	7.81	0.36
Current Assets										
Debtors	**2,389.06**	**26.23**	2,627.77	33.26	2,170.46	30.35	1,603.12	50.06	1,222.86	55.89
Cash & Bank	**2,337.23**	**25.66**	3,333.50	42.19	1,192.99	16.68	736.00	22.98	385.20	17.60
Inventories	**–**	**–**	–		–	–	–	–	0.96	0.04
Loans and Advances	**1,337.46**	**14.69**	602.63	7.63	442.03	6.18	233.70	7.30	265.08	12.11
Total Current Assets	**6,063.75**	**66.58**	6,563.90	83.07	3,805.48	53.21	2,572.82	80.34	1,874.10	85.65
Current Liabilities	**2,162.66**	**23.75**	2,238.32	28.33	1,225.81	17.14	909.40	28.40	680.29	31.09
Net current Assets	**3,901.09**	**42.83**	4,325.58	54.74	2,579.67	36.07	1,663.42	51.94	1,193.81	54.56
TOTAL	**9,107.44**	**100.00**	7,901.33	100.00	7,151.62	100.00	3,202.30	100.00	2,188.13	100.00

*Figures are regrouped and reclassified where-ever necessary.

Financial Analysis – Consolidated as per Indian GAAP

Profit and Loss Summary

(Rs. Million and Percentage)

	2009-10	%	2008–09	%	2007–08	%	2006–07	%	2005–06	%
INCOME										
Revenues	**9,531.21**	**95.36**	8,897.50	103.42	6,741.26	96.75	5,425.38	98.78	3,625.00	99.08
Other Income	**463.71**	**4.64**	(294.50)	–3.42	226.73	3.25	67.25	1.22	33.50	0.92
Total Income	**9,994.92**	**100.00**	8,603.00	100.00	6,968.00	100.00	5,492.63	100.00	3,658.51	100.00
EXPENDITURE										
Staff Cost	**5,427.21**	**54.30**	4,894.92	56.90	3,561.46	51.11	2,646.94	48.19	1,700.57	46.48
Operating and Administration Expenses	**2,020.90**	**20.22**	2,217.54	25.78	1,962.81	28.17	1,643.77	29.93	1,266.76	34.63
(Increase)/Decrease in WIP	**–**	**–**	–	–	–	–	–	–	–	–
Financial Charges	**31.24**	**0.31**	40.30	0.47	37.17	0.53	14.82	0.27	8.91	0.24
Depreciation & Amortization	**435.69**	**4.36**	465.59	5.41	365.46	5.24	256.60	4.67	185.62	5.07
Total Expenditure	**7,915.04**	**79.19**	7,618.35	88.55	5,926.90	85.06	4,562.13	83.06	3,161.87	86.43
Pre-tax profit	**2,079.88**	**20.81**	984.66	11.45	1,041.10	14.94	930.50	16.94	496.64	13.57
Provision for Income Tax	**349.66**	**3.50**	303.65	3.53	203.72	2.92	184.58	3.36	77.36	2.11
Deferred Tax	**155.49**	**1.56**	(181.03)	–2.10	38.36	0.55	(11.45)	–0.21	5.65	0.15
Fringe Benefit Tax	**(0.08)**	**0.00**	17.54	0.20	15.45	0.22	13.27	0.24	11.11	0.30
Profit Before Extraordinary Item	**1,574.81**	**15.76**	844.50	9.82	783.56	11.25	744.10	13.55	402.52	11.00
Share of Profit in Associate Company	**129.17**	**1.29**	80.13	0.93	69.95	1.00	92.53	1.68	100.67	2.75
Minority Interest	**4.78**	**0.05**	0.21	0.00	2.21	0.03	–	–	–	–
POST– TAX PROFIT	**1,708.76**	**17.10**	924.84	10.75	855.72	12.28	836.63	15.23	503.19	13.75

*Figures are regrouped and reclassified where-ever necessary.

Financial Analysis - Consolidated as per US GAAP (Unaudited)

Balance Sheet

(US$ Million and Percentage)

	2009-10	%	2008-09	%	2007-08	%	2006-07	%	2005-06	%
Assets										
Current Assets										
Cash & Cash equivalents	**21.22**	**8.30**	24.63	11.84	16.45	7.64	16.49	16.47	6.29	9.16
Investments in bank deposits	**64.14**	**25.09**	40.63	19.53	12.73	5.91	0.02	0.02	1.30	1.89
Accounts Receivables (Net)	**45.74**	**17.89**	46.59	22.39	46.09	21.41	32.09	32.05	23.18	33.73
Unbilled Revenue on contracts	**7.22**	**2.82**	5.07	2.43	8.15	3.79	5.11	5.10	4.32	6.28
Inventory	**–**	**–**	–	–	–	–	–	–	0.02	0.03
Deferred taxes on income	**0.54**	**0.21**	4.62	2.22	1.33	0.62	1.41	1.41	1.46	2.12
Prepaid expenses and other assets	**23.76**	**9.29**	11.27	5.42	9.55	4.44	4.45	4.45	6.27	9.12
Total Current Assets	**162.62**	**63.60**	132.81	63.83	94.30	43.80	59.57	59.50	42.83	62.33
Premises & Equipment (net)	**59.92**	**23.44**	55.31	26.58	55.28	25.68	26.77	26.74	14.98	21.79
Goodwill and other intangible assets (net)	**18.21**	**7.12**	9.96	4.79	5.42	2.52	5.24	5.23	5.53	8.05
Investments	**11.88**	**4.65**	8.19	3.94	57.31	26.62	6.01	6.00	4.01	5.84
Deferred taxes on income	**0.65**	**0.25**	0.95	0.46	1.14	0.53	0.78	0.78	0.59	0.85
Other Assets (non–current)	**2.37**	**0.93**	0.86	0.41	1.85	0.86	1.74	1.74	0.78	1.13
Total assets	**255.65**	**100.00**	208.08	100.00	215.31	100.00	100.11	100.00	68.71	100.00
Liabilities and Shareholders' equity										
Current Liabilities										
Short–term and current portion of long term debts	**0.51**	**0.20**	3.83	1.84	5.47	2.54	2.68	2.68	1.78	2.59
Accounts Payable	**16.18**	**6.33**	14.11	6.78	10.28	4.77	6.71	6.70	2.28	3.31
Other Current Liabilities	**11.25**	**4.40**	9.82	4.72	8.44	3.92	7.29	7.28	7.19	10.46
Derivative financial liability	**1.42**	**0.55**	10.09	4.85	–	–	–	–	–	–
Unearned revenue	**–**	**–**	1.96	0.94	3.77	1.75	2.04	2.04	1.04	1.51
Total Current Liabilities	**29.36**	**11.48**	39.81	19.13	27.96	12.98	18.72	18.70	12.28	17.87
Long –term Debts	**0.47**	**0.18**	–	–	5.12	2.38	3.58	3.58	0.23	0.34
Deffered tax on income	**5.56**	**2.17**	7.49	3.60	5.16	2.40	2.19	2.19	1.70	2.47
Other non–current liabilities	**14.25**	**5.57**	5.63	2.71	6.97	3.24	4.79	4.78	5.06	7.36
Total liabilities	**49.64**	**19.42**	52.93	25.44	45.21	21.00	29.28	29.25	19.27	28.04
Shareholders' equity	**205.97**	**80.57**	155.02	74.50	145.42	67.54	70.83	70.75	49.45	71.96
Preferred Stock	**–**	**–**	–	–	24.51	11.38	–	–	–	–
Minority Interest	**0.04**	**0.02**	0.13	0.06	0.17	0.08	–	–	–	–
Total Liabilities and shareholders' equity	**255.65**	**100.00**	208.08	100.00	215.31	100.00	100.11	100.00	68.71	100.00

*Figures are regrouped and reclassified where ever necessary.

Financial Analysis - Consolidated as per US GAAP (Unaudited)

Profit & Loss Summary

(US$ Million and Percentage)

	2009-10	**%**	2008-09	%	2007-08	%	2006-07	%	2005-06	%
Revenues	**211.82**	**100.00**	174.86	100.00	168.45	100.00	125.88	100.00	81.87	100.00
Cost of Revenue	**154.62**	**73.00**	130.01	74.35	125.40	74.44	90.38	71.80	58.11	70.98
Gross Profit	**57.20**	**27.00**	44.85	25.65	43.05	25.56	35.50	28.20	23.76	29.02
Total Operating Expenses	**23.99**	**11.33**	14.30	8.18	28.97	17.20	16.77	13.32	13.73	16.77
Operating income	**33.21**	**15.68**	30.54	17.47	14.08	8.36	18.73	14.88	10.03	12.25
Net Income	**35.41**	**16.72**	16.63	9.51	13.02	7.73	17.76	14.11	10.50	12.83
EPS - Basic (US$)	**0.32**	**–**	0.16	–	0.13	–	0.39		0.70	

*Figures are regrouped and reclassified where ever necessary.

Ratio Analysis - Standalone as per Indian GAAP

Ratio analysis for the year ended March 31	2010	2009	2008	2007	2006
Ratio - Financial Performance					
Export revenue/Total revenue (%)	**89.77**	101.33	93.19	95.19	96.43
Domestic revenue/Total revenue (%)	**2.64**	2.86	2.65	1.90	2.94
Other Income/Total revenue (%)	**7.59**	(4.19)	4.16	2.91	0.63
Employee cost/Total revenue (%)	**45.84**	50.12	46.45	41.20	40.79
Administration expenses/Total revenue (%)	**21.92**	29.23	29.50	30.94	36.25
Operating expenses/Total revenue (%)	**67.76**	79.35	75.95	72.14	77.04
Depreciation/Total revenue (%)	**6.70**	7.85	7.55	6.27	6.48
Financial Charges/Total revenue (%)	**0.08**	0.64	0.63	0.10	0.14
Tax/Total revenue (%)	**2.07**	2.02	2.08	2.82	3.02
TAX/PBT (%)	**8.12**	16.63	13.09	14.69	19.25
EBIDTA/Total revenue (%)	**32.24**	20.66	24.05	27.86	22.96
Net Profit (PAT)/Total revenues (%)	**20.85**	13.03	12.90	18.33	13.20
Net Profit (PAT)/Average net worth (%)	**16.97**	10.77	13.02	26.82	14.72
ROCE (PBIT/Average capital employed) (%)	**20.79**	10.59	16.66	31.58	18.39
Ratios- Balance sheet					
Debt-equity ratio	**–**	0.027	0.061	0.055	0.001
Debtors turnover (Days)	**73**	99	106	96	115
Current ratio	**2.61**	3.09	3.46	2.78	2.94
Cash & cash equivalents/Total assets (%)	**19.22**	31.68	11.90	13.11	10.90
Cash & cash equivalents/Total revenue (%)	**30.60**	50.19	19.28	12.84	12.72
Depreciation/Average gross block (%)	**8.68**	10.35	11.38	11.13	9.93
Total Revenue/Average Net Fixed Assets	**2.31**	2.24	2.74	3.94	3.87
Total Revenue/Average Total Assets	**0.65**	0.68	0.84	1.19	0.95
Ratios - Growth					
Export revenue (%)	**(0.96)**	30.22	25.24	62.93	41.54
Total revenue (%)	**11.79**	19.76	27.93	65.05	36.68
Operating expenses (%)	**(4.53)**	25.11	34.69	54.56	43.43
EBIDTA (%)	**74.49**	2.87	10.43	100.25	18.03
Net Profit (%)	**78.89**	21.01	(9.98)	129.22	27.21
Per Share Data					
Basic earnings per share (Rs.)	**22.90**	13.30	11.54	14.16	18.80
Cash Earnings per share (Rs.)	**30.26**	20.56	17.81	18.92	27.80
Book value (Rs.)	**145.24**	124.91	120.02	59.27	139.02
Price/Earning, end of year	**16.10**	6.39	24.23	25.55	28.01
Price/Cash Earning, end of year	**12.19**	4.14	15.70	19.12	18.94
Price/Book value, end of year	**2.54**	0.68	2.33	6.10	3.79
Share price as on March 31 (National Stock Exchange)	**368.85**	85.00	279.70	361.80	526.50
No. of Share Outstanding as on March 31, (in Millions)	**55.50**	55.23	52.13	46.15	15.22
Dividend Per Share (Rs.)	**2.00**	1.50	1.20	1.13	2.25
Dividend (%)	**40%**	30.0%	24.0%	22.5%	22.5%

Figures are regrouped and reclassified where ever necessary.

Ratio Analysis - Consolidated as per Indian GAAP

Ratio analysis for the year ended March 31	2010	2009	2008	2007	2006
Ratio - Financial Performance					
Other Income/Total Revenue (%)	**4.64**	(3.42)	3.25	1.22	0.92
Employee cost/Total Revenue (%)	**54.30**	56.90	51.11	48.19	46.48
Operating & Administration expenses/Total Revenue (%)	**20.22**	25.78	28.17	29.93	34.63
Depreciation & Amortization/Total Revenue (%)	**4.36**	5.40	5.24	4.67	5.07
Financial Charges/Total Revenue (%)	**0.31**	0.47	0.53	0.27	0.24
TAX/PBT (%)	**24.28**	14.23	24.74	20.03	18.95
EBIDTA/Total Revenue (%)	**25.48**	17.33	20.72	21.88	18.89
Net Profit/Total Revenue (%)	**17.10**	10.75	12.28	15.23	13.75
Net Profit/Average Net Worth (%)	**20.38**	12.82	17.71	33.03	27.29
ROCE (PBIT/Average capital employed)	**25.18**	9.26	13.16	37.32	27.42
Ratios- Balance sheet					
Debt-equity ratio	**0.00**	0.03	0.06	0.09	0.030
Debtors turnover (Days)	**91**	108	118	108	123
Current ratio	**2.80**	2.93	3.10	2.83	2.75
Cash & Cash Equivalents/Total Assets (%)	**20.74**	32.88	14.24	17.90	13.43
Cash & Cash Equivalents/Total Revenue (%)	**23.38**	38.75	17.12	13.40	10.53
Depreciation & Amortization/Average gross block (%)	**8.29**	10.03	11.14	11.95	11.30
Revenue/Average Net Fixed Assets	**3.09**	3.36	3.79	5.25	5.13
Revenue/Average Total Assets	**0.89**	0.96	1.08	1.55	1.48
Ratios - Growth					
Operating Revenue (%)	**7.12**	31.99	24.25	49.67	40.98
Operating Expenses (%)	**3.17**	28.35	30.95	44.60	40.99
EBIDTA (%)	**70.86**	3.24	20.12	73.90	35.76
Net Profit (%)	**84.76**	8.08	2.28	66.26	83.82
Per Share Data					
Basic earnings per share (Rs.)	**30.88**	17.36	16.90	18.22	33.34
Cash Earnings per share (Rs.)	**38.74**	25.18	23.43	23.69	45.26
Book value (Rs.)	**163.76**	139.48	128.99	63.74	139.53
Price/Earning, end of year	**11.95**	4.90	16.55	19.86	15.79
Price/Cash Earning, end of year	**9.52**	3.38	11.94	15.27	11.63
Price/Book value , end of year	**2.25**	0.61	2.17	5.68	3.77
Share price as on March 31 (National Stock Exchange)	**368.85**	85.00	279.70	361.80	526.50
No. of Share Outstanding as on March 31, (in Millions)	**55.50**	55.23	52.13	46.15	15.22
Bonus Issue	**1:1**				2:1
Dividend Per Share (Rs.)	**2.00**	1.50	1.20	1.125	2.25
Dividend (%)	**40.00%**	30.00%	24.00%	22.50%	22.50%

Per Share Data for FY 2009-10 are on Rs. 5 share

Figures are regrouped and reclassified where ever necessary.

Ratio Analysis - Consolidated as per US GAAP (Unaudited)

Ratio analysis for the year ended March 31	2009-10	2008-09	2007-08	2006-07	2005-06
Ratio - Financial Performance					
Gross Margin = Gross Profit/Revenues (%)	**27.01**	25.65	25.56	28.20	29.02
Operating Income (%)	**15.68**	17.47	8.36	14.88	12.25
Net Income/Revenues (%)	**16.72**	9.51	7.73	14.11	12.83
Net Income/Shareholders' equity (%)	**17.19**	10.73	8.95	25.07	21.24
Ratios- Balance sheet					
Debt/equity ratio = Total liability/Shareholders' equity	**0.24**	0.34	0.31	0.41	0.39
Debtors turnover (Days)	**79**	97	100	93	103
Current ratio = Current Assets/Current Liabilities	**5.54**	3.34	3.37	3.18	3.49
Cash & cash equivalents/Total assets (%)	**8.30**	11.84	7.64	16.47	9.16
Cash & cash equivalents/Revenue (%)	**10.02**	14.09	9.77	13.10	7.69
Revenue/Average Net Fixed Assets	**3.68**	3.16	4.11	5.96	6.42
Revenue/Average Total Assets	**0.91**	0.83	1.07	1.47	1.39
Ratios - Growth					
Revenue (%)	**21.14**	3.80	33.82	48.99	38.73
Cost of revenues (%)	**18.93**	3.68	38.75	42.46	40.19
Operating profit (%)	**8.74**	116.98	24.84	81.00	48.55
Net Income (%)	**122.93**	27.73	26.69	63.84	65.35
Per Share Data					
Basic earnings per share (US$)	**0.32**	0.16	0.13	0.39	0.70
Book value (US$)	**3.71**	2.81	2.79	1.53	3.25
No. of Share Outstanding as on March 31, (in Millions)	**55.50**	55.23	52.13	46.15	15.22
Bonus Issue	**–**	–	–	–	–
Dividend (%)	**40.0%**	30.0%	24.0%	22.5%	22.5%

Figures are regrouped and reclassified where ever necessary.

Significant Milestones in the history of Infotech Enterprises Limited

1991	*August*	Infotech Enterprises was incorporated as a private limited company
1995	*August*	The company received its first ISO 9002 certification from BVQi London for its conversion services
1997	*March*	Re-organized as a public limited company; IPO of Equity shares at Rs.20 per share and listed in all major stock exchanges in India
	April	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
	October	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	*December*	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	*January*	Infotech Enterprises enters into an agreement with Navionics Italy the world leader in seamless marine electronic charts for digitization and Conversion services
	June	Infotech and ASI sign a long term contract for ASI to source US$ 33 million in conversion and software services from Infotech Enterprises
	July	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
	August	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
	September	Infotech Enterprises acquires Cartographic Sciences Pvt. Mumbai- India from Analytical Surveys Inc. - US
	September	Infotech Enterprises receives an ISO 9001 for its software development services
	September	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
	November	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 Rs. 10 each at a price of Rs.350 each
2000	*January*	Inauguration of the state-of-the-art software development centre spread across 1,30000 sq.ft. area in Infocity- Hyderabad. The state-of-the-art development centre built at an approximate cost of Rs.12 crore and can accommodate 4,000 software engineers
	April	Merger of Cartographic Sciences with the Company

Significant Milestones

2000	*May*	Infotech Enterprises enters into a Master Services Agreement with Pratt & Whitney, a division of United Technologies Corporation, a Fortune 100 company
	October	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
	November	Infotech Enterprises wins a multimillion dollar GIS project from the Dutch multi-national group, FUGRO
2001	*April*	Infotech Europe acquires European GIS distributor Map Centric - a leading independent GIS distributor in Europe
	May	Infotech Enterprises bags a contract worth US $ 7 million to provide Photogrammetry service to Triathlon, a leading full fledged geomatics company in Canada
	May	Infotech Enterprises ranks 5th among Top Ten Exporters from Andhra Pradesh for the Year 2000-2001
	June	Infotech Enterprises acquires 10-acres of land to set up a software development campus at Manikonda, Hyderabad.
	July	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
	August	Infotech Enterprises attains the coveted SEI CMM LEVEL 4 certification for its software development centre at Infocity, Hyderabad
	November	Infotech Enterprises receives ISO 9001:2000 for Software and Engineering Services lines of business by BVQi London
	December	Infotech Enterprises announces the opening of the state-of-the-art Engineering services facility in Bangalore, India
2002	*February*	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
	April	Infotech Enterprises achieves SEI CMM Level 5 for its Software Development & Services Division
	April	Infotech Enterprises' Board recommends issue of Bonus Shares at 1:1 ratio
	August	Infotech Enterprises bags a major GIS contract from KPN Telecom, the largest telecommunications company in the Netherlands, to provide spatial data management services.
	September	Company bags the Federation of Andhra Pradesh Chambers of Commerce & Industry (FAPCCI) Award for Best Information Technology (IT) Company in the state of Andhra Pradesh (2001-2002)
2003	*April*	Infotech Enterprises attains the best process improvement model-"The Level 5 of the CMMi Version 1.1 for the SW/SE/SS disciplines"

Significant Milestones

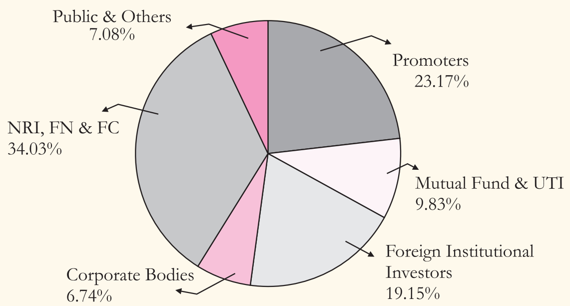
2003	*September*	Infotech Enterprises announces the inauguration of a new development center in Puerto Rico to provide engineering design services
	September	Infotech Enterprises signs long term outsourcing contact with Bombardier Transportation to provide Engineering Services in India
2004	*January*	Infotech Enterprises acquires VARGIS - a GIS Company in the US
	July	Change in Business Model. Verticalization brought into place
	September	Infotech Enterprises divests 51% of its stake in Infotech Aerospace Services Inc. in favour of United Technologies Corporation
	September	Infotech Enterprises conferred with BS 7799 standards
2005	*March*	Infotech Enterprises acquires Tele Atlas India Pvt. Ltd. Tele Atlas (Netherlands) joins as a strategic partner with preferential allotment of shares
	March	Infotech Enterprises opens branch office in Singapore
	April	Infotech Enterprises opens branch office in Melbourne, Australia
	May	Inaugurated Geospatial production facility at Frostburg, Maryland, USA
	July	Infotech Enterprises opens branch office in Dubai
	September	Wins a landmark GIS contract from KPN Telecom and also signs a 5-year major Engineering Design Agreement with Alstom Transport
	October	Completed 5 years of relationship with Pratt & Whitney
2006	*March*	Signs a major GIS contract with GE for Swisscom
	December	Infotech Enterprises opens branch office at Canada
2007	*June*	Acquires 74% stake in Geospatial Integra and renamed the company as Infotech Geospatial (India) Limited
	July	Preferential allotment of shares to GA Global Investments Limited & Carrier International Mauritius Limited
	August	Set up Infotech HAL Limited, a Joint Venture Company with HAL, a Navaratna PSU under the Ministry of Defence, at Bangalore
2008	*October*	Acquired TTM (India) Private Limited and TTM Inc; made foray into Hitech Vertical
	December	Established wholly owned subsidiary in Japan
2009	*December*	Infotech Enterprises opens branch office in Malaysia
2010	*January*	Infotech Enterprises signs a long term engineering services contract with Hamilton Sundstrand
	January	Acquired Daxcon Engineering Inc., USA (Step down subsidiary)

Shareholding Pattern as on 31 March 2010

Category	No. of Shares Held		% of Holding	
	Holding more than 1%		Holding more than 1%	
A. Promoters' Holding				
Promoters		12859980		23.17
1. B.V.R. Mohan Reddy	7287360		13.13	
2. B. Sucharitha	3270600		5.89	
3. Krishna Bodanapu	912880		1.64	
4. B.S. Vaishnavi	895200		1.61	
Sub Total		12859980		23.17
B. Non-Promoters' Holding				
1 Institutional Investors				
A. Mutual Funds and UTI		5455964		9.83
1. Kotak India Focus Fund	1467549		2.64	
2. Reliance Capital Trustee Co. Ltd. - A/c Reliance Tax Saver (ELSS) Fund	773128		1.39	
3. SBIMF - SBI One India Fund	713907		1.29	
4. SBI Mutual Fund A/c Magnum Tax Gain 1993	1093146		1.97	
5. ICICI Prudential Life Insurance Company Limited	3484167		6.28	
B. Banks Financial Institutions, (Central/State Govt. Institutions/ Non-govt. Institutions)		2015		0.00
C. Foreign Institutional Investors		10625694		19.15
1. Swiss Finance Corporation (Mauritius) Limited	716159		1.29	
2. American Funds Insurance Series Global Small Capitalization Fund	2585988		4.66	
3. Small Cap World Fund, Inc.	3000000		5.41	
4. Ironwood Investment Holdings	1421450		2.56	
5. Emerging Markets Management, LLC	674990		1.22	
Sub - Total		16083673		28.98
2 Others				
A. Private Corporate Bodies		3741565		6.74
B. Indian Public		3742145		6.74
Bhashyakarlu Rambhala	707000		1.27	
C. NRIs/OCBs		2066497		3.72
D. Any Other :				
i) Foreign Collaborators		16594257		29.90
1. Carrier International Mauritius Limited	7646480		13.78	
2. GA Global Investments Limited	8197777		14.77	
3. Tele Atlas Datas Hertogenbosch B V	750000		1.35	
ii) Foreign Nationals		227783		0.41
iii) Trusts		81060		0.15
iv) Clearing Members		102564		0.19
Sub - Total		26555871		47.85
GRAND - TOTAL		**55499524**		**100**

Note: Mr. K. Basi Reddy (Promoter Group) has pledged 286,900 equity shares of Rs. 5/- each constituting 0.52% of the paid up equity share capital of the Company.

Graphical Representation of Shareholding Pattern



FAQ s

When was Infotech Enterprises Limited incorporated?

Infotech Enterprises Limited (the Company) was incorporated as a Private Limited Company on August 28th, 1991 under the Companies Act, 1956.

When did the Company convert itself into a Public Limited Company?

The Company was converted into a Public Limited Company vide resolution dated 21 April 1995.

Where is the Registered Office of the Company located?

The Registered Office of the Company is located at

4th Floor, 'A' Wing

Plot No. 11, Software Units Layout,

Infocity, Madhapur, Hyderabad - 500 081, A.P.

When did the Company have its Initial Public Offer (IPO) and at what price?

The Company made its maiden public offer in March 1997 at a price of Rs.10 each for cash at a premium of Rs.10 per share. The issue was lead managed by Industrial Development Bank of India (IDBI), Madras. The issue was oversubscribed by 1.56 times.

Who are the founder members of the Company?

The founder members of the Company are: Mr. B.V.R. Mohan Reddy, Mrs. B. Sucharitha, and Mr. K. Rajan Babu.

What is the Vision Statement of the Company?

Delivering Innovative Solutions together for a better future

What is the Mission Statement of the Company?

Provide the best technology services and solutions to Industry and Government worldwide

What is the Quality Policy of the Company?

To deliver innovative solutions that delight customers through deployment of robust processes.

What are the Quality Objectives of the Company?

- Delight customers through delivery excellence.
- Attract, train and retain talented professionals through active employee engagement.
- Deliver solutions / services based on cutting edge tools, technologies and methodologies.
- Continuous process improvement and achieve operational excellence.

What is the Background of the Company?

The company was promoted by Mr. B.V.R. Mohan Reddy and his associates and was incorporated as a Private Limited Company on August 28, 1991. The Company commenced commercial operations in September 1992. IDBI, the largest Financial Institution in India, sanctioned start-up assistance under the Venture Capital Scheme in 1991 for the Company's original project implementation. The original project envisaged creation of facilities for conversion of paper-based drawings into Computer Aided Design and Drafting (CADD) and Geographic Information Systems (GIS) formats and for developing other software products.

What is the history of Bonus issue of Shares at the Company?

Year	1994-95	1995-96	1996-97	2002-03	2006-07	2009-10*
Bonus issue ratio	7 : 5	1 : 1	1 : 1	1:1	1:2	1:1

*On April 21, 2010, Board of Directors of the Company recommended Bonus Shares in the ratio of 1:1

What is the Dividend History of the Company?

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010*
Dividend (%)	20%	22%	24%	12.5%	12.5%	15%	22.5%	22.5%	24%	30%	40%

* On April 21, 2010, the Board of Directors of the Company recommended a dividend of 40% for the financial year 2009-10.

What is the Company's Business Mix?

The Company offers a variety of world-class services in Utilities, Telecom & Government (UTG), Engineering Design and Software Development. The verticals serviced by the Company are Aerospace, Automotive, Industrial Machinery, Utilities, Telecom, Power, Government, Transportation and Hitech Services.

Geographically, the Company's main markets have been USA, Europe and Asia pacific.

UTG Services	Engineering
Data Conversion & Maintenance	Product Design and Analysis & Engineering Solutions
Digital Photogrammetry	Repair Development Engineering
Map Products	Reverse engineering
GIS Software Solutions	CAD, CAM & CAE
Inventory Management Services	Technical Publications
Distribution Infrastructure Services	Aircraft Post Production Supoort
	Hitech Services

Is nomination facility available to the shareholders?

Yes. Nomination facility is available to the Shareholders under section 109A of the Companies Act, 1956. Shareholders are advised to make use of the nomination facility. For further details, investors may contact the R&T Agents of the Company.

What is the employee profile of the Company?

The employee strength at the Company as at March 31, 2010 is 7637 as compared to 7661 as at March 31, 2009. The resources have been distributed among the verticals in the following manner:

UTG: 3854

Engineering: 3358

Support Functions: 425

What are the quality certifications that the Company has?

The Company is certified for ISO 9001:2008 – Quality Management Systems for all locations; ISO 27001:2005 – Information Security Management Systems across all locations by Bureau Veritas Certification; SEI CMMi Level 5 version 1.2 for the software divisions of Hyderabad; SEI CMMi Level 3 version 1.2 for the software division of Noida & Engineering & Avionics divisions of Bangalore and AS 9100b – Aerospace Quality Management Systems for all Aerospace divisions at Hyderabad & Bangalore by UL DQS Inc. All United Technology Corporation (UTC) Engineering groups at Hyderabad are certified for Achieving Competitive Excellence (ACE) at Gold Site level (Highest level) and the support group (Network systems) at Gold cell level. The ACE is a UTC quality operating system.

During FY 2009-10, the Company has upgraded ISO9001:2000 certifications to the 2008 version; certified for ISO 13485:2003 - Medical Devices Quality Management System for Medical group; International Railway Industry Standard (IRIS Rev2) for rail practice groups of Hyderabad; ISO 27001:2005 – Information Security Management Systems for Kakinada; ACE Gold Site level for Engineering group at Bangalore and Gold cell level for the support group (Quality Assurance).

How does a Shareholder go about transfering his shares/having related correspondence?

To transfer shares in physical form, shareholders may write to the Company's Registrars/the Company -

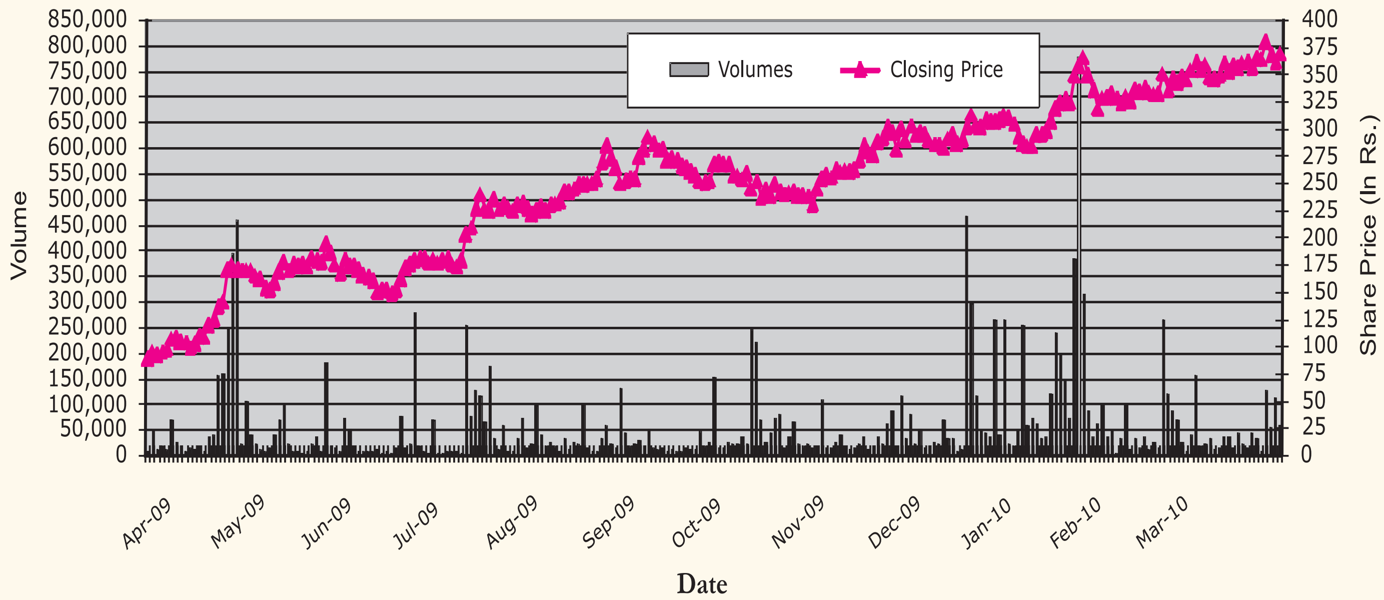
Karvy Computershare Private Limited
Unit: Infotech Enterprises Limited
Plot No. 17 to 24, Vithalrao Nagar,
Madhapur, Hyderabad-500081.
Tel : +91-40-23420818 & 23420828
Fax: +91-40-2342-0814
E-mail: madhusudhan@karvy.com / mohsin@karvy.com
Web: www.karvy.com

Mr. N. Ravi Kumar
Deputy Company Secretary
Infotech Enterprises Ltd.
4th Floor, A-wing, Plot No: 11
Software Units Layout, Infocity
Madhapur, Hyderabad - 500 081
Tel: +91-40 23124006
Fax: +91-40 66624368
E-mail: ravikumar.nukala@infotech-enterprises.com

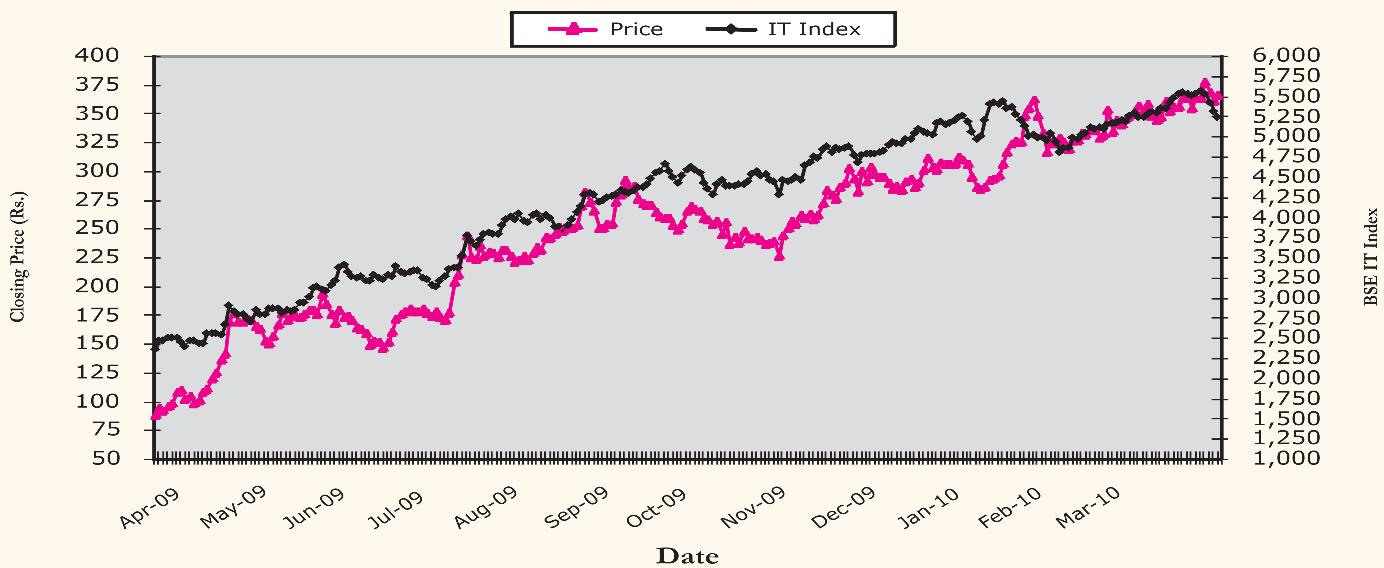
Transfer of shares in electronic form are effected through your depository participant. Please note that the Securities and Exchange Board of India has issued directives that trading in the scrip of the Company would be in compulsory demat form by all investors w.e.f. August 28, 2000. General correspondence regarding shares may be addressed to the Company's Registrars, Karvy Computershare Private Limited, or to Mr. N. Ravi Kumar, Deputy Company Secretary of the Company.

Share Price Movements

Share Price Movements on The NSE from 01/04/09 to 31/03/10



Stock Price Movements Closing Price (BSE) Vs BSE IT Index 01/04/09 to 31/03/10



Infotech Management cautions that the stock price performance shown in the graphs above should not be taken to be indicative of the potential future stock price performance.

Shareholders/Investors Queries may be addressed to :

Mr. Sudheendhra Putty
Company Secretary
Infotech Enterprises Limited
4th Floor, 'A' Wing, Plot No: 11, Software Units Layout,
Infocity, Madhapur
Hyderabad - 500 081, India
Tel: +91-40 2312 4006
Fax: +91-40 6662 4368
E-mail: sudheendhra.putty@infotech-enterprises.com

Queries relating to financial statements of the Company may be sent to :

Mr. Sundar Viswanathan
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: sundar.viswanathan@infotech-enterprises.com

Global Presence

Technology Centres

India

Infotech Enterprises Ltd.
11, Software Units Layout,
Infocity, Madhapur,
Hyderabad - 500 081.
Tel: +91-40-23110357
Fax: +91-40-23110352

Infotech Enterprises Ltd.
Plot No. 2, IT Park,
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Hyderabad - 500 032.
Tel: +91-40-23139100
Fax: +91-40-23007340

Infotech Enterprises Ltd.
Katyayani Hi-Tech Complex,
13-1-61/64, Surya Rao Peta,
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Kakinada - 533 001.
East Godavari District, A.P.
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Infotech Enterprises Ltd.
'Infotech IT Park,
Plot No. 110 A & 110 B,
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Hosur Road,
Bangalore - 560 100.
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Infotech Enterprises Ltd.
B-11, Sector 63,
Noida - 201 301.
Tel: +91-120-4161000

USA

Infotech Enterprises America, Inc.
(A Subsidiary of Infotech Enterprises Ltd.)
330 Roberts Street, Suite 102,
East Hartford, CT 06108.
Tel: +1-860-5285430
Fax: +1-860-5285873

Infotech Enterprises Electronic Design Services Inc.
(A Subsidiary of IEAI)
1190 Saratoga Avenue,
Suite 110, San Jose, CA 95129.
Tel: +1-408-213-0370
Fax: +1-408-213-0376

Daxcon Engineering Inc.
(A Subsidiary of IEAI)
5607 South Washington Street
Bartonville, IL-61607
Tel: +1-309-697-5975
Fax: +1-309-697-5976

Offices & Subsidiaries

India

Infotech Geospatial (India) Ltd.
11, Software Units Layout,
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Hyderabad - 500 081.
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Fax: +91-40-23124098

Infotech Enterprises Information Technology Services Pvt. Ltd.
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Mumbai - 400 093.
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2470 Gray Falls Dr. #113,
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Fax: +1-703-3187224

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39293, Plymouth Road,
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First Floor West, High Holborn House,
52-54 High Holborn, London,
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Infotech Enterprises GmbH
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Almondsbury Business Park,
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Saint-Germain-en-Laye, France.
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Fax: +33-139-217680

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1103 Stavanger,
Norway

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Tel: +61-386054815
Fax: +61-386011180

Infotech Enterprises Ltd.
Level 3, 11-13,
Aird Street, Parramatta,
New South Wales, Sydney,
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Tel: +61-296339389
Fax: +61-296877620

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Infotech Enterprises Ltd.
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Auckland, New Zealand.

Dubai

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Dubai Airport Free Zone Authority (DAFZA),
P.O.Box 54713, Dubai.
Mobile: +971-50-6867045

Japan

Infotech Enterprises Japan KK
Level 11, Aoyama Palacio Tower,
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Minato-ku Tokyo,
Japan. Postal code: 107-0061
Tel: +81-3-57787686
Fax: +81-3-57787676

Singapore

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1 North Bridge Road,
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3333 Cavendish Blvd.
Suite 340, Montreal,
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Fax: +514-4890033

Malaysia

Infotech Enterprises Ltd.
Level 28, The Gardens South Tower,
Mid Valley City, Lingkaran Syed Putra,
59200, Kuala Lumpur

Infotech
Creating Business Impact

Infotech Enterprises Limited

Regd. Office: 4th Floor, 'A' Wing, Plot No: 11, Software Units Layout, Infocity, Madhapur, Hyderabad - 500 081

ATTENDANCE SLIP

Annual General Meeting on Wednesday, the 14th day of July, 2010 at 2:30 p.m.

Regd. Folio No.	
No. of Shares held	

***DP ID:**	
***Client ID:**	

Name of the Member	
Name of the Proxy	
Signature of the Member/Proxy	

I hereby record my presence at the Annual General Meeting of the Company held on Wednesday, the 14th day of July, 2010 at 2:30 p.m. at Bhaskara Auditorium, B.M. Birla Museum, Adarsh Nagar, Hyderabad - 500 063.

SIGNATURE OF THE MEMBER OR THE PROXY ATTENDING THE MEETING

If Member, Please sign here **If Proxy, Please sign here**

Note : This form should be signed and handed over at the Meeting Venue. No duplicate Attendance Slip will be issued at the Meeting Hall. You are requested to bring copy of the Annual Report to the Meeting.

** Applicable for investors holding shares in electronic form.*

Infotech
Creating Business Impact

Infotech Enterprises Limited

Regd. Office: 4th Floor, 'A' Wing, Plot No: 11, Software Units Layout, Infocity, Madhapur, Hyderabad - 500 081

PROXY FORM

Regd. Folio No.	
No. of Shares held	

***DP ID:**	
***Client ID:**	

I / We ....
of ...., being a Member / Members of INFOTECH ENTERPRISES LIMITED hereby appoint .... of .... or failing him .... of .... as my / our proxy to attend and vote for me / us on my / our behalf at the Annual General Meeting at Bhaskara Auditorium, B.M. Birla Museum, Adarsh Nagar, Hyderabad - 500 063 to be held on Wednesday, the 14th day of July, 2010 at 2:30 p.m. and at any adjournment thereof.

As witness my/our hand(s) this .... day of .... 2010.

Signed by the said ....

Affix Fifteen Paise Revenue Stamp

NOTE: The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

** Applicable for investors holding shares in electronic form.*

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Our Manikonda facility

www.infotech-enterprises.com

Infotech

Creating Business Impact

Global Headquarters: Infotech Enterprises Ltd., Plot No.11, Software Units Layout, Infocity, Madhapur, Hyderabad – 500 081, India.
Tel: +91-40-2311 0357 Fax: +91-40-2310 0857

• Creating Business Impact • Providing Expert Solutions • Delivering Quality Consistently • Building Partnerships Globally

India • USA • UK • Germany • Canada • The Netherlands • France • Norway • Dubai • Singapore • Malaysia • Japan • Australia • New Zealand

designed by: mindset