



# Being different

is tough. That's why most people choose to be normal.

How a differentiated positioning is enhancing Infinite's revenues and profits in a competitive marketplace.



Infinite Computer Solutions (India) Limited  
Annual Report 2011-12

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# Different positioning. Different results.

In a year marked by an economic slowdown globally, the Indian software industry grew 16.30%, which was 240 bps lower than the growth rate reported in the previous year.

In this challenging environment, Infinite Computer Solutions (India) Limited reported a 20% increase in revenues and 13% growth in profit after tax.

This counter-industry growth was achieved as a result of a consciously differentiated positioning, strategic direction and operational implementation.



# Infinite is different because... it addresses large multinational customers across multi-year projects.

In the conventional space of the IT industry, a number of vendors select to work with relatively small customers to start with and then grow with their customers across the long-term.

At Infinite, we are different.

Over the years, our business strategy has been directed at engaging with large multinational companies with significant and growing IT spends, completing our assignments with speed and effectiveness, acquiring a growing

share of the customer's multi-domain spends and, entering into large multi-year contracts. Thereafter, we leverage successful references to engage with other companies.

These longstanding engagements have been derived from the delivery of services that are core to our customer's existence, sustained by the largeness of the customer's IT spends and our deep domain understanding that makes it difficult for our blue-chip customers to switch vendors.

Infinite's eight largest customers averaged unbroken relationship tenures of 6 years with the Company. Nearly 95% of our revenues in 2011-12 were derived out of repeat engagements with long standing customers, indicating that the Company delivered increasing customer value and confidence.

*Enhancing revenue visibility.*



## Infinite is different because... its income model is largely different.

In the conventional space of the IT industry, most companies market their services around a wage arbitrage proposition.

At Infinite, we are different.

Over the last few years, Infinite has extended its revenue mix from a wage arbitrage approach to a transaction-linked strategy. The latter approach revolves around an ability to strengthen the customer's business and share in the revenue upside.

In this latter arrangement, we first lease the customer's service platform across a

number of years, reducing the fixed costs and strengthening the customer's competitiveness. We then upgrade the platform for commercial benefit and graduate beyond the conventional fixed fee arrangement to a growing share of the customer's revenue upside. Finally, we launch more products around this platform and extend this successful proposition to other companies.

This arrangement is already a reality. For instance, in 2010, one of the largest global telecom companies licensed its MMS-SMS platform to Infinite. In two years, the engagement translated into

attractive benefits: we reported an uptime of 99.999 %, we added functionalities and features, we strengthened the platform's robustness and generated maintenance revenues coupled with a share of the increased MMS-SMS revenues.

The result of this strategy is that Infinite's revenues from income sharing increased from 7% of topline in 2009-10 to 16.5% in 2011-12.

***Strengthening margins.***



## Infinite is different because... it is not really an Indian company.

In the conventional space of the IT industry, the offshoring model is generally associated with Indian companies.

At Infinite, we are different.

Over the last decade, we have evolved from a US company of Indian origin to one that is intrinsically Indo-American in mindset and manning.

Most Indian IT companies chose to send Indian IT engineers from India to work in technology or customer-interfacing positions at onsite locations. However, Infinite chose to recruit from the local geographies of its presence.

The result is that nearly 30% of the

Company's employees are non-Indians, the highest such proportion among mid-sized IT companies headquartered in India. This non-Indian component comprises professionals located in Singapore, Malaysia, China and USA.

Over the years, we have leveraged a hybridized onsite-offshore model compatible with this pan-global manning. This sizable Infinite presence in onsite locations comprises of account manager, onsite delivery team and a delivery engagement manager. The complement of these three segments, engage with the customer's relevant departments to ascertain service efficiency and provide solutions at the

customer's premises. This onsite presence is generally supported by an entire delivery line dedicated to the client at Infinite's offshore location. As a result, 64.8% of the Company's revenues in 2011-12 were derived from onsite locations.

This pan-nationality presence also makes Infinite a progressively global organization, enhancing client comfort with an international face in the various locations of its presence. The result is a differentiated business strategy in two sentences: 'Next to you vendor' and 'Intellectual value proposition'.

***Reinforcing client comfort.***





## Infinite is different because... it provides mission-critical services.

In the conventional space of the IT industry, a number of companies are engaged in providing services that are peripheral to their customers' existence.

At Infinite, we are different.

We are engaged in providing solutions that are core to the existence of our customers as distinct from the commoditized end of the international IT business. These core solutions play a

direct role in facilitating an increase in the customer's competitiveness and revenues. For instance, for one large client in USA, we provide solutions that support their switching equipment; for a US healthcare major, we developed and maintained a platform that delivers services to their customers; for a large telecom company, our platform solutions have enhanced messaging revenues.

At Infinite, we believe that these core solutions translate into a distinctive domain understanding that makes it possible to beat the generic end of a competitive marketplace.

The result is that the Company reported an increase in EBIDTA margin by 64 bps to 17.4% in 2011-12.

**Strengthening shareholder value.**

A person in a dark suit and light-colored shirt is shown from the chest down, holding a glowing blue globe. The globe is surrounded by a network of white lines and dots, representing a global network or data flow. The background is a soft, out-of-focus light.

# Infinite is a different IT company.

**Global in manning as a priority.  
Addressing core services as a focus.  
Engaging with customers multi-year  
as a strategy.**

The result is a 29% revenue growth and a 38.23% profit growth compounded in the three years leading to 2011-12.



### Vision

Delighted customers... proud employees!

### Mission

Maximize value for customers by delivering high quality solutions and services; driven by Intellect, Innovation and Integrity; in a fun, and healthy environment

### Values

- Ignite – Thought, leadership, passion and innovation
- Nurture – A positive and creative environment for holistic development of human capital
- Foster – Freedom of thought, expression and action
- Inspire – Integrity and strength of character in interactions with customers
- Challenge – The individual and we the team, to achieve excellence
- Support – Social causes through compassion and collaboration

### Who we are

Infinite Computer Solutions (India) Limited is a global service provider of Application Management, Infrastructure Management, Product Engineering Services as well as Mobility and Messaging Solutions in the telecom, healthcare, media and content, energy and utilities, and BFSI verticals. Infinite Computer Solutions was founded by Sanjay Govil and commenced operations in 1999-2000. The Company went public in 2010 and was oversubscribed 36 times.

### What we do

The Company provides services comprising Application Management Outsourcing, Packaged Application Services, Independent Validation and Verification, Product Development and Support as well as value-added offerings like Managed Platform Services and Product Engineering Services.

### Clientele

The Company's clientele comprise

leading global entities. We provide these clients with IT services, Infrastructure Management and IP initiatives, positioning ourselves more as a strategic business partner than a mere technology vendor. More than 85% of the customers were delighted with our service in 2011-12.

### Capabilities

The Company's integrated network of delivery facilities across India is complemented by onsite, offsite and near-shore capabilities in major international markets.

### Respect

The Company was rated the fifth 'Best Employer in India – IDC-DQ Best Employer Survey 2010' with an attrition rate less than the industry average.

### Presence

The Company has offices in India, US, UK, China, Malaysia and Singapore. We provide customer solutions through five delivery centers in India.



# Our journey.

**2000:** Commenced operations in New Delhi

**2001:** Inaugurated Bangalore Development Centre • Commenced operations in USA

**2002:** • Assessed at ISO 9001:2000  
• Assessed at SEI CMM Level 3

**2003:** • Assessed at SEI CMM Level 5  
• E&Y 'Entrepreneur of the Year Award for Sanjoy Govil' • Ranked among NASSCOM's 'Top 20 Indian IT Companies'

**2004:** • Received funding of USD 6 million from White Rock Investments (Mauritius) Limited • Initiated operations in UK • Received Deloitte and Touché Fast 50 Award • Allotted 4.48 acres at KIADB in EPIP Zone at Whitefield, Bangalore

**2005:** • Assessed at CMMi v 1.1 L5  
• Inaugurated Whitefield campus in

Bangalore • Commenced operations in Malaysia and China • Ranked among 'Deloitte Technology Fast 500 Asia Pacific Winners' • Listed in 'Offshore 100' in Neo IT 2005 Offshore 100 study

**2006:** Commissioned a development centre in Hyderabad

**2007:** • Certified for ISO 27001:2005  
• Recertified for ISO 9001:2000  
• Recognized as one of the 'Top 100 Global Outsourcing Professionals (IAOP)' • Recognized as one of the 'Top 10 Global Telecom Outsourcing Providers' in by the International Association of Outsourcing Professionals (IAOP)

• Provisional allotment of 4.85 acres from HUDA for IT SEZ at Kokapet, Hyderabad

**2008:** Acquired Comnet International, a US-based telecom solutions provider

**2009:** • Set up a development centre in

Gurgaon • Recertified for ISO 9001:2000

**2010:** • Assessed at SEI CMMi V1.2 Level 3 • Listed on Bombay Stock Exchange and National Stock Exchange of India

**2011:** • Recertified for the upgraded version of ISO 9001:2008 • Ranked fifth in the 'IDC-DQ Best Employer Survey'

**2012:** • Listed in 'Forbes Asia 200 Best Under a Billion' • Launched messaging product suite in the US public safety market • Signed global IT outsourcing contracts with F1000 financial, information management, insurance, media and utility companies in the US  
• Entered APAC markets for messaging with a Japanese service provider

• Recertified for TI9000 • Set up SEZ facility in Whitefield, Bengaluru

## Differentiation pays.



# The strengths that make Infinite a different company.

## People

Nearly 30% of the Company's employees are based outside India (1,358 as on 31 March 2012), emphasizing its global character. Of the total headcount of 3,988 at the close of 2011-12, 2,630 were based out of India.

## Gearing

The Company had no net debt on its books at the close of 2011-12 coupled with a net worth of Rs 5.08 billion. The Company's 29% CAGR revenue growth in the three years leading to 2011-12 was funded largely through network.

## Cash pool

The Company enjoyed a cash pool (cash and cash equivalent) of Rs 1.50 billion (cash plus equivalents less book OD) at the close of 2011-12. The Company was free cash flow-positive in six of the last eight quarters ending 2011-12.

## Promoter's holding

Nearly 66% of the Company was owned by the promoter and 10% by its employees as on 31 March 2012.

## Bad debts

Despite Rs 10.55 billion of revenues in 2011-12, there was no bad debt on the Company's books on account of its working with large credible customers (the write-offs made in 2011-12 pertained to sales made more than three years ago).

## Revenue visibility

75% of the Company's revenues in 2011-12 were derived from customers older than three years or more. The multi-year engagement model enhanced revenue visibility.

## Diversified

No service offering - out of the four of the Company - accounted for more than 60% of the Company's revenues in 2011-12.

## Value-added

The proportion of revenues derived from value-added services (IP Leveraged, Product Development and messaging business) was around 16% in 2011-12 and growing in volume.

## Client ramp up

The number of clients generating annual revenues in excess of USD 1 million increased from eight in FY 07 to 17 in FY 12; the number of clients generating USD 20 million or more increased from two in FY07 to four in FY12.

## Profitability

Revenues grew from USD 85 million to USD 221 million at a CAGR of 27% in the five years leading to 2011-12; margins grew faster from USD 6 million to USD 38 million at a CAGR of 59%.

## Business transformation

The Company transformed its AMS business from T&M to value-added and differentiated services like PES and IMS in fixed bid cum revenue sharing / outcome-based engagement; 40% of the business were derived from non- ADM services.

## Transparency

The Company announced a stated dividend policy at 30% of PAT. The Company returned Rs. 0.49 billion cumulatively to shareholders as dividend since its IPO in 2010 (including the

proposed dividend of Rs 4.50 per share approved by the Board as final dividend for FY 12 but which will be paid out after the AGM).

## Buyback

The Company completed a buyback of 1.4 million shares at average price of Rs 116.44 within seven months of announcing the buy back for a total outlay of Rs 0.16 billion.

## Strong domain knowledge

The Company's services range from conventional IT services to value added services (telecom infrastructure management, managed platform services and intellectual property-leveraged solutions), representing revenues from stable and emerging domains.

## Strengthen customer businesses

The Company's positioning is not merely a successful project; we engage in timely and effective projects that enhance the competitiveness of our customers, measured by an increase in their revenues, profits and market share.

## Intellectual property-leveraged solutions

The Company has been focusing on an increased share of revenues from intellectual property-leveraged solutions apart from linear revenues (Application Development and Maintenance) which constitute over 58% of the entire revenues.

## Managing Director's statement



*Dear Shareholders,*

I write with great pleasure to share with you the performance and the outlook of your Company. The Financial Year 2011-12 was an exciting year for Infinite as we passed the significant milestone of Rs. 10 billion and continued to consolidate our differentiated position in our target market place.

As we continue on this exciting journey, I would like to take this opportunity to thank you on behalf of the board of directors, the leadership team and the entire Infinite family for your support and confidence in us that has enabled us to complete another successful year.

This continued high growth performance at a time of global slowdown has been the result of our strategic clarity, responsiveness to an evolving market landscape and ability to reinforce our niche position, rather than play in the broad sector. Your Company, over the last many years, has developed a differentiated position for itself with large global clients by successfully positioning itself as an alternate service provider to some of the larger IT companies from India. We have been able to do that by deploying flexible and innovative business and engagement models, leveraging our core competencies and expertise in specific technologies and domains, having a US based sales, account management and delivery teams and using our culture of agility, innovation and integrity. This success has been demonstrated by a strong track record of sustained growth that your Company has built with large global clients who continue to expand their engagements with us.

Our continued focus on and successful multi-year, multi-million engagements with global corporations, has positioned your Company as a credible alternate service provider to Tier-1 IT companies from India.

Interestingly, even as our strengths - understood well by our large global customers - have translated into deep multi-year engagements, they still remain relatively unknown to most of our other stakeholders. For their enhanced clarity, I must articulate how our differentiated strategy will continue to generate growth higher than the broad industry average in a sustainable way.

The primary point that I wish to communicate is that Infinite has been a strategic first mover among mid-cap IT companies in some important respects.

**One**, while there is now a growing appreciation of how mid-cap IT companies possess a relative advantage over large IT companies in the delivery of niche solutions to large global corporates, Infinite has been engaged in doing precisely this for more than a decade. We have been able to establish our credentials of successfully engaging, across all our service lines, with marquee clients like Verizon, IBM, Fujitsu, Xerox, Alcatel-Lucent, Motorola /Nokia Siemens, Western Union, Iron Mountain and Tellabs amongst others. Our continued focus on and successful multi-year, multi-million engagements with global corporations, has positioned your Company as a credible alternate service provider to Tier-1 IT companies

from India. Infinite was listed in 'Forbes Asia 200 Best Under a Billion' in 2011-12, validating its respect as a credible alternate service provider.

**Two**, even though a number of IT companies selected to play their role as a vendor, Infinite established itself as an integral partner to large customers in the Telecom, Healthcare, Energy & Utilities, Media & Content and BFSI verticals through the delivery of core solutions, platforms and products. A testimonial of this fact is the success of the messaging platform that we acquired over two years back. This platform supports over 100 million subscribers and more than 700 billion messages per year. The criticality of this engagement, which is business critical to our clients, can be further gauged from the fact that the platform had to have an almost 100% availability given the nature of the consumer base.

**Three**, there is now a growing appreciation of Healthcare and Energy & Utility as a vertical with attractive opportunities (reference NASSCOM's report 'Alternate Business Models'). Your Company has been engaged in working with a large global healthcare company for more than four years, translating into deep domain understanding and cutting-edge technology competencies. At a time when a number of players are

only beginning to build skills in this vertical, Infinite is already leveraging its rich intellectual capital to capitalize on larger engagements across more customers.

**Four**, we perceived an opportunity to launch products a few years ago and the result was that during 2011-12, Infinite Convergence (subsidiary of Infinite Computer Solutions) launched next generation mobility and messaging products in the Telecom market place. This launch was the direct outcome of substantial investments made by us in product development and the transformational business opportunity secured from Motorola in the previous year. This differentiator will continue to translate into a higher non-linear revenue opportunity that will benefit Infinite in a substantial way and further enable us to differentiate ourselves in the market place.

**Five**, we realized very early that to stay ahead of the curve, we have to, in addition to the prevailing revenue models in the IT field, engage with our customers using high-margin, innovative risk reward, revenue sharing models, thereby enabling closer business alignment between customer's business and our own. This shift is being achieved via a combination of acquiring sustainable revenue

In spite of a difficult macro-economic environment your Company grew its revenue to Rs.10.56 billion (USD 220.7 million), a growth of about 20% in rupee terms and 14% in USD terms.

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generating customer IP in exchange for a revenue share model and our own investment in IP creation that we bundle in our service offerings. This ensured that the profitability of our business improves given that linear pricing mechanisms, which have been the standard pricing structures, have come under stress in today's competitive world. From a revenue-pricing model, we set a goal of achieving one-third of our revenue from IP-based revenue sharing models by financial year 2014.

**Six**, we partner large and SMB system integrators and seek platform and technology alliances with telecom OEMs to grow. We continue to build or acquire capabilities in disruptive technologies like cloud computing, mobility, messaging, optics, analytics and leverage partnerships with technology providers, which will help us improve our operating profits. In addition to organic growth, we will also strengthen our core capabilities and business through acquisitions of mobility and messaging solutions, switching and routing and IMS platform for SMB.

**Seven**, in a decade of our existence we learnt early that to build sustainable value we have to be truly global in nature, have leadership, account

management and delivery teams based close to the customer. We have multiple delivery centers in the US and close to one-third of our employees are based in the US; hired locally thus creating onshore delivery capability that is managed by Americans. With this capability, we have repeatedly managed our progress by anticipating our future, remaining alert to changing customer needs and emerging market trends and quickly aligning and constantly reinventing ourselves. Net result of all these initiatives is that your Company now has a strong portfolio of businesses and services, which is leading its growth and creating superior value over time.

Let me now share with you the highlights of the financial year 2011-12.

It has been a year of growth, consolidation and restructuring to create an organizational and business platform for sustained growth. I am happy to report that in spite of a difficult macro-economic environment your Company grew its revenue to Rs.10.56 billion (USD 220.7 million), a growth of about 20% in rupee terms and 14% in USD terms. Our operating profit increased 24.1% in rupee terms to Rs.1.83 billion and 18.1% in USD terms to USD 38.3 million. What was creditable is that we didn't just increase

our revenues, we strengthened our profitability as well: our EBIDTA margin increased 64 bps to 17.4%. We reported an earnings per share of Rs. 28.05 in 2011-12 compared to Rs. 24.4 in the previous fiscal. In doing so, your Company outperformed the growth of the Indian software sector by a factor of 5.2%.

At a time, when the global market landscape is grappling with macro-economic challenges marked by slower GDP and job growth across the developed and emerging markets, your Company by virtue of a strategic differentiation, has been able to acquire, retain and mine engagements with large customers and grow its share of the customers' IT spends. As a validation of this strategic approach, we won several marquee customers; some of these wins possess the potential to translate into large multi-year, multi-million relationships. We added 18 clients in 2011-12 across our focused verticals. Your Company's clientele with more than USD 5 million revenues grew 66.67%; the 10 largest clients accounted for 89% of overall revenues, compared to 92% in the previous year. The revenue share across our top ten clients continue to become more broad-based thus reducing the client concentration risk.

The global economy in general and the IT industry in particular have changed significantly in the past few years, requiring us to align our business strategy with the core needs of our clients. We are on the threshold of yet another breakthrough in our journey towards enhanced customer value. We unveiled the Infinite 2.0 Strategy to reinforce our position as the best place to work in and focus on the Infinite Stars (Enterprise Mobility & Messaging, Switching & Routing, Technical Support Services for SMB, Enterprise Analytics and Innovative Business Models). We believe that the new strategy and structure will expand our global market through stronger strategic partnerships with our clients and increase our relevance in all facets of their enterprise.

Your Company, as part of its ongoing strategic initiatives to help in sustaining its value creation potential for customers, employees and shareholders, this year also restructured the organization, invested in new growth areas and development of Intellectual Property, further strengthened its existing growth engines, restructured some of the business units and significantly expanded the leadership team by hiring key leaders in the US and India.

During the year under review, we

engaged in two initiatives to strengthen the delivery of shareholder value. We completed the buyback of shares at an average price of Rs 116.44 per share following the deployment of Rs 0.16 billion. This caused our equity to shrink from Rs 0.43 billion to Rs 0.42 billion. We also formalized a dividend payout policy at 30% of our post tax profit. As a result, our dividend outflow increased from Rs. 0.13 billion in 2010-11 to Rs 0.36 billion in 2011-12 without dividend distribution tax.

Looking ahead, we are excited about the market opportunities; the outlook for growth for the Indian IT industry looks strong and Infinite is well positioned to grow ahead of the industry average. We will continue to focus on engaging with large global clients, position ourselves as the alternate service provider by leveraging our track record and our broad portfolio of services and Intellectual Property leveraged differentiated business models. Our goal is to build a high growth company that is admired globally. We will continue to strive to live up to our vision of Delighted Customers; Proud Employees, with a degree of excellence that has shaped us, strengthened us and distinguished us.

The combination of Infinite's strong order book, opportunity pipeline and

client diversity provides me with the confidence that our performance in financial year 2012-13 will continue to be strong. On the back of this confidence, we have given a revenue guidance of Rs. 13.8 billion, which signifies a growth of about 30% in rupee terms. At the operating and net profit level, we are confident of achieving a growth of 20% in rupee terms while maintaining the operating margin at 16% of the revenue.

I believe that the strategies that we have put in place and the investments made in our people, processes, technology will continue to deliver attractive returns. I would like to place my gratitude to customers, shareholders and employees who have supported us at every stage of our journey with the expectation that this support increases as we move forward.

Regards,

**Upinder Zutshi,**  
*Managing Director & CEO*

## Application Management Services

Revenues, 2011-12:  
Rs. 7.19 billion

Proportion of the  
Company's revenues: 68%

Infinite's Application Management Services (AMS) division has been providing solutions for management, development and maintenance of IT applications for Fortune 500 and 1000 clients. Our technology-led offerings, which are core to our technology solutions include Enterprise Analytics, Service-Oriented Architecture (SOA), Quality Assurance (QA) & Performance Engineering as well as Enterprise-class Solutions, result in higher margins and growing engagements. These contribute to a non-linear growth in our AMS revenues. Our services-led offerings are domain-centric and built around our focused verticals. These are typically annuity based and give us a deeper domain expertise in addition to being multi-year engagements. This contributes to linear, head-count driven growth in our AMS revenues.

AMS registered a divisional revenue growth of 20% from Rs. 5.99 billion in 2010-11 to Rs. 7.19 billion in 2011-12 coupled with margins growth derived from increased efficiency.

### Differentiators

- A combination of technology solutions have led aggressive non-linear growth with a services-led linear growth model
- We provide at the client, with the client and for the client conveniences – two in a box account and delivery engagement
- Our 'Farmers and hunters' sales model helps increase our share of the customer wallet while adding new logos
- Our disruptive, skin in the game commercial model has helped grow the business

AMS is focused on advanced technological competencies, providing solutions across five growing verticals – Telecom, Healthcare, Energy & Utilities, Media & Content, and BFSI. Over 2011-12 we have focused on differentiating ourselves further through technology solutions built around specific competencies – Enterprise Analytics, Service-Oriented Architecture, Quality Assurance (QA) & Performance Engineering as well as Enterprise-class Solutions.



“ Our division expects to sustain revenue growth, increase the proportion of differentiated services to 60% of the division’s revenues and enhance customers by 15% with a corresponding growth in the share of their spending. ”

– Bharath Kalyanram – Chief Delivery Officer, AMS

In the area of Enterprise Analytics, we leverage our BI & DW insights to aggregate dispersed data residing within companies to facilitate informed decision making.

Our Service-Oriented Architecture has been developed as a solution for companies that have significant complexity with high costs of maintaining and supporting their growing needs. SOA makes it possible to simplify the overall architecture of such systems resulting in easier maintenance, scalability and lower overall cost of supporting the reengineered application.

Our QA and Performance Engineering Services offer multiple solutions to

customers ranging from Testing and Certification services to Automation Capabilities and high-end Performance Engineering solutions. This is a vital part of the software development process that customers are realizing is a critical component of managing and providing their customers with high quality end-products and services.

Infinite’s Enterprise-class solutions include those for the textile, garment and leather industries, based around an ERP platform. The company has partnered with Datatex to build a customized platform, which is reinforced by the experience of having delivered multiple solutions in India and Asia-Pacific.

### Road ahead

We are engaged in the development of solutions leveraging disruptive technologies such as Mobility, Social Media and Big Data. This experiential computing paradigm makes it possible to create an integrated computing experience for the end-user. A monetization of this new offering is planned for 2013-14 onwards.

Our optimism is driven by the fact that customers are far more outcome-driven and partnership-focused now, which plays directly to AMS’ strategy of technology solutions and services differentiators. This positions us as a partner of choice.

### CASE STUDY

A large US Medicaid management company was providing services to various State Governments. The Company was challenged by the need to reduce time-to-market and implement the solution to enhance the customer experience in a competitive marketplace. Infinite engaged with this company to implement Medicaid Information Services at first and then graduating to becoming its technology partner by working on modernizing their core services platform. This strengthened the customer’s value proposition, strengthening its market status and share.

## Infrastructure Management Services

Revenues, 2011-12:  
Rs 1.65 billion

Proportion of the  
Company's revenues: 15.6%

### Overview

Infinite's Infrastructure Management Services (IMS) over the past five years has helped us build capability and capacity in this high-growth area.

Over the years, we have not only developed world-class infrastructure across delivery locations, we have been able to gain strong, reference-backed experience in delivering large-scale complex IMS projects and support for Fortune 100, 500 and 1,000 companies. This has allowed us to rapidly expand our service offerings to clients worldwide.

IMS registered a revenue growth of 49.5% from Rs. 1.14 billion in 2010-11 to Rs. 1.65 billion in 2011-12 and completed a three-year multi-million dollar BOT project for a global services company, a global reference and case study.

### Differentiators

- Focus on opportunities among medium-sized businesses in addition to large companies due to low competition, a high proportion (nearly 20%) of customer spending on technical support services, the critical need for specialized 24x7 support that cannot be developed in-house and a growing willingness to outsource without increasing payroll.
- Extends beyond the conventional wage arbitrage approach. The IMS service delivery platform is built on the best IT Service Management practiced at ITIL.
- Infinite helps clients optimize their IT infrastructure, providing a more efficient IT operational environment and reducing fixed costs, while improving service levels. Our comprehensive Infrastructure Management Services



Our division expects to strengthen its engagements in 2012-13 due to a new cloud-based managed tech support service focused on both the enterprise and consumer IT Segments.

- Doug Fallon - SVP & Business Head, Infrastructure Management Services



simplify and integrate the management of our client's desktops, servers, applications, databases and network components by offering visibility into the entire enterprise.

- We are among the youngest emerging mid-segment IT players to plan ahead of the curve in the RIM and Technical Support Services market across multiple verticals. We have enabled several large global organizations to successfully reduce their total cost of ownership, bringing predictability of operations cost, standardization of operations and support processes maximizing the return on investment. The rationale for our growing presence is also based on the segment (Technical Support

Services) accounting for USD 22 billion in global expenditure with USD 5 billion declined through remote operations and expected to grow at 10% per annum.

Our offerings include conceptualization, design, implementation management and support of IT with service offerings spanning across the technology lifecycle.

Our services offer the following value proposition to our clients:

- Service Catalogue-based approach supported by ITIL
- Integrated Service Model to further reduce client operation costs
- Well-defined standards,

methodologies and processes aligned with globally accepted frameworks, ensuring minimal business disruption

- Seasoned expertise in various service industries to provide tailored IT Infrastructure Management Services

### Road ahead

- Launch a new cloud-based managed services offering called iTASS (Infinite Tech Support As a Service)
- Improve focus on opportunities coming out of mid-sized companies
- Enhance the division's visibility as a technical services brand

### CASE STUDY

One of our clients (who also happened to be our partner) had a challenging requirement: an urgent need to scale headcount. The question asked was: 'Can Infinite provide 500 people in the technical support segment in three months?' We leveraged our longstanding insight into people recruitment, training and appraisal, addressing the customer's demanding requirements. The result was an increase in revenues for the Company and its partner, which in turn helped increase our revenues.

## Product Engineering Services

This business unit was spun-off from Product & IP Leveraged Solutions.

### Overview

Over the years, the Company evolved its revenues to an IP-based revenue sharing model. In this business-spun off from Product & IP Leveraged Solutions – the Company provides IP-led services that help customers reduce costs and enable a vendor-partner like Infinite to share in revenue upside arising from the prudent deployment of solutions. The Company selected to focus on telecom OEM/ISVs, service providers, content distribution enterprises, healthcare providers and technology companies through this revenue-sharing business model.

### Differentiators

- The Company provides the combined value arising out of innovation, collaboration and service excellence. In doing so, it emerged as a preferred strategic partner for telecom R&D and a knowledge partner, accelerating the development of advanced

communication technologies and products.

- Infinite is one of few mid-sized companies with the competence to test, design and deliver 99.999% reliable products, the hallmark of its quality service.
- Infinite is one of few companies to enhance the product of its customers and provide services around it.
- Infinite's deep understanding of technology and the client's business model makes it possible to share the client's revenue risk – upside and downside.

### Strengths

Trusted partner: Consolidation and mergers are being driven by leading telecom equipment manufacturers (TEMs), creating challenges in integrating technology and product lines. TEMs are increasingly seeking to



Our division expects to add new revenues from this segment in 2012-13 with a strong focus on telecom product engineering and digital media services.

- KS Rao - SVP & Business Head, Product Engineering Services



market services, and products for which it requires strategic partners. Infinite's R&D services provide a combination of innovation, domain knowledge and excellence in services delivery.

**Enhancing portfolios:** The Company possesses a rich experience in offering telecom R&D expertise in legacy and next-generation technologies. It enjoys multi-year relationships with both Tier-1 and Tier- 2 TEMs. Its comprehensive range of competencies and solutions cover the width and depth needed by TEMs to succeed. From a competence in high-level applications to core routers and switches, the Company's expert teams and extensive services portfolio helps TEMs gain time, cost and quality advantages.

**Diverse offerings:** The Company's end-to-end integrated offerings include turnkey implementations, system integration and concept-to-field

implementation. Its service offerings like infrastructure management and business process outsourcing encompass all elements of the telecommunications ecosystem.

**Telecom presence:** The Company's significant presence in the telecom service provider space positions it as a prospective TEM/ISV partner. The Company leverages its reputation as a pioneer of multiple products, sustaining programmers around an attractive risk-reward model. The Company's outsourcing strength involves complex lab transitions/re-badging and white labeling

### Key highlights, 2011-12

Added three top-tier clients; tested and delivered end-to-end product development and services.

Created dedicated labs for customers to conduct detailed testing, multi-vendor

interoperability, automation and remote product testing.

Added more than five clients in the telecom business, generating high revenues.

### Road ahead

The business will continue to focus on telecom product engineering and digital media services while entering the segment of mobile application development. It expects to increase the local content in telecom gears which represents a good opportunity for new product introduction; it expects to increase its focus on testing services to capitalize on the mobile data revolution, climb the value chain by extending deeper into its core verticals, engage in revenue-sharing arrangements with a larger number of clients and diversify and explore new product engineering solutions (industrial, automotive and energy).

## Mobility Solutions

This business unit was commissioned in 2011-12

### Overview

Infinite Convergence Solutions (referred to as Convergence) was formed as a result of a strategic alliance between Infinite and Motorola (now Nokia Siemens Networks). Infinite acquired Motorola's messaging product solutions in order to reproduce and prepare derivative works of the product for the messaging market; including Motorola and other third parties.

Convergence enables messaging for 130+ Million subscribers globally; delivering over 900 Billion messages annually. The subsidiary structure allows Convergence the ability to combine the benefits of a young entrepreneurial company with the experience, quality,

and impeccable delivery associated with an established brand.

Convergence provides innovative and cutting-edge products supporting the needs of next-generation wireless communication and enterprises worldwide. Its comprehensive Messaging Product Portfolio includes the Rich Communication Suite (RCS) the Public Safety Multimedia Messaging Solution, the Personal Messaging Cloud (PMC), Enterprise Messaging Services, the Converged Messaging Solutions, the Multimedia Messaging Service Center, the Short Message Service Center, and the Short Message Service Gateway. The Company's products are deployed in Tier 1 and Tier 2 mobile operators globally.

### Differentiator

Convergence's leading edge technology creates demand in market place for its products and services. Its proven track record, expanding product portfolio and ability to project future trends allows Convergence to take full advantage of the mobility market place.

### Strengths

Value-added services: The Company's messaging solutions provide forward and backward compatibility between 2G, 3G, and 4G networks. Infinite's flexible messaging solutions can operate solely as a 4G solution and inter-operate

with a carrier's existing 2G and 3G solution, or can provide all of the 2G, 3G, and 4G messaging capabilities. With its flexibility and market leading performance, Convergence has the right solution in the right market.

Technology Leadership: There has been significant buzz in the market place about the unique feature of its RCS offering. Convergence's RCS allows for full product functionality in both an IMS and IMS-less core network environment.

Quality products: Convergence's products are deployed in demanding environments with proven 5+ nines availability and, guaranteed delivery. The Company enjoys a strong history of quality products; its mobile messaging products and solutions support a range of mobile technologies including CDMA, GSM, LTE and IMS; The Company was one of the first to deploy messaging on an LTE network.

Hybrid platform: The Company's messaging solutions are scalable and support platforms ranging from the high volume ATCA (Advanced Telecommunications Computing Architecture) standard to the scalable Cloud Application-based platform. The platforms offer geographic redundancy, zero downtime during upgrades, high capacity and, a small footprint.

Feature rich products: Convergence has



Convergence strives to drive growth by adding incremental value to its customers and leveraging global organizational synergies to create an environment of innovation that fuels our expanding product portfolio.

- Anurag Lal - Chief Executive Officer, Infinite Convergence Solutions



a robust product roadmap to meet the needs of the evolving messaging market place. Its standards-based products have an extensive up-to-date feature set to provide the client with the tools needed to be successful.

**Experienced team:** Convergence has an experienced management team with a history of success. Each member of the leadership team has the skill and track record of growing the companies that they have supported.

**Industry recognition:** Convergence has received numerous recognitions in the marketplace. It was recognized at the Cellular Telecommunications & Internet Association (CTIA) Emerging Technology Award for its Public Safety Multimedia Messaging Solution. The CTIA Emerging Technology Award is designed to give industry recognition and exposure to the best wireless products and services. Convergence was also nominated for the Mobile Merit Awards and the Hot Technology award for its Personal Messaging Cloud. The Mobile Merritt award recognizes the excellence achieved in the global mobile industry

and the Hot Companies and Technologies Award honors achievements and recognitions in every facet of the IT industry.

### Highlights

- Hired experienced industry leader Anurag Lal as CEO of its Infinite Convergence business.
- Selected to provide the messaging capability for the Public Safety Solution being deployed by the largest provider of Public Safety Infrastructure in North America.
- Expanded its leadership team to include John Puma as Vice President of Product Management, Brock Killen as Vice President of Finance and Business Operations, Chee Leng Loy as Regional Vice President (APME) and, Anjana Arora as Vice President of Marketing.
- Convergence's Multimedia Messaging Service Center (MMSC) was chosen by one of Asia's largest wireless carriers for MMS service
- Achieved its TL9000 certification. TL9000 certification demonstrates

Convergence's strong commitment to quality management for the design, development, production, delivery, installation and maintenance of products and services.

### Road ahead

- Increase market penetration for the GSMA compliant Rich Communication Suite.
- Launch the Personal Messaging Cloud Platform allowing message synchronization between several devices seamlessly.
- Offer Enterprise Messaging Services to enterprises of all sizes.
- Continue leveraging channel partners to increase penetration of the carrier market.
- Publicize the technology leadership of Convergence's products and services.
- Maximize cross-functional and cross-continental organizational synergies to drive teamwork, productivity, efficiency and innovation.

### CASE STUDY

A leading Tier-1 carrier in Asia, operating a proprietary legacy-based messaging service, needed a standards-based MMS capability to offer its iPhone users. Convergence was awarded this contract from a field of five leading global mobile technology vendors. Convergence worked closely with a channel partner to customize its MMS platform and seamlessly integrate into the carrier's existing offering. It delivered the MMS solution based on cloud architecture within 30 days of order placement, allowing the carrier to meet its aggressive launch target of Q1 2012. Convergence's MMS solution is a proven high-capacity offering providing commercial service within the carrier's network with usage ramping 50% daily.

## Intellectual Capital

3,988 employees  
(as on 31 March 2012)  
from five nationalities

### Overview

At Infinite, we recognize that the competence of our people enhances our competitiveness. The more we recruit the talented, inspired and the competent, the more successful our Company will be in a competitive marketplace.

We have a fair record to report in this regard: even as the number of employees increased 68.27% from between 2008-09 and 2011-12, our revenues increased 109.32% and our profit after tax strengthened 156.40% during the same period. This positive divergence was the result of focused recruitment, training, job allocation, project management, ongoing motivation and professional systems leading to predictable delivery.

Infinite's organizational culture is marked Infinite Values (INFICS) - Ignite thought, leadership, passion and innovation; Nurturing a positive and creative environment for the holistic development of human capital; Fostering freedom of thought, expression and action; Inspiring integrity and strength of character in interactions with customers; Challenging the individual and we the team to achieve excellence; Supporting social causes through compassion and collaboration.

The result is a happy workplace,

delivering customer delight and a continuous improvement in performance.

### Differentiators

- Infinite's i-Verve program is a continuous program driven and managed by employees; this daily 4 to 6 pm de-stressing represents an incentive for people to work and enjoy at the workplace; Infinite's i-engage comprises a number of program; Infinite's flexible work hours enhances motivation without compromising workplace productivity.
- The Company's ESOP translated into an 8.81% ownership of the Company's stock by employees.

### Strengths

- Our HR function is structured around the predominant need to accelerate the growth of our various service offerings in a sustainable way.
- Our HR function focuses on enhancing 'fun at work' as the foundation of all people-driven improvements – if there is no fun at work, there will be no motivation to do things in a better way.
- Our people development initiatives are directed at enhancing people development by upgrading individual skills, behavioral development,



Our employee recognition initiative represents a combination of informal and formal acknowledgement of a person's/team's performance that supports organizational goals and values.

leadership and management leading to organizational growth.

### Employee development programs

At Infinite, we enhance employee motivation through the following initiatives:

**Culture:** We focused on unique people management initiatives, reinforcing Infinite as a 'great' non-hierarchical and open work environment.

**Employee recognition:** Infinite offers employees a positive 'happy' workplace. Our employee recognition initiative represents a combination of informal and formal acknowledgement of a person's/team's performance that supports organizational goals and values. This is captured through awards like the Eagle of the Year, Star Performers, Best Project/ Best Department Awards, Best Quality Person of the Year and other recognition initiatives.

**Employee reward program:** The I-inspire team covers mentoring, management development programs and assessments (360 degree feedback analysis) based on the competency framework. The learning and development initiatives are conducted through 'e-learning' methods

**i-Verve:** i-Verve is a combined employer-

employee initiative to promote employee delight. These activities are managed by a joint forum of employees and managers. The event promotes showcasing of employee talent in sport, arts and special talent through competitions, augmenting team spirit and sportsmanship initiatives. These initiatives enhance workplace bonding and job satisfaction.

**I-engage:** I-engage is an initiative that enhances employee engagement at work, function and technology. This engagement commences with induction, covers peer support (buddy system), coaching, mentoring and an interaction with the management.

**Focus group discussions:** Detailed focus group discussions are facilitated by the HR I-Foster team where managers and employees post quantitative analyses to identify priorities with responsibilities assigned to work groups. When employees are empowered to address a problem with a long-term solution, they do so willingly and responsibly.

**Recruitment:** We follow well-defined recruitment modules and competence mapping leading to employing the right people in the right positions.

**Training:** We impart employee training (technology, cross-functional and behavioral) targeting five days per

person per year, which provides for individual and organizational growth.

**Appraisal:** We strengthened our appraisal standard, which was accepted cheerfully as a challenge to keep raising performance standards.

### Highlights, 2011-12

- Average revenue per employee increased by 20% in 2011-12 compared to 2010-11. Average profit per employee increased by 13% in 2011-12 compared to 2010-11.
- The Company's retention rate of 85% was higher than the Indian IT industry average.
- More than 80% of the employees were proud to be Infinitians in 2011-12.
- Resource utilization increased from 84% in 2010-11 to 90% in 2011-12

### Looking forward

- Implement job descriptions across all functions and locations
- Enhance training and development to nourish generic and specific needs of the functions, cross-functional needs and role based soft-skills needs
- Commence a trainers' forum
- Promote leadership development and management development plans.

# Minimizing risks and maximizing returns.

At Infinite, the risk management process aims to provide reasonable assurance regarding achievement of the Company's objectives through appropriate risk mitigation.

Risk	Definition	Mitigation																				
<b>Geographic concentration risk</b>	Dependence of the Company on a single geography can impact revenues. For instance, the US accounted for 76.6% of the Company's revenues in 2011-12	<ul style="list-style-type: none"> <li>The Company is concentrating on generating business from new non-US geographies like the UK, Europe, Singapore and Malaysia.</li> <li>The Company seeks new leads and partnerships in emerging geographies</li> <li>Revenues from non-US locations accounted for 23.4% of revenues in 2011-12</li> <li>The following table shows the geographical break-up of revenue of the last three years:</li> </ul> <p style="text-align: right;"><i>(Rs in billion)</i></p> <table border="1"> <thead> <tr> <th>Region</th> <th>2009-10</th> <th>2010-11</th> <th>2011-12</th> </tr> </thead> <tbody> <tr> <td>North America</td> <td>5.84</td> <td>7.31</td> <td>8.08</td> </tr> <tr> <td>Europe</td> <td>0.39</td> <td>0.54</td> <td>0.44</td> </tr> <tr> <td>Asia-Pacific</td> <td>0.40</td> <td>0.97</td> <td>2.03</td> </tr> <tr> <td>Total</td> <td>6.64</td> <td>8.83</td> <td>10.55</td> </tr> </tbody> </table>	Region	2009-10	2010-11	2011-12	North America	5.84	7.31	8.08	Europe	0.39	0.54	0.44	Asia-Pacific	0.40	0.97	2.03	Total	6.64	8.83	10.55
Region	2009-10	2010-11	2011-12																			
North America	5.84	7.31	8.08																			
Europe	0.39	0.54	0.44																			
Asia-Pacific	0.40	0.97	2.03																			
Total	6.64	8.83	10.55																			
<b>Customer satisfaction</b>	Inability to meet the customer's requirements can lead to customer attrition	<ul style="list-style-type: none"> <li>98% of the Company's 2011-12 revenues were derived from repeat customers</li> <li>The Company's three leading customers have been working with the Company for ten years, an index of the customer satisfaction being delivered</li> <li>The Company conducts project audits to ensure an adherence to quality practices, reviews and testing parameters</li> <li>A customer satisfaction rating indicated that 85% of the Company's customers were satisfied with the quality of solution and service</li> </ul>																				
<b>Competitive environment risk</b>	The Company may face increasing competition, affecting its service delivery	<ul style="list-style-type: none"> <li>The Company has enhanced its price-value proposition through solutions woven around customer needs, enhancing the latter's revenues and competitiveness (the IP-leveraged solutions being a visible instance)</li> <li>The Company has restructured its sales teams for large and non-linear deals, addressing new regions, new customers and new technologies</li> </ul>																				

Risk	Definition	Mitigation
Cyclical risks	Any change in the global economic environment could have a cascading impact on the Company's growth	<ul style="list-style-type: none"> <li>• The Company has focused on three emerging areas – Cloud computing, Enterprise Mobility and Enterprise Analytics - to address the cyclicity risk</li> <li>• The Company's strong customer relationship and end-to-end solutions have strengthened the partnership model</li> <li>• The Company is investing in new technologies/offerings, which will expand its capability to address a wider set of customer needs, countering the cyclicity impact</li> </ul>
Attrition risk	Employee attrition could lead to a drain in intellectual capital, affecting competitiveness	<ul style="list-style-type: none"> <li>• The Company engages its staff through an attractive remuneration structure on the one hand and non-monetary processes (employee welfare, employee recognition and buddy programs, among others)</li> <li>• The Company provides career-paving opportunities that transcend individual, technical and managerial roles across domains and business competencies</li> <li>• The HR team drives employee development through mentoring, management development programs and assessments (360 degree feedback analysis) based on the competency framework</li> <li>• The Company reported an employee retention of 81.80% in 2011-12, higher than the industry average</li> </ul>
Credit risk	Any payment delay or default could affect liquidity	<ul style="list-style-type: none"> <li>• Around 84% of the Company's clients are credible Tier-1 companies</li> <li>• The Company did not have any bad debts on its books in 2011-12 for sales made in that year or the previous, vindicating client credit worthiness</li> <li>• The Company's receivables are structured around a bi-monthly billing system for most leading customers</li> </ul>
Foreign currency risk	77% of the Company's contracts were based on the US dollar. Adverse changes in the exchange rate between the US dollar and Indian rupee could affect profitability	<ul style="list-style-type: none"> <li>• The Company was a net exporter to the extent of Rs 9.22 billion in 2011-12</li> <li>• The Company hedged its cash flow from exports using defined rules and using appropriate instruments</li> <li>• The Company followed a defined stop-loss mechanism as well as a defined net open positions mechanism, which helps limit the impact of adverse foreign exchange movements</li> <li>• The Company reported a forex gain of Rs 0.06 billion in 2011-12</li> </ul>

## Board of Directors



**Sanjay Govil**  
*Chairman*



**Upinder Zutshi**  
*Managing Director & CEO*



**Cmde. Navin Chandra**  
*Whole Time Director*



**Narendra Kumar Agrawal**  
*Independent Director*



**Ajai Kumar Agrawal**  
*Independent Director*



**Ravindra Rama Rao Turaga**  
*Independent Director*

# Management Team



**Upinder Zutshi,**  
*Managing Director & CEO*



**Anurag Lal,**  
*CEO,*  
*Infinite Convergence Inc.*



**Ravi Ravichandran,**  
*Founder Connet*  
*& Strategic Advisor*



**Bharath Kalyanram,**  
*Chief Delivery Officer, AMS*



**KS Rao,**  
*SVP & Business Head,*  
*Product Engineering Services*



**Doug Fallon,**  
*SVP & Business Head,*  
*Infrastructure Management*  
*Services*



**Sanjeev Gulati,**  
*SVP & Head, RoW Finance*



**Ashoka Tankala,**  
*SVP & Head,*  
*US Finance & Operations*



**Sunder Rajan,**  
*SVP & Head,*  
*Human Resources*



**Pankaj Jaiswal,**  
*VP & Head, APAC Sales*



**Vamsee Chepur,**  
*VP & Head, Telecom Sales*



**Subbarao Badeti,**  
*VP & Head,*  
*T&M Business Unit*



**Brock Killen,**  
*VP - Finance & Operations,*  
*Infinite Convergence Inc.*



**Talila Millman,**  
*VP & Chief Technologist,*  
*Infinite Convergence Inc.*



**Jagannath Rao,**  
*SVP,*  
*Infinite Convergence India*



**Sanjay Kaul,**  
*VP & Head, India Operations*



**John Puma,**  
*VP, Product Management,*  
*Infinite Convergence Inc.*



**Anjana Arora,**  
*VP, Marketing,*  
*Infinite Convergence Inc.*



**Vinaychandra Menon,**  
*VP & Head,*  
*Technical Support Services*



**Meenakshi Chopra,**  
*Head, Process Excellence &*  
*Compliance*



**Manish Agarwal,**  
*VP & Head, Vendor*  
*Management*



**Rajat Kalra,**  
*Company Secretary*

# Directors' Report

*Dear members*

Your Directors take pleasure in presenting the 13th Annual Report and Audited Accounts of the Company for the year ended March 31, 2012.

## Financial Results

Consolidated Financials of the Company and its Subsidiaries

*Amount in Rs. Millions*

	Year ended March 31, 2012	Year ended March 31, 2011
Total Sales and Income	10,682.12	8,894.75
Total Expenses	8,746.77	7,371.04
Total Income before Tax & Depreciation	1,935.35	1,523.71
Depreciation	328.53	167.43
Profit/(Loss) before Tax (PBT)	1,606.82	1,356.28
Profit/(Loss) after Tax (PAT)	1,207.03	1,071.82

Standalone Financials of the Company

*Amount in Rs. Millions*

	Year ended March 31, 2012	Year ended March 31, 2011
Total Sales and Income	3,709.20	2,294.40
Total Expenses	2713.26	1,862.86
Total Income before Tax & Depreciation	995.95	431.54
Depreciation	81.48	55.00
Profit/(Loss) before Tax (PBT)	914.47	376.54
Profit/(Loss) after Tax (PAT)	752.14	343.70

## Result of Operations

### Consolidated Accounts

Consolidated revenue for the fiscal year 2012 was Rs. 10,558.03 Million, a growth of 19.53% over the previous year. Net Profit before Tax grew by 18.47% to Rs.1606.82 Million. Net Profit after tax increased by 12.61% to Rs.1,207.03 Million.

### Standalone Accounts

Standalone revenue for the fiscal year 2012 was Rs. 3,447.06 Million, a growth of 54.31% over the previous year. Net Profit before Tax was Rs. 914.47 Million and Net Profit after tax was Rs. 752.14 Million.

### Dividend

Your directors are pleased to recommend a final dividend of Rs. 4.50 per equity share of the face value of Rs. 10/- for the year ended March 31, 2012. The interim dividend of Rs. 4/- per equity share was paid on December 05, 2011.

The final dividend, subject to the approval of the shareholders in the ensuing AGM will be paid to the shareholders whose names appear in the Register of Members as on the date of book closure.

The total dividend for the financial year including the proposed final dividend amounts to Rs. 8.50 per equity share and will absorb Rs. 362.03 Million.

### Transfer to Reserves

We propose to transfer Rs. 75.21 million to general reserve in accordance with the Companies (Transfer of Profits to Reserves) Rules, 1975. Your company also proposes to retain 269.74 Million in the profit and loss account.

### Buy Back of Shares

The Board of Directors of the Company in their meeting held on April 11, 2011 approved the proposal for Buy-back of its own fully paid-up Equity Shares for a total consideration not exceeding Rs. 27 Crore and at a price not exceeding Rs. 230/- per equity share of Rs. 10/- each from the open market through the

stock exchanges. A Public Announcement to the same effect was published on April 18, 2011, in all Editions of "Business Standard" (English & Hindi)

The Buy Back commenced on May 06, 2011 and closed on December 12, 2011. The cumulative number of equity shares bought back under the scheme is 1,400,000 (being the maximum number of equity shares that were to be bought back) for a total consideration of Rs. 163.02 Million at an average price of Rs. 116.44 per equity share. The paid-up equity share capital of the Company after the extinguishment of shares bought back under the scheme stood at Rs 425.60 Million comprising of 42,559,995 equity shares of Rs.10/- each.

### Scheme of Amalgamation

During the year under review, the Board of Directors of the Company, subject to requisite approvals, approved a Scheme of Amalgamation ("Scheme") under Section 391 to 394 of the Companies Act, 1956 for amalgamation of Infinite Data Systems Private Limited and Infinite Infosoft Services Private Limited, wholly owned subsidiaries of the Company with the Company.

The requisite approvals/NOC have been received from the Bombay Stock Exchange and The National Stock Exchange of India.

The Company has filed the petition before the Hon'ble High Court of Delhi for approval of the Scheme of Amalgamation. The Scheme, if approved, shall be effective from April 01, 2012.

### Subsidiary Incorporation/Closure/Merger

In view of the new business prospects of the Company, your company has incorporated a subsidiary named Infinite Infopark Limited.

As a process of rationalization of subsidiary companies, Infinite Australia Pty Ltd the Company's wholly owned subsidiary was closed during the year under review and Comnet International Co. USA (step down subsidiary of the Company) got merged

with its Parent Entity viz. Infinite Computer Solutions Inc., USA (Wholly Owned Subsidiary of the Company)

### Particulars required as per section 212 of the Companies Act, 1956

A statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies is attached to the accounts. In terms of the general exemption granted by the Ministry of Corporate Affairs vide its General Circular No: 2/2011 dated February 08, 2011, the audited accounts and Report of Board of Directors and Auditors of the Company's subsidiaries have not been annexed to this Annual Report. The Company has compiled with the requirements as prescribed under the said circular. The consolidated financial statements prepared in accordance with Accounting Standard-21 issued by the Institute of Chartered Accountants of India forming part of this Annual Report include the financial information of the subsidiary companies.

### Director(s)

Pursuant to Section 256 of the Indian Companies Act, 1956 and Article 145 of Articles of Association of the Company, Mr. Sanjay Govil retires by rotation and being eligible offers himself for re-appointment.

Brief resume and other details relating to Mr. Sanjay Govil as stipulated under Clause 49(IV)(G) of the Listing Agreement is furnished in the Notice convening the Thirteenth Annual General Meeting of the Company.

### Corporate Governance

The report of Board of Directors of the Company on Corporate Governance is given as a separate section titled "Corporate Governance Report 2011-12" which forms part of this Annual Report.

Certificate of the Statutory Auditors of the Company regarding compliance with the Corporate Governance requirements as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges is annexed with the Corporate Governance Report.

### Management Discussion and Analysis

A detailed review of the operations, performance and future outlook of the Company and its business is given in the Management Discussion and Analysis, which forms part of this Annual Report.

### Fixed Deposits

Your Company has not accepted any deposits during the year under review and, as such, no amount of principal or interest was outstanding as at the Balance Sheet date.

### Employee Stock Option Plan

Details required to be provided under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are set out in the Annexure and forms an integral part of this report.

### Directors' Responsibility Statement

In compliance with Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed, and that no material departures have been made from the same.
- b) 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.
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) they have prepared the annual accounts on a going concern basis.



## Auditors

M/s. Amit Ray & Co., Chartered Accountants, the auditors of your Company who retire in the forthcoming Annual General Meeting, being eligible, offer themselves for re-appointment. A Certificate under section 224(1) of the Companies Act, 1956 regarding their eligibility for the proposed re-appointment has been obtained from them.

Further the Auditors Report being self explanatory, does not call for any further comments by the Board of Directors.

## Information Pursuant to Section 217(2A) of the Companies Act, 1956

As required under the provisions of Section 217(2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees are set out in the Annexure and forms an integral part of this report.

## Conservation of Energy and Technology Absorption

In view of the nature of activities that are being carried on by your Company, Rules 2A and 2B of the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, concerning conservation of energy and technology absorption, respectively are not applicable to your Company. Your Company being a software solution provider requires minimal energy consumption and every endeavor has been made to ensure the optimal use of energy, avoid wastage and conserve energy as far as possible.

## Foreign Exchange Earnings and Outflows

- i) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans

During the year, a substantial portion of the revenue of the Company was derived from exports. The Company has 14 sales offices spread over USA, Europe and APAC. These offices are staffed with sales and technical staff for furthering the company's sales to overseas customers.

- ii) Foreign Exchange earnings and outgo

The information on Foreign Exchange earnings & outgo is included in Note 19 & 20 of the Notes to Accounts to the Balance Sheet.

## Acknowledgement

Your Directors gratefully acknowledge the contributions made by employees towards the success of your company. Your Directors are also thankful for the co-operation and assistance received from its customers, vendors, bankers, regulatory and Governmental Authorities in India and abroad and its shareholders.

For and on behalf of the Board

**Navin Chandra**  
*Whole Time Director*

**Upinder Zutshi**  
*Managing Director & CEO*

Place: Bengaluru

Date: May 15, 2012

Annexure to Directors' Report

# Statement under Section 217(2A) of the Companies Act, 1956

Read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Director's Report for the year ended 31 March 2012

S. No.	Name	Age (Yrs)	Qualifications	Experience in years	Date of Joining	Designation	Gross Remuneration	Previous Employment/ Designation
<b>A Employed for part of the year</b>								
1	Rohan Rodrigues	41	B.E. (Industrial)	18	08-Oct-01	Executive Vice President-Sales & Business Development	7,575,006	Thermax Limited
2	Bharath Kalyanram	46	Bachelors in Economics; PG Diploma in Systems Engineering & MBA from University of Louisville, USA	26	21-Nov-11	Chief Delivery Officer	2,320,634	CA Technologies Inc.
<b>B Employed throughout of the year</b>								
1	Upinder Zutshi	50	B.E. (Hons)	28	01-Feb-03	Managing Director & CEO	21,000,000	Velocient Technologies Inc.

**Notes:**

1. Remuneration comprises basic salary, allowances incentive and taxable value of perquisites.
2. All appointments are contractual and other terms and conditions are as per Company rules.
3. None of the employees are related to any Director of the Company
4. None of the employees except Mr. Upinder Zutshi hold by himself or along-with his spouse and dependent children, 2% or more of equity shares of the Company.
5. None of the above other than Mr. Upinder Zutshi are Directors on the Board of the Company.
6. Designation indicates nature of duties.

For Infinite Computer Solutions (India) Limited

Place: Bengaluru  
Date: 15-May-12

Upinder Zutshi                      Navin Chandra  
Managing Director & CEO        Whole Time Director

# Annexure to the Directors Report

## Statement Pursuant to Clause 12 'Disclosure in the Directors' Report' of SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999

Pursuant to the Resolution passed by the shareholders in their Annual General Meeting held on August 09, 2010 and September 19, 2011, the Remuneration and Compensation Committee of the Directors have granted Stock Options to eligible employees and Directors during the financial year 2011-12. The option holders are entitled to get one equity share per option. The details of the Stock Option granted are given below:

Sr. No.	Description	Remarks
A	Options granted	: 60,000
B	Pricing formula	: The Exercise Price per option shall be the lower of market price as on the date of grant or the average of the one month high and low price of the share preceding the date of grant of option on the stock exchange on which the shares of the company is listed. If the shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume during the aforesaid period shall be considered.
C	Option vested	: 4,00,000
D	Options exercised	: Nil
E	Total number of Ordinary Shares arising as a result of exercise of Options	: Nil
F	Options lapsed	: 3,00,000
G	Variation of terms of Options	: The Scheme was partially modified with respect to the eligibility and vesting criteria under the ESOP 2010 for both, the options granted but unvested (as given below) and the un-granted options. The members of the Company approved to remove the condition of achievement of profit targets as one of the condition of vesting and give more emphasis to the performance and contribution of each employee for being eligible for grant of options under the ESOP 2010.
H	Money realized by exercise of Options	: Nil
I	Total number of Options in force	: 13,60,000
J	Details of Options granted to	:
	i) Senior managerial personnel	: Name No. of options
		Bharath Kalyanram 30,000
		Kasukhela Sitapati Rao 30,000
	ii) Any other employees who received a grant in any one year of Options amounting to 5% or more of the Options granted during that year.	: Name No. of options
		: Nil N.A

	iii) Identified employees who were granted Options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	<b>Name</b>	<b>No. of options</b>
		: Nil	N.A
K	Diluted Earnings per Share (EPS) pursuant to issue of Ordinary Shares on Exercise of Options calculated in accordance with Accounting Standard (AS) 20 'Earning Per Share.'	: Rs. 17.48	
L	i) Method of calculation of employee compensation cost	: Based on intrinsic value method	
	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.	: The employee compensation cost would have increased by Rs. 374.01 lakhs.	
	iii) The impact of this difference on Profits and on EPS of the Company.	: The effect of adopting the fair value method on the net income and earnings per share is presented below:	
			Rs. In lakhs
		Net Income as reported	7,521.40
		Add: Intrinsic Value Compensation Cost	–
		Less: Fair value Compensation Cost (Black Scholes Model)	374.01
		Adjusted Net Income	7,147.39
		<b>Earnings per share</b>	<b>Basic (Rs.)      Diluted (Rs.)</b>
		As reported	17.48      17.48
		As adjusted	16.61      16.61
M	Weighted average exercise price and weighted average fair value of Options granted for Options whose exercise price either equals or exceeds or is less than the market price of the stock.	: Options whose exercise price is equal to the market price:	
		Weighted average exercise price	: Rs. 74.50
		Weighted average fair value	: Rs. 31.57
N	A description of the method and significant assumption used during the year to estimate the fair values of Options	: The fair value of each options estimated using the Black Scholes Options Pricing Model after applying the following key assumptions	
		(i) Risk free interest rate	8.22%
		(ii) Expected life	7.50 years
		(iii) Expected volatility	54.47%
		(iv) Expected dividend	5.18%
		(v) The price of the underlying shares in market at the time of option grant	Rs. 77.20

# Corporate Governance Report

## Company's philosophy on Code of Corporate Governance

Infinite's philosophy on Corporate Governance envisages attainment of the highest levels of transparency, accountability and equity in all facets of its operations and its interaction with its stakeholders including shareholders, employees, lenders and the Government. The Company's philosophy is built on a rich legacy of fair and transparent governance and disclosure practices, many of which were in existence even before they were mandated by the legislation. The Company's essential character revolves around values based on transparency, integrity, professionalism and accountability. At the highest level, the Company endeavors continuously to improve upon these aspects. This is done by adopting innovative approaches for

leveraging resources and converting opportunities into achievements through proper empowerment and motivation, thereby fostering a healthy growth and development of its human resources.

## I. Board of Directors

### A. Composition of Board

Your Company's Board has an optimum combination of Executive, Non-Executive and Independent Directors with considerable experience in their respective fields. Your Company has a Non-Executive Chairman who is also the Promoter of the Company and the number of Independent Directors are three, which is half of the total strength of the Board as required under the provisions of the Listing Agreement.

The composition of our Board and the number of Directorships held by each Director is detailed below:

**Table 1**

Name of the Director	Category	Number of Directorships held in other companies	Number of Board Committee memberships held in other companies	Number of Chairmanship of Board Committees held in other companies
Mr. Sanjay Govil, Promoter & Chairman	Non-Executive	–	–	–
Mr. Upinder Zutshi, CEO & Managing Director	Executive	6	–	–
Cmde. Navin Chandra, Whole Time Director	Executive	6	–	–
Mr. Ravindra RamaRao Turaga	Independent	–	–	–
Mr. Narendra Kumar Agrawal	Independent	–	–	–
Mr. Ajai Kumar Agrawal	Independent	–	–	–
Mr. Satish Kumar Agarwal*	Independent	–	–	–

\* Mr. Satish Kumar Agarwal resigned from the Directorship of the Company w.e.f. June 27, 2011.

Note:

Table 1 excludes Directorships in Private and Foreign Companies and Companies registered under Section 25 of the Companies Act, 1956.

As of March 31, 2012 none of the Directors are related inter-se.

## B. Non Executive Directors' compensation and disclosures

Non-Executive Directors are not entitled to any remuneration except sitting fees being paid to Independent Directors for attending the Board and Committee Meetings. The details of the sitting fees paid for the Financial Year 2011-12 and the number of shares held by the Non-Executive Directors in the Company are as follows:

**Table 2**

S. No.	Name of the Director	Sitting Fee (in Rs.)	No. of Shares held
1.	Mr. Sanjay Govil	-	8,100
2.	Mr. Ravindra RamaRao Turaga	3,40,000	800
3.	Mr. Narendra Kumar Agrawal	3,80,000	NIL
4.	Mr. Ajai Kumar Agrawal	3,80,000	NIL
5.	Mr. Satish Kumar Agarwal*	20,000	NIL

\* Mr. Satish Kumar Agarwal resigned from the Directorship of the Company w.e.f. June 27, 2011.

## C. Other provisions as to Board and Committees

### 1. Board Meetings Schedule

The Board meets at least four times a year and the maximum gap between two meetings is not more than four months. During the Financial Year 2011-12, seven Board Meetings of the Company were held on April 11th, May 10th, August 08th, November 09th, December 12th 2011, February 13th and March 07th 2012.

Attendance of Directors at Board Meetings and at the Annual General Meeting (AGM)

**Table 3**

Name of the Director	No. of Board Meetings Attended	Whether attended the AGM held on September 19, 2011
Mr. Sanjay Govil	7 <sup>#</sup>	Yes
Mr. Upinder Zutshi	6	Yes
Mr. Navin Chandra	7	Yes
Mr. Ravindra RamaRao Turaga	5	Yes
Mr. Narendra Kumar Agrawal	7	Yes
Mr. Ajai Kumar Agrawal	7	Yes
Mr. Satish Kumar Agarwal*	1	No

<sup>#</sup> Participated in five meetings through video conferencing.

\* Mr. Satish Kumar Agarwal resigned from the Directorship of the Company w.e.f. June 27, 2011.

### 2. Membership of Board Committees

None of the Directors of the Company hold membership of more than ten committees nor is any Director a Chairman of more than five committees of boards across all Companies where he holds Directorships. (Please refer Table No. 1 for the details about their Committee Memberships)

### 3. Review of Compliance Reports

The Board periodically reviews Compliance Reports of all laws applicable to the Company and steps taken by the Company to rectify instances of non-compliances, if any.

### 4. Code of Conduct

The Company has adopted a Code of Conduct for its Board Members and Key Managerial Personnel (KMP) and this code has been posted on the Company's website. All the Board Members and KMP's affirm the compliance with the code on an annual basis and a declaration to this effect signed by the CEO & Managing Director is provided elsewhere in this annual report.

## II. Committees of the Board

Currently, the Board of the Company has three sub-committees namely Audit Committee, Remuneration & Compensation Committee and Investors'/Shareholders' Grievance Committee. All these committees are chaired by Independent Directors.

Draft minutes of the meeting are circulated to the members of the committee for their comments and thereafter, confirmed in the next meeting. The Board of Directors of the Company also takes note of the minutes of the committee meetings at its meetings.

### A. Audit Committee

Infinite has a qualified and independent Audit Committee comprising of four directors of whom two-third including the Chairman are Independent Directors. The Chairman of the Committee is Mr. Ravindra RamaRao Turaga. He is a member of the Institute of Chartered Accountants of India and into practice for the last 31 years. He heads a practicing CA firm T. Rama Rao & Co., providing professional services in the field of Audit, Taxation, Accountancy, Company Law, Finance, Investments and Capital Market Services. All the other members of the Committee

are financially literate and have accounting or related financial management expertise.

The terms of reference and role of the Audit Committee are as per the provisions set out in the Listing Agreement of the Stock Exchanges read with Section 292A of the Companies Act, 1956 and includes such other functions as may be assigned to it by the Board from time to time.

The Company invites such of the executives as it considers appropriate to be present at the Audit Committee meetings. The Sr. Vice President Finance ("Head of Finance"), Statutory and the Internal Auditors are invited to attend and participate in these meetings. The Company Secretary of the Company acts as the Secretary to the Committee.

#### **Powers of the Audit Committee**

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

#### **Terms of Reference of the Audit Committee**

- i) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- ii) Recommending the appointment, reappointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- iii) Reviewing with management, the annual financial statements before submission to the board, with particular reference to:
  - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Clause (2AA) of section 217 of the Companies Act.
  - b) Changes, if any, in accounting policies and practices and reasons for the same
  - c) Major accounting entries involving estimates based on the exercise of judgment by the management.
  - d) Significant adjustments made in the financial statements arising out of audit findings.

- e) Compliance with listing and other legal requirements relating to financial statements.
- f) Disclosure of any related party transactions.
- g) Qualifications in the draft audit report.
- iv) Reviewing with the management, the quarterly financial statements before submission to the board for approval.
- v) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- vi) Reviewing with the management, performance of statutory and internal auditors and the adequacy of internal control systems.
- vii) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- viii) Discussing with internal auditors any significant findings and follow up thereon.
- ix) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- x) Discussing with statutory auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- xi) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- xii) To review the functioning of the Whistle Blower Mechanism, in case the same exists.
- xiii) Such other function(s)/responsibilities as may be assigned by the Board of Directors from time to time or as may be stipulated under any law, rule or regulation including the Listing Agreement and the Companies Act, 1956.

### Composition

The present composition of the Audit Committee is as follows:

**Table 4**

Name of the Director	Category of Director	Chairman/ Member
Mr. Ravindra RamaRao Turaga	Non Executive Independent Director	Chairman
Mr. Narendra Kumar Agrawal	Non Executive Independent Director	Member
Mr. Ajai K Agrawal	Non Executive Independent Director	Member
Cmdr. Navin Chandra	Executive Director	Member

### Meetings of the Committee

During the Financial Year 2011-12, four meetings of the Committee were held on May 09, August 07, November 08, 2011 and February 12, 2012 which were attended by all its members.

### B. Remuneration & Compensation Committee

#### Terms of Reference:

- Deciding the company's policy on remuneration packages for executive directors including pension rights and any compensation payment.
- Reviewing the remuneration policy followed by the Company, taking into consideration the performance of senior executives on certain parameters.
- Administration and Superintendence of the Employee Stock Option Scheme (ESOS)
- Formulation of detailed terms and conditions of the ESOS.
- To determine the number of stock options to be granted under the Company's ESOS and perform such other functions as may be specified under the SEBI (ESOS & ESPS) Guidelines, 1999.
- To secure attendance of any person/outside with relevant expertise, if it considers necessary
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended by the Remuneration Committee.

### Remuneration Policy

The Remuneration Policy of the Company for managerial personnel is based on the following criteria:

- Performance of the Company, its division and units;
- Track Record, potential and performance of individual managers and
- External Competitive Environment.

### Composition & Attendance

The composition of the Remuneration & Compensation Committee is as follows:

**Table 5**

Name of the Director	Category of Director	Chairman/ Member
Mr. Narendra Kumar Agrawal	Non Executive Independent Director	Chairman
Mr. Ravindra RamaRao Turaga	Non Executive Independent Director	Member
Mr. Ajai Kumar Agrawal	Non Executive Independent Director	Member

### Meetings of the Committee

During the Financial Year 2011-12, four meetings of the Committee were held on May 09, August 07, November 08, 2011 and February 12, 2012 which were attended by all its members.

### C. Shareholders'/ Investors' Grievance Committee

#### Terms of reference

- To approve share transfers and transmissions.
- To approve splitting of share certificates, consolidation of share certificates and related matters including issue of fresh share certificates in lieu of split/consolidated certificates.
- Issue of duplicate share certificates in lieu of lost, mutilated and destroyed certificates.
- Matters relating to dematerialization of shares and securities.
- Investor relations and redressal of shareholders grievances in general and relating to non receipt of dividends, interests, non receipts of balance sheet etc or any other matter as the Board may think fit/delegate to the Committee.



### Composition and Attendance

The present composition of the Shareholders'/ Investors' Grievance Committee is as follows:

**Table 6**

Name of the Director	Category of Director	Chairman/ Member
Mr. Ajai K Agrawal	Non Executive Independent Director	Chairman
Mr. Narendra Kumar Agrawal	Non Executive Independent Director	Member
Mr. Ravindra RamaRao Turaga	Non Executive Independent Director	Member
Comde. Navin Chandra	Executive Director	Member

### Meetings of the Committee

During the Financial Year 2011-12, four meetings of the Committee were held on May 09, August 07, November 08, 2011 and February 12, 2012 which were attended by all its members.

Mr. Sanjeev Gulati, Sr. Vice President (Finance) acted as the Compliance Officer and Mr. Rajat Kalra as the Company Secretary of the Company for the Financial Year 2011-12.

### III. Subsidiary Companies

The Company does not have any material non-listed Indian Subsidiary, whose turnover or net worth exceeds 20% of the consolidated turnover or net worth respectively of the Company.

However the Company does provide updates on major decisions of its Unlisted Subsidiary Companies to the Audit Committee. The minutes of the unlisted subsidiary companies, wherever applicable, as also any significant transaction or arrangement entered into by any of its unlisted subsidiary companies, are placed before the Board for its noting.

### IV. Disclosures

#### A. Basis of related party transactions

The related party transactions are placed before quarterly audit committee meetings.

#### B. Disclosure of accounting treatment

The Company has not followed any differential treatment from that prescribed under accounting standards, for preparation of financial statements during the year.

#### C. Board disclosures – Risk management

The Company has laid down systems to inform Board about the risk assessment and minimization procedures. The risks and company's mitigation strategies are periodically discussed and reviewed by Board of Directors to ensure effective controls.

#### D. Proceeds from public issues, rights issues, preferential issues etc

The details pertaining to the utilization of the proceeds of the fresh issue of Equity Shares under the Initial Public Offering of the Company in the financial year 2011-12 are specified herein below:

**Table 7**

(Amount in Rs. Mn)

Particulars	Projection in Prospectus	Actual Funds utilized till March 31, 2012
Capital Expenditure	257.45	146.76
Acquisition(s)	380.00	380.00
Repayment of Debt	84.97	83.00
General Corporate Purposes	225.00	148.02
Expenses related to Fresh Issue	71.86	70.72
Internal Accruals (Balancing Figure)	–	72.85
Amount Invested in Mutual Funds	–	–
Amount Invested in Fixed Deposit	–	117.48
Amount kept in a Separate Bank Account	–	0.45
<b>Total</b>	<b>1019.28</b>	<b>1019.28</b>

### E. Remuneration of Directors

The table below shows the amount paid to the Executive Directors of the Company for the Financial Year 2011-12:

**Table 8**

Name	Upinder Zutshi	Navin Chandra
Designation	Managing Director & CEO	WholeTime Director
Salary & Allowances	1,10,00,000	19,29,996
Bonus/Performance Incentive	1,00,00,000	–
Perquisites	–	–
Retiral Benefits*	9,360	–
Stock options	As detailed below	–
Tenure	Upto March 31, 2013	Upto March 31, 2014
Notice Period & Severance Pay	Two months notice period and a severance pay of twelve months salary plus 1.5 months' salary for every year of service from the start day of this employment contract i.e. April 01, 2008	Two Months Notice Period with no Severance Pay unless otherwise agreed by the Board.
Performance Criteria	As determined by the Remuneration & Compensation Committee	As determined by the Remuneration & Compensation Committee

\*The above figures do not include provisions for gratuity and premium paid for Group Health Insurance as separate actuarial valuation/premium paid is not available.

Mr. Upinder Zutshi also holds certain stock options granted under the ESOP Scheme of the Company. The details of the same as on March 31, 2012 are as under:

Grant Date	Number of options granted	Grant Price for the options (in Rs.)	Vesting Details#	
			No. of options vested/ to be vested	Vesting Dates
September 06, 2010	875,000	160.65	218,750	September 05, 2011
			218,750	September 05, 2012
			218,750	September 05, 2013
			218,750	September 05, 2014

# the options are exercisable within 5 years from the date of vesting

Non-Executive Directors are not entitled to any remuneration except sitting fees being paid to Independent Directors for attending the Board and Committee Meetings. The details of the number of shares held by the Non Executive Directors are given in Table 2 above.

### F. Management

A detailed report on Management Discussion and Analysis is given as a separate section in this Annual Report.

During the year, there have been no material financial and commercial transactions made by the management, where they have personal interest that may have a potential conflict with the interest of the Company at large.

## G. Shareholders

### (i) Disclosure regarding appointment or re-appointment of Directors

According to the provisions of the Companies Act, 1956 and Articles of Association of the Company, one-third of the Directors retire by rotation and if eligible offer themselves for re-appointment at the Annual General Meeting. Accordingly Mr. Sanjay Govil, Promoter, Non-executive Chairman and Director of the Company shall retire at the ensuing Annual General Meeting of the Company. The Board has recommended his re-appointment to the shareholders for approval.

Detailed resume of Mr. Sanjay Govil is provided in the notes

appended to the Notice of the Annual General Meeting under the heading "Details of Director seeking re-appointment in the Thirteenth Annual General Meeting pursuant to Clause 49 of the Listing Agreement."

### (ii) Communication to Shareholders

The Company's quarterly financial results and any presentation made to the analysts are posted on the Company's website ([www.infinite.com](http://www.infinite.com)). The quarterly financial results are generally published in the Business Standard (English & Hindi) editions. Financial Results and all material information are also regularly provided to both the Stock Exchanges after these are taken on record by the Board.

### (iii) General Body Meetings

Details in respect of the last three Annual General Meetings (AGMs) of the Company are as mentioned below:

Year	Date of AGM	Venue	Time	Special Resolutions Passed
2008-2009	August 25, 2009	Parkland Hotel & Resorts, A-2/5, Safdarjang Enclave, New Delhi-110029	4:00 P.M.	No Special Resolution Passed
2009-10	August 09, 2010	Air Force Auditorium, Subroto Park, New Delhi - 110010	10.00 A.M.	<ol style="list-style-type: none"> <li>1. Increasing the remuneration of Cmde. Navin Chandra, WholeTime Director of the Company w.e.f. April 01, 2010 for the remaining period of his tenure</li> <li>2. Introducing &amp; Implementing "Key Executives Performance Option Plan 2010 (ESOP 2010)"</li> <li>3. Extending the benefit of ESOP 2010 to the eligible employees of the Subsidiary Companies.</li> <li>4. Granting Stock Options not exceeding 2% of the total paid up capital of the Company to the following eligible employees:               <ol style="list-style-type: none"> <li>a. Upinder Zutshi, CEO &amp; Managing Director</li> <li>b. Neeraj Tewari, Chief Operating Officer</li> </ol> </li> <li>5. Granting of Stock Options, not exceeding 1,00,000 to any one or all of the Non-Executive Directors including Independent Directors of the Company under ESOP 2010.</li> </ol>
2010-11	September 19, 2011	Air Force Auditorium, Subroto Park, New Delhi - 110010	2.30 P.M.	<ol style="list-style-type: none"> <li>1. Re-appointment of Cmde. Navin Chandra as Whole Time Director of the Company w.e.f. April 01, 2011 for a period of three years.</li> </ol>

Year	Date of AGM	Venue	Time	Special Resolutions Passed
				2. Partial Modification of the Vesting Criteria and Appraisal Process for determining the eligibility of employees under "Key Executives Performance Option Plan 2010".
				3. Extension of the benefits of the above item (point no. 2) above to eligible employees of Subsidiary Companies.

**(iv) Special Resolution through Postal Ballot**

During the Financial Year 2011-12, no resolution was passed through postal ballot and presently, no resolution has been proposed to be passed through Postal Ballot.

(v) The details of Investors'/Shareholders' Grievance Committee are given elsewhere in this report.

(vi) The details of Share Transfer Systems are given elsewhere in this report.

**H. Details of Non-Compliance**

There were no non-compliances by the Company, nor were any penalty, strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the period from April 1, 2011 to March 31, 2012.

**I. Whistle Blower Policy**

The Company has adopted a Whistle Blower Policy and has established the necessary mechanism in line with Clause 49 of the Listing Agreement with the Stock Exchanges, for employees to report concerns about unethical behavior. No person has been denied access to the Audit Committee.

**V. CEO/CFO Certification**

As required under Clause 49 of the Listing Agreement, the Certificate from CEO/Sr. Vice President Finance ("Head of Finance") to the Company's Board is given elsewhere in this annual report.

**VI. Compliance**

The Company has complied with all the mandatory requirements under Clause 49 of the Listing Agreement and has adopted non-mandatory requirements as per details given below:

**1 The Board**

The Company maintains the Office of the Chairman at its

Corporate Office at Plot No. 157, EPIP Zone, Phase II, Whitefield, Bengaluru – 560066 and also reimburses the expenses incurred in performance of his duties.

There is no fixed tenure for Independent Directors.

**2 Remuneration Committee**

The Company has constituted a Remuneration & Compensation Committee as detailed elsewhere in this report. The Chairman of the Compensation Committee is an independent director and was present at the last Annual General Meeting.

**3 Shareholders Rights**

The quarterly financial results are published in newspapers as mentioned above under the heading "Communication to Shareholders" and also displayed on the website of the Company. The results are not separately circulated to shareholders.

**4 Audit Qualifications**

There are no audit qualifications in the Company's financial statements for the year under reference.

**5 Training of Board Members**

No specific training programme was arranged for Board Members.

**6 Mechanism for evaluating Non-Executive Board Members**

The Company has not adopted any mechanism for evaluating individual performance of Non-Executive Directors.

**7 Whistle Blower Policy**

A mechanism for the employees to have direct one on one access to the Managing Director & CEO has been put in place. This mechanism focuses on reporting by the employees, any concerns on unethical behavior, actual/suspected fraud, or any such issue to the Managing Director & CEO

However, no person has approached the Managing Director & CEO / Chairman of the Audit Committee during the year.

## General Shareholder Information

**1 Date of Incorporation :** September 06, 1999

**2 Registration No./CIN No. :** L72200DL1999PLC171077

**3 Corporate Office Address**

Plot No. 157, EPIP Zone, Phase II, Whitefield, Bengaluru-560066

**4 Registered Office/Address for Correspondence**

155, Somdutt Chambers II, 9, Bhikaji Cama Place,  
New Delhi-110066

Tel No.: 011-46150845,46,47 • Fax No.: 011-46150830

Email Id: shareholder@infinite.com

Website: www.infinite.com

**5 Date, Time and Venue of 13th AGM**

August 23, 2012; 3.00 P.M.

Air Force Auditorium,

Subroto Park, New Delhi-110010

**6 Book Closure Dates**

August 14, 2012 to August 23, 2012 (both days inclusive)

**7 Dividend Payment Date**

On and from September 03, 2012 onwards

**8 Financial Year**

April 01, 2011 – March 31, 2012

<b>9 Financial Calendar for 2012-13 (tentative and subject to change)</b>		
Financial reporting for the first quarter ending June 30, 2012:		2nd week of August 2012
Financial reporting for the second quarter ending September 30, 2012		2nd week of November 2012
Financial reporting for the third quarter ending December 31, 2012		2nd week of February 2013
Financial reporting for the year ending March 31, 2013		2nd week of May 2013
Annual General Meeting for the year ending March 31, 2013		August 2013

**10 Listing on Stock Exchanges:**

The shares of the company are listed on the following stock exchanges

The Bombay Stock Exchange Limited : Stock Code: 533154

National Stock Exchange of India Limited : Stock Code: INFINITE

ISIN Number of the Company : INE486J01014

The Company has paid the Annual Listing Fee for the Financial Year 2012-13 to both the Stock Exchanges.

**11 Registrar and Transfer Agent**

(For share transfers and other communication relating to share certificates and change of address:

Bigshare Services Private Limited

E-2 & 3, Ansa Industrial Estate, Sakivihar Road,  
Sakinaka, Andheri (E), Mumbai-400072

Tel: 022-40430200, Fax: 022-28475207

Contact Person: Mr. Ashok Shetty

Email: info@bigshareonline.com

**12 Share Transfer System**

With a view to expedite the process of share transfers, the Shareholder/Investor Grievance Committee of the Company has delegated the power of Share Transfer to some of the Directors with appropriate individual limits. The delegated Director(s) attend(s) to and approves the share transfers received by the Company, on at least once a fortnight basis, and reports the same to the Shareholder/Investor Grievance Committee at their periodical meetings.

**13 Dematerialization of Equity Shares**

The shares of the Company are compulsorily traded in dematerialized form and are available for trading in the depository systems of both NSDL & CDSL. As of March 31, 2012, 42,456,339 equity shares of the Company, forming 99.76% of the share capital of the Company, stands dematerialized.

**14 Shareholding Pattern of the Company as of March 31, 2012**

<b>Category of Shareholders</b>	<b>No. of Shares Held</b>	<b>% to total</b>
Promoters	28,353,595	66.62
Corporate Bodies	808,867	1.90
Foreign Inst. Investor	4,640,005	10.90
Mutual Fund & UTI	2,282,598	5.37
Non Resident Indians	1,648,797	3.87
Indian Public & Others	4,826,133	11.34
<b>Total</b>	<b>42,559,995</b>	<b>100.00</b>

### 15 Distribution Schedule as of March 31, 2012

No. of Shares	No. of Shareholders	% of total	No. of Shares Held	% of total
1 500	14,895	94.72	1,007,120	2.37
501 1000	375	2.38	296,352	0.70
1001 2000	184	1.17	274,569	0.64
2001 3000	66	0.42	171,316	0.40
3001 4000	47	0.30	165,259	0.39
4001 5000	32	0.20	149,740	0.35
5001 10000	45	0.29	321,643	0.76
10001 & above	81	0.52	40,173,996	94.39
<b>Total</b>	<b>15,725</b>	<b>100</b>	<b>42,559,995</b>	<b>100.00</b>

### 16 Shareholder Complaints received during the year 2011-12

The Company gives utmost priority to the interests of the shareholders. All the requests/complaints of the shareholders have been resolved to the satisfaction of the shareholders within the statutory time limits. The status of the shareholders' complaints received during the financial year are as follows:

Particulars	Pending as on April 01, 2011	Received during the year	Disposed of during the year	Pending as of March 31, 2012
Complaints	3	46	49	0

The complaints received were mainly in the nature of non receipt of shares in the IPO, non receipt of refund orders, non receipt of electronic credits, non receipt of dividend and non receipt of Annual Report.

### 17 Details of shares held in Suspense Account

Pursuant to Clause 5A of the Listing, every Company that comes with a Public Issue/Initial Public Offering (IPO) shall make the following disclosure of shares, which remain unclaimed and lie in the escrow Account of the Company:

S. No.	Description	No. of Shareholders	No. of Shares.
1	Aggregate No. of shareholders & shares pending at the beginning of the year	16	816
2	No. of shareholders who approached for transfer of shares from suspense account during the year	7	328
3	No. of shareholders and shares transferred from suspense account during the year	7	328
4	No. of shareholders and shares outstanding at the end of year.	9	488

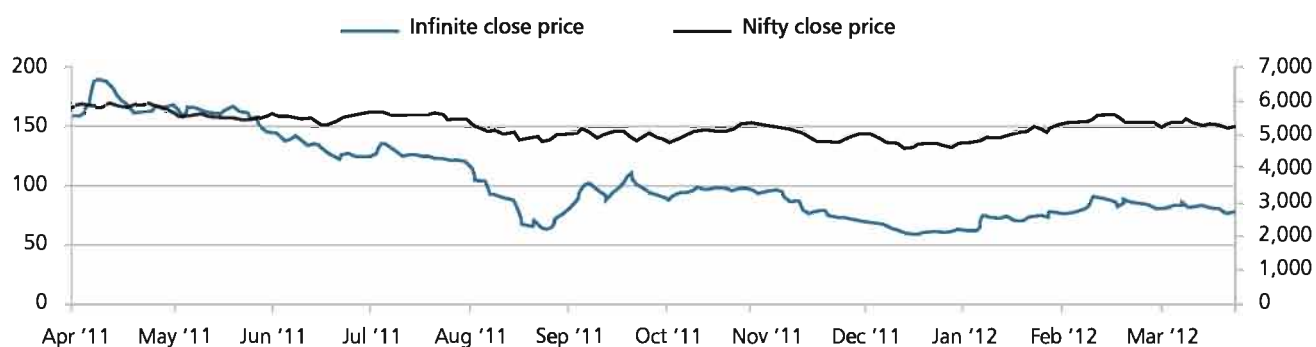
The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

### 18 Market Price Data

The monthly high and low quotations of the Company's equity shares traded on The Bombay Stock Exchange Limited and National Stock Exchange of India Limited during each month of the Financial Year ended March 31, 2012, are as follows:

Month	NSE		BSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2011	210.00	157.00	198.70	156.60
May 2011	183.40	144.95	183.35	144.85
June 2011	148.50	120.20	150.00	121.00
July 2011	144.30	119.05	143.50	119.25
August 2011	122.90	61.50	122.85	61.70
September 2011	113.10	73.00	113.20	73.00
October 2011	101.90	88.00	101.95	86.10
November 2011	101.00	68.25	101.20	67.95
December 2011	73.00	56.20	72.40	56.25
January 2012	87.00	59.25	86.40	60.50
February 2012	95.00	72.70	95.20	73.00
March 2012	87.45	74.70	87.40	73.00

#### 19 Share performance chart of the Company in comparison to broad based indices



#### 20 Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity

There are no outstanding GDRs/ADRs/Warrants or any convertible instruments as of March 31, 2012

#### 21 Plant Locations

The Company is in software business and does not require any manufacturing plants but has developments centers in India and Abroad.

# Auditors' Certificate

on Compliance with the conditions of Corporate Governance under clause 49 of the listing agreement

To the Members of  
**Infinite Computer Solutions (India) Limited**

We have examined the compliance of conditions of corporate governance by Infinite Computer Solutions (India) Limited ("the company") for the year ended on March 31, 2012, as stipulated in Clause 49 of the listing agreement of the said Company with the Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of corporate governance as stipulated in the abovementioned Listing Agreement.

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

For Amit Ray & Co.  
*Chartered Accountants*

CV Savit Kumar Rao  
*Partner*

Place: Bengaluru  
Date: May 15, 2012

Membership No. 70009  
Firm ICAI Registration No. 000483C



# Code of Conduct

## Declaration regarding compliance by Board Members and Senior Management Personnel with the Company's Code of Conduct pursuant to Clause 49 of the Listing Agreement

I, Upinder Zutshi, Managing Director and Chief Executive Officer of Infinite Computer Solutions (India) Limited ("the Company") confirm that the Company has adopted a Code of Conduct ("Code") for its Board Members and senior management personnel and the Code is available on the Company's website.

I, further confirm that the Company has in respect of the financial year ended March 31, 2012, received from its Board Members as well as senior management personnel affirmation as to compliance with the Code of Conduct.

For Infinite Computer Solutions (India) Limited

Place: Bengaluru  
Date: May 15, 2012

Upinder Zutshi  
Managing Director & CEO

# CEO/CFO Certification

## Certificate by the Chief Executive Officer and Senior Vice President (Finance) pursuant to Clause 49 of the Listing Agreement

We, Upinder Zutshi, Managing Director & Chief Executive Officer and Sanjeev Gulati, Senior Vice President (Finance) certify that:

- a. We have reviewed financial statements and the cash flow statement for the year March 31, 2012 and that to the best of their knowledge and belief :
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee that-
  - (i) significant changes, if any, in internal control over financial reporting during the year;
  - (ii) significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we are aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place: Bengaluru  
Date: May 15, 2012

**Upinder Zutshi**  
*Managing Director & CEO*

**Sanjeev Gulati**  
*Senior Vice President (Finance)*

# Management Discussion and Analysis

## Overview

The consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, the consolidated financial statements prescribed by the Companies (Accounting Standards) Rules, 2006 and in accordance with the Indian Generally Accepted Accounting Principles (GAAP), and the provisions of the Companies Act, 1956, to the extent applicable. Our management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner, the form and substance of transactions and reasonably present our state of affairs, profits and cash flows for the year.

## Synopsis

Infinite Computer Solutions (India) Limited is a global service provider of application management, infrastructure management, product engineering and mobility solutions, with a focus on telecom, energy and utilities, media and content, healthcare and BFSI industries. Our services are spread across application management services, packaged application services, independent validation and verification, product development and support, to higher value-added offerings, including product engineering and mobility and messaging products and solutions.

With telecom being our key vertical, we aim to be a dominant player in the market to provide services to the telecom and media industry, providing IT services to service providers, equipment manufacturers and software vendors.

Our footprint spans several countries in four continents offering onsite, offsite, and near-shore capabilities in major international markets. We established our presence in most of the large telecom and IT services markets globally, with offices at multiple

locations in the U.S, the U.K, India, Singapore, Malaysia, and China.

We recorded a revenue growth (in USD terms) of 14% in FY 2012, a volatile year for the IT sector. The year also witnessed the Company crossing the Rs 10,000 million annual revenue milestone. Revenues of Rs 10,558 million was achieved despite a few setbacks which included an unforeseen decline in contribution from our top client and the transfer of a BOT project for another leading client. However, we overcame these reversals owing to a distinguished client base. The latter was further enhanced in FY 2012 by adding 10 large global corporations, who have the potential to be US \$10 million plus accounts for us over the next couple of years. These clients, together with our existing clients which are fairly, diversified, and large provides us with a very strong platform for continued growth and will reduce the client concentration risk going ahead. The operating margin for FY 2012 was 17.35%, a marginal increase compared to the previous year.

## Economic Environment & Industry Outlook

Despite widespread macroeconomic instability and a volatile financial scenario during 2011, worldwide IT spending exceeded USD 1.7 trillion, recording a steady annual growth of 5.4%. Software products, IT and BPO services continued to lead, accounting for over USD 1 trillion – 63% of the total spend. In 2011, global IT services spend grew to USD 605 billion, an annual growth of 3.2%, a marginal decline from 3.4% recorded in 2010. The year saw global sourcing grow twice as fast as global technology spend at 12%, suggesting a steady widening of the boundaries of outsourcing.

Within the global sourcing industry, India was able to increase its market share from 51% in 2009 to 58% in 2011, highlighting the country's continued competitiveness and the effectiveness of India-based providers in enhancing their value-appeal to clients. This resulted in the Indian IT-BPO sector recording aggregate

revenues of USD 100 billion in FY 2012, an annual growth of 14%. Software and services revenues, comprising nearly 87% of the total industry revenue grew by 15% over FY 2011. Within software and services exports, IT services accounts for 58%, BPO nearly 23% and engineering R&D and software products account for 19%. Exports, excluding hardware, at USD 69 billion grew by 16% and continue to be the mainstay for the sector.

Global GDP, after growing by 2.7 per cent in 2011, is expected to grow by 2.5 per cent in 2012 owing to uncertainties on the macroeconomic front. This coupled with other geographical factors is expected to slow the growth rate of worldwide IT spending in 2012. Gartner cut its forecast for 2012 worldwide IT spending growth to 3.7 percent from its earlier estimate of 4.6 percent growth. The forecast was further reduced to 2.5% due to the recent strengthening in the value of the US dollar.

IT services is expected to grow by 4.3% in 2012, and 4.7% in 2013 as organisations use IT to improve operational efficiencies and enhance competitive advantage. The IT outsourcing market is set to grow at a CAGR of about 8% during 2011 to 2013, while BPO off shoring is expected to grow over 7% during the same period. The growth in the global outsourcing market was buoyed by buyer dissatisfaction with large-size contracting as well as by suppliers expanding their capabilities and collaborating to deliver outcomes.

Nasscom's forecast for growth of IT-BPO exports in FY 2013 is 11-14%.

Industry experts also predicted a transition to accelerate spending post the slowdown on the back of a shift from older technologies to newer technologies such as analytics, mobile devices, software-as-a-service-based collaborative process apps, among others. Nasscom reckons that technology changes coupled with socio-economic issues and better economic prospects will present a new set of opportunities, which can propel industry revenues to USD 225 billion by 2020.

We strongly support the notion that the future of the technology services industry will extend beyond services – it will be a combination of services, solutions and platforms. Hence, the business model is expected to transform from a traditional human capital-intensive model to a software capital-intensive model over time. Consequently, IP-based solutions and investments in IP-based offerings will become critical to the competitiveness of the Indian IT services industry.

Accordingly, the focus will need to be on investing in skills development, especially around software product engineering, business analytics, domain (industry) expertise, consulting, and programme management capabilities.

### Business strategy/technology focus/services portfolio

Our focus is not merely on revenue and margin growth, but also on transforming our service portfolio from traditional IT services to more higher value-added services like infrastructure management, product engineering and R&D, mobility and messaging. There is also an emphasis on moving away from time and material work to doing more business using fixed bids and revenue share models.

We believe that enhanced presence in niche business segments and superior client mining strategies will enable us to not only grow but also overcome issues of high client concentration and delayed project ramp-ups. Moreover, presence in niche business segments help in complex and innovative deal wins, which in-turn could help in faster growth as well as higher customer recall.

IT is now a key element of every business and customers are increasingly looking at how IT can be used to increase productivity. Mobile-enabling applications is an important aspect in fulfilling this need. Customers are looking for a system integrator for complete implementation in the mobile application space.

We are currently active on the Enterprise Messaging space. We possess a robust platform that has been in the market place for and as of today it supports about 130 million subscribers and close to about 700 billion messages per year. The initial services were focused on one-way and two-way text-based messaging providing wireless customers or employees, alerts and requesting confirmation of appointments and authorisation for financial transactions. These services are now evolving into more complex and more valuable mobile business communications involving instant messaging chats and services that contribute to improving revenue and will command higher fees.

In FY12, we launched next-generation mobility and messaging products into the market place. We also launched PMC which is the Personal Messaging Cloud. All of these platforms and products will deliver a much higher user experience in terms of messaging.

Our R&D and product engineering services are at present focused on the telecom vertical, which is undergoing significant changes across the value chain. Unlike conventional R&D, our value proposition is to take over retiring end-of-life products, support these products, and extend the shelf life of the product by adding functionality and features. The advantage of this model is that while we get a share of the revenue that a client is generating from the product, the client is able to stretch the R&D budget especially in the prevailing scenario.

Our IMS offerings revolve around our expertise in remote infrastructure and network management, enhancing data centre and IT security services, production support and end-user computing services. Our focus is towards building capabilities that enable us to offer end-to-end IMS as a Managed Service Offering. The Build Operate Transfer model that we use helps our customers to leverage our infrastructure, technology, people and process to save huge investments. This model works efficiently for customers, as they can focus on their business functions and leave the technology to us. Our differentiation is in our understanding of the customers strategy or vision and partnering with them to ensure their success with accountability for their IT.

## Risks and concerns

The rhetoric of protectionism in the US and Europe invariably

comes to the fore in troubled times, threatening to narrow the limits of outsourcing and marring our prospects as well as issuing visas. Though the impact of such discourse in the past has not been significant, fallout of such negative sentiments, increased hiring outside India, could dent our competitive advantage and impact margins.

Our progress is also dependant on the movement of the domestic currency, which has depreciated in the last year. The rupee witnessed a steep depreciation in recent times which is a reversal of the pattern seen in early 2012. While a fall in the rupee will enhance margins, currency volatility poses a significant challenge and could have an impact on the hedges taken by us.

The continuing uncertainties in the global economy, especially in the euro zone, could have an impact on the IT spend by corporates, leading to concerns on demand and in some cases, pricing.

The demand scenario has an inevitable and immediate impact on talent availability and retention. There is also a direct correlation with wage increases, which can affect operating margins.

There could be dilution in differentiation if competitors develop similar capabilities or our inability to introduce higher-value service offerings and innovative business models. Such a dilution will lead to growth constraints and pressure on margins.

Our work with governmental agencies exposes us to additional operational and financial risks.

## Financial performance

The financial performance discussed below is based on the consolidated financial results for the year ended March 31, 2012.

### Share capital

The authorised share capital of the Company is Rs 500 million comprising 50 million equity shares of Rs 10 each. The paid up share capital stands at Rs 425.6 million as on March 31, 2012.

### Reserves and surplus

#### General reserve

General reserve stands at Rs 158.2 million on March 31, 2012 compared with Rs 63.5 million in the previous year. The increase

in general reserves over the previous year is on account of mandatory transfer of profits to reserves on declaration of interim and final dividend that was made during the current year.

#### Capital redemption reserve

Capital redemption reserve stands at Rs 15 million on March 31, 2012 compared with Rs 1 million in the previous year.

#### Profit and loss account

The balance retained in the profit and loss account as of March 31, 2012 is Rs 3,534.5 million compared with Rs 2,857 million as of March 31, 2011.

#### Forex translation reserve

The balance retained in the forex translation reserve as of March 31, 2012 is Rs 280.3 million compared with Rs (23.1) million as of March 31, 2011.

#### Shareholder's fund

The total shareholders' funds increased to Rs 5,089.4 million as of March 31, 2012 from Rs 4,162.8 million as of the previous year. The book value per share increased to Rs 119.58 as of March 31, 2012 as compared with Rs 94.70 as of March 31, 2011.

#### Loan Funds

Our loan funds decreased to Rs 308.5 million as of March 31, 2012 from Rs 476.9 million as of previous year. This reduction is mainly due to decrease in long-term borrowings to Rs 43.5 million as of March 31, 2012 from Rs 269.5 million as of the previous year. We repaid Rs 1.8 million of our other long-term liabilities during the year, thereby, bringing the outstanding amount as on March 31, 2011 to nil.

#### Deferred tax liabilities

Deferred tax liabilities as on March 31, 2012 were Rs 229.4 million as compared with Rs 161.2 million as of March 31, 2011.

#### Current liabilities and provisions

Current liabilities and provisions were Rs 4,767.3 million as of March 31, 2012 as compared with Rs 3,622.2 million as of March 31, 2011.

Our working capital related borrowings increased to Rs 547.8 million as of March 31, 2012 as compared with Rs 246.1 million

in the previous year.

Trade payables increased to Rs 1,256.4 million from 1,145.7 million in the previous year.

Other current liabilities reduced to Rs 552.8 million from Rs 641.8 million in the previous year.

#### Fixed assets

The movement in fixed assets is shown in the table below:

Assets	Gross Block as on March 31, 2012	Gross Block as on March 31, 2011
Land	110.6	83.2
Buildings	165.5	163.4
Computers	329.2	226.3
Office equipment	119.0	95.2
Furniture and fixtures	129.4	106.8
Vehicles	38.5	44.3
Leasehold improvements	60.8	10.0
IT and networking equipment	550.6	438.4
Plant and machinery	38.8	38.8
Electrical installations	56.7	41.8
Intangible assets - software	1,160.3	923.1
<b>Total</b>	<b>2,759.4</b>	<b>2,171.3</b>

The net block of fixed assets, capital work in progress and intangible asset under development increased to Rs 2,153.4 million from Rs 1,739.8 million as on March 31, 2011. This increase is due to an increase of Rs 272.9 millions in tangible and intangible assets, a reduction of Rs 34.1 million in capital work in progress and an increase of Rs 174.8 million in intangible assets under development.

#### Goodwill

Opening goodwill as shown in the Consolidated Balance Sheet was Rs 541.9 million in respect of acquisition of 100% stock of Comnet International Company by Infinite Computer Solutions Inc. which increased to Rs 646.0 million as on March 31, 2012, an increase of Rs 104.1 million over the previous year's balance. This increase is attributable to exchange difference.

## Investments

The Company has made several strategic investments in a number of wholly-owned 100% subsidiaries, the details of which are as per the table below.

Sl. No.	Name of the subsidiary company	Country of Incorporation	Percentage of Ownership Interest as at	
			31st March 2012	31st March 2011
1	Infinite Computer Solutions Pte. Ltd.	Singapore	100%	100%
2	Infinite Computer Solutions Inc.	USA	100%	100%
3	Infinite Computer Solutions Sdn, Bhd	Malaysia	100%	100%
4	Infinite Computer Solutions (Shanghai) Co. Ltd	China	100%	100%
5	Infinite Computer Solutions Ltd	United Kingdom	100%	100%
6	Comnet International Company	USA	100% Subsidiary of Sr. No. 2	100% Subsidiary of Sr. No. 2
7	India Comnet International Pvt Ltd	India	100% Subsidiary of Sr. No. 6	100% Subsidiary of Sr. No. 6
8	Infinite Infosoft Services Pvt. Ltd.	India	100%	100%
9	Infinite Data Systems Pvt. Ltd.	India	100%	100%
10	Infinite Data Systems UK Ltd.	UK	100% Subsidiary of Sr. no.9	100% Subsidiary of Sr. no.9
11	Infinite Convergence Solutions Inc.	USA	100%	100%
12	Infinite Infocomplex Pvt. Ltd.	India	100%	100%
13	Infinite Computer Solutions FZE	UAE	Incorporated on June 24, 2010. Investment is yet to be made	Incorporated on June 24, 2010. Investment is yet to be made
14	Infinite Infoworld Ltd.	India	100%	100%
15	Infinite Infopark Ltd.	India	100% (Incorporated on December 2011)	–

Infinite Computer Solution Inc., USA, has a contingent liability of USD 325,000 with respect to the Investment in Servesharp Inc.in accordance with the "Second Closing" clause of the share purchase agreement, this amount shall be payable subject to Servesharp Inc meeting the criteria set forth in the said agreement. As of the balance sheet date, it cannot be ascertained or estimated with reasonable accuracy whether Servesharp Inc would or would not meet the set criteria. Considering the nature of the transaction, this liability has not been included in the value of investment in Servesharp Inc.

Consequently, this liability is being disclosed as a contingency, via this note.

During 2011-12, Infinite Infopark Ltd. was incorporated, which is a wholly-owned subsidiary of Infinite Computer Solutions (India) Limited.

### Deferred tax asset

Deferred tax asset as on March 31, 2012 was Rs 200.4 million as compared with Rs 135.2 million as of March 31, 2011.

## Current assets

### Trade receivables

Trade receivables decreased to Rs 2,322.2 million after provision for doubtful debts amounting to Rs 50.9 million as of March 31, 2012 from Rs 2,338.8 million after provision for doubtful debts amounting to Rs 37.7 million as of March 31, 2011.

Included in the debtors are those pertaining to pass-through revenue – Rs 753 million and Rs 889.1 million for the year ended March 31, 2012 and 2011 respectively.

The Days Sales Outstanding (DSO) as appears in the financials is 135 days for the year ended March 31, 2012 as compared with 137 days for the previous year.

The DSO of the core business (excluding pass through) reduced from 102 days in FY11 to 98 in FY12.

### Cash and cash equivalents

The cash and cash equivalents at the end of March 31, 2012 are Rs 1,506 million as compared with Rs 834.4 million as on March 31, 2011. The bank balances in India include both rupee accounts and foreign currency accounts. The bank balances in overseas current accounts are of the Company's overseas subsidiaries, its branches and an overseas collection account.

### Short-term loans and advances

Loans and advances as on March 31, 2012 were Rs 1,026.6 million as compared with Rs 1,141.9 million as on March 31, 2011. The decrease is mainly due to the reduction in advance to vendors.

## Other current assets

Other current assets increased to Rs 1,984.3 million as of March 31, 2012 from Rs 1,235.4 million on March 31, 2011. The increase in this is mainly due to increase in unbilled receivables. Unbilled receivables pertain to services provided to customers during the financial year but have been invoiced after March 31, 2012. The unbilled receivables as on March 31, 2012 were Rs 1,940.9 million as compared with Rs 1,207.9 million for the previous year.

## Consolidated revenue

The financial year 2012 was a great one for Infinite as the Company made remarkable progress in its business

performance. The year saw Infinite grow its topline by 19.5% in INR terms to Rs 10,558 million and about 14% in USD terms to USD 220.7 million. We classified our revenues into four geographic segments comprising the Americas, Europe, Asia Pacific and domestic (India). The geographic breakdown of revenues contained in the following table, is based on the location of the specific client entity for which the project has been executed, irrespective of the location where the invoice is raised or whether the work is performed onsite or from our offshore delivery centers in India.

Geographical location	31st March 2012	31st March 2011
Domestic	1,330.4	662.9
Americas	8,085.3	7,313.9
Europe	442.2	543.8
APAC	700.2	312.2

Our revenues are generated from time and material, fixed price and revenue share projects. On time-and-material contracts revenues are recognised as the related services are rendered. Revenue from fixed price contracts is recognized as per the proportionate completion method. Revenue from revenue share contracts is recognised as and when it accrues.

The segmentation of software services by project type is as follows:

Project Type	FY 2012	FY 2011
Fixed price / SOW	27.1 %	35.0 %
Revenue share	16.5 %	14.5 %
Time and material	56.4 %	50.5%

Our revenues are also segmented into onsite and offshore revenues. Onsite revenues are those where the services are provided at our clients locations while offshore revenues are those where the services are provided from our software development centers located in India. This segmentation is as follows:

Revenue Mix	FY 2012	FY 2011
Onsite	64.8 %	67.8 %
Offshore/domestic	35.2 %	32.2 %



The services performed onsite typically generate higher revenues per-capita, but at a lower gross margin in percentage as compared with services performed at our own facilities. Therefore, any increase in onsite effort impacts our margins. The growth in revenue is due to an all-round growth in various segments of the business mix and is mainly due to growth in business volumes.

### Other income

Other income for the year ended March 31, 2012 is Rs 124.1 million and increased 100% over the previous year's income of Rs 61.9 million. Out this, an increase of Rs 42.8 million is on account of an exchange gain in the current year. Another reason for this increase is the increase in interest and dividend income over the previous year of Rs 18.3million.

### Expenses

The overall expenditure of the Company grew by 20.39% over the last year to Rs 9,075.3 million. The expenses mainly comprise manpower cost, other expenses, financial cost and depreciation. The increase is due to increase in business volume, increase in number of office locations in India and overseas and overall growth in business activity.

### Manpower related expenses

Manpower related expenses include salaries, wages and bonus, contribution to provident fund and other funds, staff welfare costs and expenses towards contractual services. These expenses grew by 16.68% in the fiscal year 2012 over fiscal year 2011.

### General and administration expenses

The administration and other expenses saw an increase of 30.2% in fiscal 2012. Increase in depreciation is mainly due to increase

in investment in infrastructure and equipment, as well as amortisation of software to service our growing business.

The Company incurred an interest expense of Rs 18.7 million in fiscal 2012 on borrowings as compared with Rs 18.4 million in fiscal 2011.

### EBITDA margins

This period saw our EBITDA rise by 24.08% in INR terms to Rs 1,834.9 million and by 18.10% in USD terms to USD 38.3 million. EBITDA margins as a percentage of revenue was 17.39% in fiscal 2012 as compared to 16.74% in fiscal 2011.

### Profit before Tax

Profit before tax, prior period and extraordinary items increased by 18.47% to Rs 1,606.8 million in fiscal 2012 from Rs 1,356.3 million in fiscal 2011. Profit before tax as a percentage of revenue was 15.22% in fiscal 2012 as compared with 15.36% in fiscal 2011.

### Taxes

The provision of current tax and deferred tax for the year ended March 31, 2012 is Rs 399.8 million as compared with Rs 284.5 million in the previous year. The effective tax rate in these years is 24.88% and 20.97% respectively.

### Net profit

The profit after tax (PAT), for the year ended March 31, 2011 was up by 12.61% in INR terms to Rs 1,207 million and by 7.40% in USD terms to USD 25.2 million. Profit after tax as a percentage of revenue was 11.44% in fiscal 2012 and 12.13% fiscal 2011.



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# FINANCIAL SECTION



## Auditors' Report on Consolidated Financial Statements

To

The Board of Directors of Infinite Computer Solutions (India) Limited.

1. We have audited the annexed Consolidated Financial Statements of Infinite Computer Solutions (India) Limited, for the financial year ended March 31st, 2012, comprising of the consolidated Balance Sheet, consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which have been signed under reference to this report. These consolidated financial statements are the responsibility of Infinite Computer Solutions (India) Limited management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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 subsidiaries, whose financial statements reflect the Group's share of total assets of Rs. 7695 (million) as at March 31st, 2012, and the Group's share of total revenues of Rs. 8978 million and net cash inflow amounting to Rs. 238 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements and other information of the subsidiaries 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 other auditors.
4. We report that the consolidated financial statements have been prepared by the Infinite Computer Solutions (India) Limited's management in accordance with the requirements of Indian Accounting Standard (AS) 27 and Indian Accounting Standard (AS) 34, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Infinite Computer Solutions (India) Limited group included in the Consolidated Financial Statements.
5. Based on our audit and on consideration of the reports of other auditors on separate financial statements and on the other financial information of the components, in our opinion and to the best of our information and according to the explanation given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a. in the case of the consolidated Balance Sheet, of the state of affairs of Infinite Computer Solutions (India) Limited Group as at March 31st, 2012;
  - b. in the case of the consolidated Profit and Loss Account, of the Profit of Infinite Computer Solutions (India) Limited Group for the year ended on that date; and
  - c. in the case of the consolidated Cash Flow Statement, of the cash flows of Infinite Computer Solutions (India) Limited Group for the year ended on that date.

For Amit Ray & Co.  
Chartered Accountants

CV Savit Kumar Rao  
Partner

Place : Bengaluru  
Date : May 15th, 2012

Membership No. 70009  
Firm Reg No: 483C

## Consolidated Balance Sheet As at March 31, 2012

(Amount in Rs.)

Particulars	Note No.	As at 31 March 2012	As at 31 March 2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	1	425,599,950	439,599,950
(b) Reserves and Surplus	2	4,663,847,040	3,723,193,364
		<b>5,089,446,990</b>	<b>4,162,793,314</b>
<b>2. Non-current Liabilities</b>			
(a) Long term borrowings	3	43,454,676	269,480,039
(b) Deferred tax liabilities (Net)	4	229,458,837	161,161,486
(c) Other Long term liabilities	5	–	1,874,331
(d) Long-term provisions	6	35,587,485	44,365,218
		<b>308,500,998</b>	<b>476,881,074</b>
<b>3. Current liabilities</b>			
(a) Short-term borrowings	7	547,840,522	246,144,641
(b) Trade payables	8	1,256,359,262	1,145,667,647
(c) Other current liabilities	9	552,778,289	641,752,881
(d) Short-term provisions	10	2,410,325,923	1,588,691,657
		<b>4,767,303,995</b>	<b>3,622,256,826</b>
<b>Total</b>		<b>10,165,251,983</b>	<b>8,261,931,214</b>
<b>II. ASSETS</b>			
<b>1. Non current assets</b>			
(a) Fixed Assets	11		
(i) Tangible assets		1,117,959,688	887,578,208
(ii) Intangible assets		840,419,749	797,869,080
(iii) Capital work-in-progress		20,167,562	54,300,794
(iv) Intangible assets under development		174,826,028	–
		<b>2,153,373,027</b>	<b>1,739,748,082</b>
(b) Goodwill		646,046,834	541,955,426
(c) Non current investments	12	11,511,000	10,046,250
(d) Deferred tax assets	13	200,423,099	135,176,692
(e) Long term loans and advances	14	213,892,701	126,042,795
<b>2. Current assets</b>			
(a) Current investments	15	100,847,167	158,384,751
(b) Trade receivables	16	2,322,213,829	2,338,846,909
(c) Cash and cash equivalents	17	1,506,040,736	834,428,482
(d) Short-term loans and advances	18	1,026,581,482	1,141,907,471
(e) Other current assets	19	1,984,322,107	1,235,394,356
		<b>6,940,005,322</b>	<b>5,708,961,969</b>
		<b>10,165,251,983</b>	<b>8,261,931,214</b>
See accompanying notes to the financial statements	25		

As per our report of even date

For Amit Ray & Co.  
Chartered AccountantsC V Savit Kumar Rao  
Partner (M.No.70009)  
Firm ICAI Reg No: 483CPlace : Bengaluru  
Date : 15th May 2012

For and on Behalf of the Board of Directors

Upinder Zutshi  
Managing Director & CEONavin Chandra  
Whole time DirectorRajat Kalra  
Company Secretary

## Consolidated Profit and Loss Account For the year ended March 31, 2012

(Amount in Rs.)

Particulars	Note No.	Year ended 31 March 2012	Year ended 31 March 2011
<b>INCOME</b>			
I. Revenue from operations	20	10,558,027,495	8,832,805,360
II. Other Income	21	124,092,555	61,947,463
<b>III. TOTAL REVENUE (I + II)</b>		<b>10,682,120,049</b>	<b>8,894,752,823</b>
<b>IV. EXPENSES</b>			
Manpower costs	22	7,290,847,834	6,248,360,502
Finance costs	23	18,691,982	18,401,892
Depreciation and amortization expense	11	328,533,874	167,434,576
Other expenses	24	1,437,228,771	1,104,273,230
<b>Total expenses</b>		<b>9,075,302,461</b>	<b>7,538,470,200</b>
V. Profit before exceptional and extraordinary items and tax (III-IV)		1,606,817,589	1,356,282,623
VI. Exceptional items		-	-
VII. Profit before extraordinary items and tax (V-VI)		1,606,817,589	1,356,282,623
VIII. Extraordinary items		-	-
IX. Profit before tax (VII-VIII)		1,606,817,589	1,356,282,623
X. Tax Expenses			
(1) Current tax		411,181,921	186,675,532
(2) Deferred tax		3,050,936	97,783,622
(3) MAT Credit		(14,444,524)	-
XI. Profit (Loss) for the period from continuing operations (IX-X)		1,207,029,256	1,071,823,469
XII. Profit/(loss) from discontinuing Operations		-	-
XIII. Tax expense of discontinuing Operations		-	-
XIV. Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		-	-
XV. Profit (Loss) for the period (XI + XIV)		1,207,029,256	1,071,823,469
<b>Earnings per Equity Share</b>			
Basic (Rs.)		28.05	24.38
Diluted (Rs.)		28.05	24.34
See accompanying notes to the financial statements	25		

As per our report of even date

For **Amit Ray & Co.**  
Chartered Accountants

**C V Savit Kumar Rao**  
Partner (M.No. 70009)  
Firm ICAI Reg No: 483C

Place : Bengaluru  
Date : 15th May 2012

For and on Behalf of the Board of Directors

**Upinder Zutshi**  
Managing Director & CEO

**Navin Chandra**  
Whole time Director

**Rajat Kalra**  
Company Secretary

**Consolidated Cash Flow Statement** For the year ended March 31, 2012

(Amount in Rs.)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax	1,606,817,549	1,356,282,623
<b>Adjusted for:</b>		
Depreciation	328,533,874	167,434,548
Interest Income	(43,099,145)	(9,905,683)
Interest Expense	19,105,147	18,788,194
(Profit)/Loss on sale of fixed assets	4,909,457	330,209
(Profit)/Loss on sale of Investment	(550,516)	(789,804)
Provision for Doubtful Debts	13,175,417	27,287,425
Wealth Tax	122,653	(1,375,403)
Dividend income	(13,777,573)	(28,142,158)
Effect of Exchange Differences on translation of foreign currency cash and cash equivalents	(48,541,561)	(9,756,753)
<b>Operating Profit before working capital changes</b>	<b>1,866,695,303</b>	<b>1,520,153,198</b>
<b>Adjusted for:</b>		
Accounts Receivable	3,464,721	(171,819,250)
Loans and Advances	241,010,630	(483,998,560)
Other Current Assets	(756,895,650)	(318,965,394)
Current Liabilities and Provisions	102,416,128	687,059,752
<b>Cash Generated from Operations</b>	<b>1,456,691,132</b>	<b>1,232,429,746</b>
Income Tax paid	(260,153,292)	(232,857,146)
Income Tax Refund	18,884,115	–
<b>Net Cash from Operating Activities [A]</b>	<b>1,215,421,955</b>	<b>999,572,600</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(481,788,945)	(1,029,467,633)
Proceeds on Sale of Fixed Assets	1,390,276	500,000
Purchase of Investment	(776,046,842)	(794,035,039)
Proceeds on sale of Investments	832,742,313	1,390,828,883
Interest received	60,034,547	9,937,551
Interest paid	(19,105,147)	(23,108,679)
Dividend Income	13,777,573	28,142,158
<b>Net Cash used in Investment Activities [B]</b>	<b>(368,996,225)</b>	<b>(417,202,759)</b>



**Consolidated Cash Flow Statement (Contd.)** For the year ended March 31, 2012

*(Amount in Rs.)*

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment for Share buy back	(163,017,673)	–
Proceeds from Borrowings	492,379,200	455,490,497
Repayment of Long term borrowings	(362,427,072)	(583,030,558)
Dividend Paid	(170,507,980)	(131,879,985)
Dividend Distribution Tax Paid	(27,661,955)	(21,905,266)
<b>Net cash used in Financing Activities [C]</b>	<b>(231,235,480)</b>	<b>(281,325,312)</b>
<b>Net Increase/(Decrease) in cash &amp; cash equivalents ([A]+[B]+[C])</b>	<b>615,190,250</b>	<b>301,044,529</b>
Effect of Exchange Difference on translation of foreign currency	56,422,004	(14,993,299)
Cash & Cash equivalents at the beginning of the year	834,428,482	548,377,252
Cash & Cash equivalents at the end of the year	1,506,040,736	834,428,482
<b>Increase/(Decrease) in cash and cash equivalent</b>	<b>615,190,250</b>	<b>301,044,529</b>

As per our report of even date

For and on Behalf of the Board of Directors

For Amit Ray &amp; Co.

*Chartered Accountants*

C V Savit Kumar Rao  
 Partner (M.No.70009)  
 Firm ICAI Reg No: 483C

Upinder Zutshi  
 Managing Director & CEO

Navin Chandra  
 Whole time Director

Place : Bengaluru  
 Date : 15th May 2012

Rajat Kalra  
 Company Secretary

## Notes forming part of the Consolidated Balance Sheet As at March 31, 2012

(Amount in Rs.)

	As at 31 March 2012	As at 31 March 2011
<b>Note 1 SHARE CAPITAL</b>		
<b>Authorised</b>		
50,000,000 Equity shares @ Rs. 10 each.	500,000,000	500,000,000
	<b>500,000,000</b>	<b>500,000,000</b>
<b>Issued, Subscribed and Paid up Capital</b>		
Opening balance	439,599,950	439,599,950
Less : Shares bought back	14,000,000	–
42,559,995 equity shares of Rs. 10 each fully paid.	<b>425,599,950</b>	<b>439,599,950</b>
<b>Note 2 RESERVES AND SURPLUS</b>		
<b>1. Share Premium</b>		
As per last Balance Sheet	824,808,953	824,808,953
Add: Received during the year	–	–
	<b>824,808,953</b>	<b>824,808,953</b>
Less: Utilized for share buy-back	149,017,673	–
	<b>675,791,280</b>	<b>824,808,953</b>
<b>2. General Reserve</b>		
As per last Balance Sheet	63,500,395	29,130,509
Add: Additions during the the year	94,665,465	34,369,886
	<b>158,165,860</b>	<b>63,500,395</b>
<b>3. Capital Redemption Reserve</b>		
As per last Balance Sheet	1,049,800	1,049,800
Add: Additions during the the year	14,000,000	–
	<b>15,049,800</b>	<b>1,049,800</b>
<b>4. Profit &amp; Loss Account</b>		
As per last Balance Sheet	2,856,976,914	1,973,308,582
Add: Profit for the period	1,207,029,256	1,071,823,469
Less: Dividend Paid by Holding Company	362,027,958	131,879,985
Less: Dividend distribution tax Paid	58,731,283	21,905,266
Less: Transfer to Capital Redemption Reserve	14,000,000	–
Less: Transfer to General Reserve	94,665,465	34,369,886
	<b>3,534,581,464</b>	<b>2,856,976,914</b>
<b>5. Forex Translation Reserve</b>		
As per last Balance Sheet	(23,142,698)	1,610,470
Add: Forex difference eliminations	(20,558,951)	(2,572,101)
Add: For the period	323,960,285	(22,181,067)
	<b>280,258,636</b>	<b>(23,142,698)</b>
	<b>4,663,847,040</b>	<b>3,723,193,364</b>
<b>Note 3 LONG-TERM BORROWINGS</b>		
<b>Secured Loans</b>		
Working Capital Loan	–	107,919,050
Note: Above loans are secured by Current Assets, Fixed Assets, Land & Building.		
<b>Unsecured Loans</b>	43,454,676	161,560,989
	<b>43,454,676</b>	<b>269,480,039</b>

**Notes forming part of the Consolidated Balance Sheet** As at March 31, 2012

*(Amount in Rs.)*

	As at 31 March 2012	As at 31 March 2011
<b>Note 4 DEFERRED TAX LIABILITIES (NET)</b>		
Deferred Tax Liabilities		
As per last Balance Sheet	161,161,486	64,092,713
Add : Adjustments for the current year	68,297,351	97,068,773
	<b>229,458,837</b>	<b>161,161,486</b>

**Note 5 OTHER LONG TERM LIABILITIES**

Others	–	1,874,331
	–	<b>1,874,331</b>

**Note 6 LONG-TERM PROVISIONS**

Provision for employee benefits	35,587,485	44,365,218
	<b>35,587,485</b>	<b>44,365,218</b>

**Note 7 SHORT-TERM BORROWINGS**

<b>Secured</b>		
Loans repayable on demand		
– from banks	–	56,695,141
Working Capital Loan	496,960,719	189,449,500
<b>Unsecured</b>		
Form others	50,879,803	–
	<b>547,840,522</b>	<b>246,144,641</b>

**Note 8 TRADE PAYABLES**

Trade payables - others	1,256,359,262	1,145,667,647
	<b>1,256,359,262</b>	<b>1,145,667,647</b>

**Note 9 OTHER CURRENT LIABILITES**

Unearned revenue	11,166,760	136,332,084
Unpaid dividends	190,478	133,350
Share application money refundable	780,780	945,780
Advances from customers	128,435,234	76,377,017
Current maturities of long term debt	–	1,939,800
Other liabilities	412,205,037	426,024,850
	<b>552,778,289</b>	<b>641,752,881</b>

## Notes forming part of the Consolidated Balance Sheet As at March 31, 2012

(Amount in Rs.)

	As at 31 March 2012	As at 31 March 2011
<b>Note 10 SHORT TERM PROVISIONS</b>		
Taxation	768,125,261	483,198,246
Proposed dividend	191,519,978	–
Tax on dividend	31,069,328	–
Warranty provision	23,022,000	20,092,500
Provision for employee benefits	173,585,474	161,593,418
Provision for contract labour	911,376,211	676,287,787
Provision for other expenses	311,627,671	247,519,706
	<b>2,410,325,923</b>	<b>1,588,691,657</b>

**Note 11 FIXED ASSETS**

(Amount in Rs.)

Particulars	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
	As at 01.04.2011	Additions during the Year	Adjustments Sold during the Year	As at 31.03.2012	Up to 01.04.2011	Provided during the Year	Adjustments Sold during the Year	Up to 31.03.2012	As at 31.03.2012	As at 31.03.2011
<b>Tangible Assets</b>										
Land	83,161,210	27,470,361	–	110,631,571	–	–	–	–	110,631,571	83,161,210
Buildings	163,421,202	2,083,836	–	165,505,038	13,434,683	2,693,965	–	16,128,648	149,376,390	149,986,519
Computers	226,320,267	98,183,206	(4,662,848)	329,166,321	147,501,600	23,112,499	4,929,815	165,684,283	163,482,038	78,818,667
Office Equipment	95,150,168	24,593,623	783,991	118,959,800	26,839,926	6,284,898	2,529,687	30,595,137	88,364,663	68,310,242
Furniture & Fixtures	106,783,886	22,575,064	8,109	129,350,841	37,340,194	7,833,908	1,215,582	43,958,520	85,392,321	69,443,692
Vehicles	44,343,628	2,159,289	7,962,078	38,540,839	15,196,779	3,912,966	4,702,012	14,407,734	24,133,105	29,146,849
Leasehold Improvements	10,025,311	50,109,552	(710,092)	60,844,955	8,109,521	9,942,245	–	18,051,766	42,793,189	1,915,790
IT & Networking Equipments	438,379,203	58,626,422	(53,587,644)	550,593,269	89,928,029	75,785,944	61	165,713,912	384,879,357	348,451,174
Plant & Machinery	38,781,116	–	–	38,781,116	11,438,555	1,842,102	–	13,280,657	25,500,459	27,342,561
Electrical Installations	41,759,054	14,824,131	(146,813)	56,729,998	10,757,550	2,565,853	–	13,323,403	43,406,595	31,001,504
<b>Total of Tangible Assets (A)</b>	<b>1,248,125,045</b>	<b>300,625,484</b>	<b>(50,353,219)</b>	<b>1,599,103,748</b>	<b>360,546,837</b>	<b>133,974,380</b>	<b>13,377,157</b>	<b>481,144,060</b>	<b>1,117,959,688</b>	<b>887,578,208</b>
<b>Intangible Assets</b>										
Software	923,186,044	216,592,123	(20,506,320)	1,160,284,487	125,316,964	194,559,494	11,720	319,864,738	840,419,749	797,869,080
<b>Total of Intangible Assets (B)</b>	<b>923,186,044</b>	<b>216,592,123</b>	<b>(20,506,320)</b>	<b>1,160,284,487</b>	<b>125,316,964</b>	<b>194,559,494</b>	<b>11,720</b>	<b>319,864,738</b>	<b>840,419,749</b>	<b>797,869,080</b>
<b>GRAND TOTAL (A+B)</b>	<b>2,171,311,089</b>	<b>517,217,607</b>	<b>(70,859,539)</b>	<b>2,759,388,235</b>	<b>485,863,801</b>	<b>328,533,874</b>	<b>13,388,877</b>	<b>801,008,798</b>	<b>1,958,379,437</b>	<b>1,685,447,288</b>
<b>As at 31st March 2011</b>										
Tangible Assets	987,115,997	258,293,125	(2,715,923)	1,248,125,045	258,810,651	103,440,135	1,703,949	360,546,837	887,578,208	728,305,346
Intangible Assets	145,873,997	780,295,896	2,983,849	923,186,044	61,322,523	63,994,441	–	125,316,964	797,869,080	84,551,474
<b>Total</b>	<b>1,132,989,994</b>	<b>1,038,589,021</b>	<b>267,926</b>	<b>2,171,311,089</b>	<b>320,133,174</b>	<b>167,434,576</b>	<b>1,703,949</b>	<b>485,863,801</b>	<b>1,685,447,288</b>	<b>812,856,820</b>

(Amount in Rs.)

	As at 31 March 2012	As at 31 March 2011
<b>Note 12 NON CURRENT INVESTMENTS</b>		
In shares	11,511,000	10,046,250
	<b>11,511,000</b>	<b>10,046,250</b>

## Notes forming part of the Consolidated Balance Sheet As at March 31, 2012

(Amount in Rs.)

	As at 31 March 2012	As at 31 March 2011
<b>Note 13 DEFERRED TAX ASSETS</b>		
Deferred Tax Asset		
As per last Balance Sheet	135,176,692	135,891,541
Add : Adjustments for the current year	65,246,407	(714,849)
	<b>200,423,099</b>	<b>135,176,692</b>

### Note 14 LONG TERM LOANS AND ADVANCES

Unsecured, considered good		
Capital Advances	212,598,070	108,629,052
Deposits	–	16,128,093
Advances recoverable in cash or in kind or for value to be received or pending adjustments	1,294,631	1,285,650
	<b>213,892,701</b>	<b>126,042,795</b>

### Note 15 CURRENT INVESTMENTS

In Mutual Funds	100,847,167	158,384,751
	<b>100,847,167</b>	<b>158,384,751</b>

#### Investment Schedule as on 31st Mar 2012

Acquired during the year	Sold/redeemed during the year	Balance at the end of the year	Particulars	As at 31 March 2012	As at 31 March 2011
Nos.	Nos.	Nos.		(Rs.)	(Rs.)
			<b>A) NON CURRENT INVESTMENTS</b>		
			1. Shares		
			(a) Unquoted:		
–	–	98,000	↳ Servesharp, Inc		
			Shares aggregating to a total par value of USD 980	11,511,000	10,046,250
			<b>B) CURRENT INVESTMENTS</b>		
			1. Mutual Fund		
			Non-trade investment - quoted		
2,654,975	2,654,975	–	Reliance Monthly Interval Fund - Series I-Institutional Dividend plan (F-403109676471)	–	26,556,456
5,239,423	5,239,423	–	Reliance Monthly Interval Fund - Series I-Institutional Dividend plan (F-403119541525)	–	52,436,896
2,619,857	–	2,619,857	IDFC Money Manager Treasury Plan-A (F-1305060/31)	26,381,701	–
2,830,712	–	2,830,712	HDFC Cash Management Fund (F-7639992/57)	28,396,286	–
4,574,939	–	4,574,939	IDFC Cash Management Fund-Treasury Plan-A (F-1310320/62)	46,069,180	–
			<b>Total</b>	<b>100,847,167</b>	<b>78,993,352</b>
			<b>Market Value of Current Investments</b>		
			– Reliance Monthly Interval Fund - Series I-Institutional Dividend plan (F-403109676471)		26,669,756
			– Reliance Monthly Interval Fund - Series I-Institutional Dividend plan (F-403119541525)		52,436,896

**Notes forming part of the Consolidated Balance Sheet** As at March 31, 2012

Investment Schedule as on 31st Mar 2012 (Contd.)

Acquired during the year	Sold/ redeemed during the year	Balance at the end of the year	Particulars	As at 31 March 2012	As at 31 March 2011
Nos.	Nos.	Nos.		(Rs.)	(Rs.)
		2,619,857	IDFC Money Manager Treasury Plan-A (F-1305060/31)	26,381,701	
		2,830,712	HDFC Cash Management Fund (F-7639992/57)	28,396,286	
		4,574,939	IDFC Cash Management Fund-Treasury Plan-A Daily Dividend (F-1310320/62)	46,069,180	
				<b>100,847,167</b>	<b>79,106,652</b>
			<b>C) CURRENT INVESTMENTS - Balance IPO Money</b>		
			<b>1. Mutual Fund</b>		
2,641,195	2,641,195	-	Reliance Monthly Interval Fund - Series I-Institutional Dividend plan (F-403109676471)	-	26,418,682
5,295,927	5,295,927	-	Reliance Monthly Interval Fund - Series I-Institutional Dividend plan (F-403109676466)	-	52,972,717
				-	<b>79,391,399</b>
			<b>Market Value of Current Investment - IPO Money</b>		
		-	Reliance Monthly Interval Fund - Series I-Institutional Dividend plan (F-403109676471)	-	26,531,327
		-	Reliance Monthly Interval Fund - Series I-Institutional Dividend plan (F-403109676466)	-	53,198,652
				-	<b>79,729,979</b>
			<b>GRAND TOTAL</b>	<b>112,358,167</b>	<b>168,431,001</b>
			Aggregate cost of Quoted Investment	100,847,167	158,384,751
			Aggregate cost of Unquoted Investment	11,511,000	10,046,250
			<b>GRAND TOTAL</b>	<b>112,358,167</b>	<b>168,431,001</b>

**Note 16 TRADE RECEIVABLES**

Unsecured, considered good		
More than 6 months	138,339,079	84,625,633
Others	2,183,874,750	2,254,221,276
Unsecured, considered doubtful	50,954,220	37,778,803
Less : Provision for doubtful debts	(50,954,220)	(37,778,803)
	<b>2,322,213,829</b>	<b>2,338,846,909</b>

**Note 17 CASH AND CASH EQUIVALENTS**

Cash in Hand [includes foreign currencies]	3,404,408	1,792,615
Balance with Scheduled Banks		
In Current Accounts	237,916,701	119,323,534
In EEFC Account	46,901,923	18,113,906
Balances with Bank accounts - outside India	417,019,196	48,880,259
In Unpaid Dividend Account	200,775	133,350
In Fixed Deposit Accounts - maturity within 12 months	681,803,384	645,234,311
In Fixed Deposit Accounts - maturity after 12 months	115,000,000	-
Bank Deposits held against Guarantees	3,013,569	4,727
In Share application money refund a/c	780,780	945,780
	<b>1,506,040,736</b>	<b>834,428,482</b>

## Notes forming part of the Consolidated Balance Sheet As at March 31, 2012

(Amount in Rs.)

	As at 31 March 2012	As at 31 March 2011
<b>Note 18 SHORT TERM LOANS AND ADVANCES</b>		
Deposits	64,097,303	49,450,978
Advances recoverable in cash or in kind or for value to be received or pending adjustments	288,100,855	567,801,956
Advance Income Tax	659,938,800	524,654,537
MAT Credit Recoverable	14,444,524	–
	<b>1,026,581,482</b>	<b>1,141,907,471</b>
<b>Note 19 OTHER CURRENT ASSETS</b>		
Interest accrued but not due	23,928,797	9,270,290
Unbilled Receivables	1,940,916,197	1,207,992,125
Expected gain on forward contracts	–	616,097
Other Receivables	19,477,113	17,515,844
	<b>1,984,322,107</b>	<b>1,235,394,356</b>

## Notes forming part of the Consolidated Profit & Loss Account For the year ended March 31, 2012

(Amount in Rs.)

	Year ended 31 March 2012	Year ended 31 March 2011
<b>Note 20 REVENUE FROM OPEATIONS</b>		
Domestic Sales	1,330,364,437	662,887,554
Export Sales	9,227,663,058	8,169,917,806
	<b>10,558,027,495</b>	<b>8,832,805,360</b>
<b>Note 21 OTHER INCOME</b>		
Interest income	42,310,312	10,639,432
Provisions no longer required written back	–	906
Profit on Sale of Investments (net)	550,516	789,803
Dividend Income	15,334,034	28,710,951
Miscellaneous Income	4,147,481	2,864,504
Exchange Gain (net)	61,750,212	18,941,867
	<b>124,092,555</b>	<b>61,947,463</b>
<b>Note 22 MANPOWER COSTS</b>		
Salaries & Wages	5,065,352,497	4,472,294,297
Contribution to Provident Fund and Other funds	51,818,083	57,671,821
Staff Welfare Expenses	204,693,022	231,500,173
Contractual Services	1,968,984,232	1,486,894,211
	<b>7,290,847,834</b>	<b>6,248,360,502</b>
<b>Note 23 FINANCE COSTS</b>		
Interest on Loan	18,691,982	18,401,892
	<b>18,691,982</b>	<b>18,401,892</b>

## Notes forming part of the Consolidated Profit &amp; Loss Account For the year ended March 31, 2012

(Amount in Rs.)

	Year ended 31 March 2012	Year ended 31 March 2011
<b>Note 24 OTHER EXPENSES</b>		
Rent & Hire Charges	154,724,146	133,060,253
<b>Repairs &amp; Maintenance</b>		
Building	7,682,307	6,987,637
Plant & Machinery	10,826,692	12,286,875
Vehicles	414,899	583,836
Others	33,991,888	31,659,092
Security Charges	16,857,410	10,222,026
Insurance	42,127,838	42,293,991
Communication Expenses	60,343,467	49,976,933
Recruitment Expenses	27,667,288	27,527,327
Advertisement Expenses	–	1,172,233
Legal & Professional Charges	178,996,148	286,368,757
Software Expenses	51,134,516	33,560,208
Project Expenses	523,728,224	152,691,111
Business Promotion	19,772,637	13,882,194
Traveling & Conveyance	156,400,470	152,898,913
Printing & Stationery	10,658,406	10,415,447
Electricity & Water Charges	50,344,986	43,405,689
Seminar & Training Expenses	8,298,615	8,627,144
Provision for Doubtful Debts	13,175,417	27,287,425
Bad Debts	2,022,191	3,878,929
Loss on sale of Fixed Assets	4,909,457	330,192
<b>Auditors' Remuneration</b>		
Statutory Audit	3,799,416	2,114,799
Tax Audit Fee	100,000	152,000
Reimbursement of Expenses	3,810	48,097
Other certification	960,000	720,000
Bank charges	15,591,027	15,274,832
Directors' sitting fees	1,198,014	1,020,000
Rates & Taxes	19,038,653	19,281,743
Miscellaneous Expenses	22,460,849	16,545,547
	<b>1,437,228,771</b>	<b>1,104,273,230</b>



## Notes to the Consolidated Financial Statements

### Note 25 SIGNIFICANT ACCOUNTING POLICIES

#### a. Basis of Preparation

The Consolidated Financial Statements have been prepared by the company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements prescribed by the Companies (Accounting Standards) Rules, 2006 and in accordance with the Indian Generally Accepted Accounting Principles (GAAP), and the provisions of the Companies Act, 1956, to the extent applicable.

#### b. Background

Infinite Computer Solutions (India) Limited ('the Company'), a Public Limited Company, is a global service provider of Application Management Outsourcing, Remote Infrastructure Management Services, R&D and Intellectual Property Leveraged Solutions and related IT Services.

The accompanying financial statements reflect the results of the activities undertaken by the Company during the year ended March 31, 2012.

#### c. Principles of Consolidation

These consolidated financial statements relate to Infinite Computer Solutions (India) Limited, the Parent Company, and its subsidiaries, together referred to in these financial statements as "The Group", which are as below:

Sl No.	Name of the Subsidiary Company	Country of Incorporation	Percentage of Ownership Interest as at	
			31 March 2012	31 March 2011
1.	Infinite Computer Solutions Pte. Ltd.	Singapore	100%	100%
2.	Infinite Computer Solutions Inc.	USA	100%	100%
3.	Infinite Computer Solutions Sdn, Bhd,	Malaysia	100%	100%
4.	Infinite Computer Solutions (Shanghai) Co. Ltd	China	100%	100%
5.	Infinite Computer Solutions Ltd	United Kingdom	100%	100%
6.	Comnet International Company	USA	100% Subsidiary of Sr. No. 2	100% Subsidiary of Sr. No. 2
7.	India Comnet International Pvt Ltd	India	100% Subsidiary of Sr. No. 6	100% Subsidiary of Sr. No. 6
8.	Infinite Infosoft Services Pvt. Ltd.	India	100%	100%
9.	Infinite Data Systems Pvt. Ltd.	India	100%	100%
10.	Infinite Data Systems UK Ltd.	UK	100% Subsidiary of Sr. No. 9	100% Subsidiary of Sr. No. 9
11.	Infinite Convergence Solutions Inc.	USA	100%	100%
12.	Infinite Infocomplex Pvt. Ltd.	India	100%	100%
13.	Infinite Computer Solutions FZE	UAE	Incorporated on June 24, 2010. Investment is yet to be made	Incorporated on June 24, 2010. Investment is yet to be made
14.	Infinite Infoworld Ltd.	India	100%	100%
15.	Infinite Infopark Ltd.	India (Incorporated on December 2011)	100%	

Subsidiary companies are those in which Infinite Computer Solutions (India) Limited, directly or indirectly, has an interest of more than 50% of the voting power or otherwise has power to exercise control over the operations.

During the current period Infinite Infopark Ltd. has been incorporated, which is a wholly owned subsidiary of Infinite Computer Solutions (India) Limited.

All material inter-company transactions, balances and unrealized surplus and deficit on transactions between group companies are eliminated. Consistency in adoption of accounting policies among all group companies is ensured to the extent practicable.

## Notes to the Consolidated Financial Statements

### Note 25 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

**d. Basis of Accounting**

The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles in India, the accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006 and the provisions of the Companies Act, 1956, as adopted consistently by the company.

The Company follows the mercantile system of accounting and recognizes items of income and expenditure on accrual basis.

**e. Use of Estimates**

The preparation of financial statements are in conformity with the generally accepted accounting principles and requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the years presented. Actual results could differ from those estimates.

**f. Revenue Recognition**

Revenue from software development contracts priced on a time and material basis is recognized on the basis of billable time spent by employees working on the project, priced at the contracted rate.

Revenue in respect of services on fixed price contracts is recognized on milestones achieved as per the terms of specific contracts. Revenue from incomplete contracts is recognized on the proportionate completion method and where no significant uncertainty exists regarding the amount of consideration that will be derived on completion of the contract.

Dividend income is recognized when the right to receive payment is established.

Interest on bank deposits is recognised on accrual basis.

**g. Note on disclosure in accounts regarding presentation of certain items of consultant labour expenditure**

The following expenses incurred by Infinite Computer Solutions Inc., USA during the period/year have not been separately shown as forming part of Consultant Labour Expense but have been netted off and reduced from the Consulting and Project Revenue in the Profit and Loss Account. The netting-off of expenses as aforesaid is primarily in respect of revenue yielding transactions with clients where the Company is a Core Vendor and where under other sub-tier vendors who provide services to such clients are also required to route their billing and collection transactions through the Company as per the internal policies of such clients. The Company does not expend any marketing effort nor does it exercise any direct control or supervision on the subsidiary vendor resources. The Company charges and retains an agreed margin in the nature of a fee from such clients where the Company is a core vendor for allowing the subsidiary vendors to route their business through the Company. Considering the nature of the above-referred business, the Company is of the opinion that only the margin from these transactions should be recognized as the turnover of the Company and not the gross revenue from these transactions for more appropriate presentation of the financial statements. Accordingly, the expenses incurred by the subsidiary vendors are not separately shown but netted-off from the Consulting and Project Revenues. The particulars of such pass-through transactions along with balances in debtors and creditors relating thereto are as follows:

(Rs. in Million)

	Year ended 31 March 2012	Year ended 31 March 2011
Pass-through Revenue	5,385.78	4,647.11
Cost of Pass-through Revenue	5,158.15	4,472.78
Margin of Pass-through Revenue	227.63	174.33
Debtors Pertaining to Pass-through Revenue	753.08	889.18
Pass through debtors in unbilled revenue	295.62	212.41
Creditors Pertaining to Pass-through revenue	755.80	765.96
Pass-through creditors lying in provision	300.76	207.54

## Notes to the Consolidated Financial Statements

### Note 25 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

#### h. Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation. Cost includes original cost of acquisition, including incidental expenses related to such acquisition and installation.

The company does not capitalize the cost of software acquired specifically for client projects and where there is no enduring benefit to the company following conclusion of the project. Such software is charged to the Profit & Loss Account in the year in which the software is acquired.

Opening goodwill as shown in the Consolidated Balance Sheet was valued at Rs. 541.96 million in respect of acquisition of 100% stock of Comnet International Company by Infinite Computer Solutions Inc. Increase of Rs. 104.09 million over the previous year's balance is attributable to exchange difference.

#### i. Depreciation

Depreciation on all fixed assets is provided on the straight-line method over the estimated useful life of the assets at rates specified in Schedule XIV to the Companies Act, 1956.

Depreciation on addition to fixed assets is provided on pro-rata basis from the date the assets are put to use. Depreciation on sale/deduction from fixed assets is provided for upto the dates of sale, deduction, discard, as the case may be.

All assets costing Rs. 5,000 or below are depreciated in full by way of a onetime depreciation charge. Leasehold improvements are amortized over the period of lease.

#### j. Intangibles

##### Product development costs

Product development cost represents direct cost incurred by the Group for developing new product. Research costs are expensed as incurred. Development expenditure incurred on an individual product is carried forward when its future recoverability can reasonably be regarded as assured. The expenditure incurred is carried forward under capital work in progress till the product is ready to be put to use. Expenditure carried forward is charged off over the expected useful life of product beginning in the month when revenue from the product starts accruing.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

#### k. Leases

Lease rentals are expensed with reference to lease terms.

#### l. Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. The financial statements of foreign branches of the company are translated and recorded in the functional currency of the company.

Monetary items denominated in foreign currencies at the year-end are translated at the exchange rates prevailing on the date of the Balance Sheet. Non-monetary items denominated in foreign currencies are carried at cost.

Any income or expense on account of exchange differences either on settlement or on translation of transactions other than those relating to fixed assets acquired from sources outside India is recognized in the Profit and Loss Account. Gain or loss on translation of long-term liabilities incurred to acquire fixed assets from sources outside India is treated, as an adjustment to the carrying cost of related fixed assets.

Foreign operations of the Company are non-integral in nature. The translation of the functional currency in to the reporting currency is performed for balance sheet accounts using the exchange rates in effect at the balance sheet date and for revenue and expense accounts using an appropriate daily simple average exchange rate for the respective period. The gain or loss resulting from such translations is accumulated in a foreign currency translation reserve.

As required by the announcement made by ICAI on 29th March 2008, all derivative instruments should be recorded on the Balance Sheet date at mark to market value. As such these contracts are accounted for after adjusting the carrying amount of

## Notes to the Consolidated Financial Statements

## Note 25 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

the contract to the market value of each period end and recognizing any loss or gain in earning. The Company has accordingly provided for a loss of Rs.NIL million (previous year loss Rs.0.62 million) on such contracts in the books.

The following forward contracts are outstanding as on 31st March 2012:

- For USD – 82.35 Million

## m. Statement of Utilization of IPO Funds

(Amount in Rs.)

	As on 31 March 2012	As on 31 March 2011
Amount raised through IPO	946,432,080	946,432,080
Share Issue expenses paid	70,723,407	70,723,407
<b>Net proceeds</b>	<b>875,708,673</b>	<b>875,708,673</b>
<b>Deployment</b>		
Repayment of Debts	83,000,000	83,000,000
Acquisition	380,000,000	380,000,000
Capital expenditure	146,756,889	75,000,000
General Corporate Purpose	148,015,038	148,015,038
Current Investment in Mutual Funds	–	79,391,399
Kept in Fixed Deposits	117,480,537	110,000,000
Kept in Separate Bank Account	456,209	302,236
<b>Total</b>	<b>875,708,673</b>	<b>875,708,673</b>

## n. Retirement Benefits

## Holding Company and its Indian Subsidiary

- Provident Fund eligible employees receive benefits from Provident Fund which is a defined contribution plan. Both the employees and the company make monthly contributions to the provident fund authorities, equal to specified percentage of eligible covered employees' salary. The company has no other obligation other than the monthly contribution.
- Gratuity in the case of the holding company the gratuity payable to employee is accounted for on the basis of an actuarial valuation as at the balance sheet date.

In the case of its Indian subsidiary India Comnet International Pvt. Ltd. the liabilities with regard to gratuity plan are determined by actuarial valuation as at the Balance Sheet date based upon which the company contributes all the ascertained liabilities to LIC, who are the trustees / administrator of the plan.

## c) Leave Encashment

Liabilities on account of encashment of leave to employees is provided on the basis of actuarial valuation.

## Subsidiaries in US

The company has a saving and investment plan under section 401(k) of the internal revenue code of the United States of America. This is a defined contribution plan. Contributions are charged to income in the period in which they accrue.

## Subsidiary in Singapore

As per the local laws of Singapore, employers are required to contribute up to 13% of the basic salary of the employees. The company contributes to the fund approved by the government of Singapore.

## o. Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

## Notes to the Consolidated Financial Statements

### Note 25 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

For calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(Amount in Rs.)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Net Profit/(Loss) (Rs.)	1,207,029,256	1,071,823,469
Weighted average number of equity share outstanding	43,026,351	43,959,995
Nominal value of Equity shares (Rs.)	10	10
Basic Earnings per share (Rs.)	28.05	24.38
Diluted Earnings Per Share (Rs.)	28.05	24.34

#### p. Impairment of Assets

Whenever events indicate that assets may be impaired, the assets are subject to a test of recoverability based on estimates of future cash flows arising from continuing use of such assets and from its ultimate disposal. A provision for impairment loss is recognized where it is probable that the carrying value of an asset exceeds the amount to be recovered through use or sale of the asset.

#### q. Income Taxes

Income taxes consist of current taxes and changes in deferred tax liability and deferred tax asset.

Income taxes are accounted for on the basis of estimated taxes payable and adjusted for timing differences between the taxable income and accounting income as reported in the financial statements. Timing differences between the taxable income and the accounting income as at March 31, 2012 that reverse in one or more subsequent years are recognized if they result in taxable amounts. Deferred tax assets or liabilities are provided at the enacted tax rates. Changes in the enacted rates are recognized in the period of enactment.

Deferred tax assets are recognized only if there is a reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

#### r. Miscellaneous Expenditure

Preliminary expenses incurred on incorporation of the company are deferred and amortized over a period of ten years.

#### s. Material Events

Material events occurring after the Balance Sheet date are taken into cognizance.

## 2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes to these consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding. Recognising this purpose, the company has disclosed only such notes from the individual financial statements, which fairly present the needed disclosures.

#### a. Commitment and Contingencies

Estimated amount of contracts remaining to be executed on capital account and not provided for against which advance has been paid Rs 123.57 Million (Previous year Rs NIL million).

Contingent Liability towards Bank Guarantees and LCs given to customers and other business related requirements is Rs 288.31 million (Previous year Rs 487.84 million) and towards corporate guarantee on behalf of a wholly owned subsidiary is USD 100 million (Previous year USD 100 million).

A bank guarantee for an amount of Rs. 6.50 Million in respect of a contract for software services has been invoked by a customer. The company also has counter claims against the customer, and in order to recover its dues it has opted to go for arbitration. An arbitrator has been appointed on 20th August 2010, but pending conclusion of such arbitration proceedings no provisions

## Notes to the Consolidated Financial Statements

### Note 25 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

have been made in the accounts.

The company has provided a Corporate Guarantee to DBS Bank Limited, Singapore, to secure the short term foreign currency loan granted to its Subsidiary Infinite Convergence Solutions Inc, of USD 8.80 million. Infinite Convergence Solutions, Inc has borrowed working capital loan of USD 8 million from DBS Bank, the balance at the end of the year is USD 8 million.

Infinite Computer Solutions Inc has a contingent liability of USD 325,000 with respect to the Investment in Servesharp Inc. In accordance meeting the criteria set forth in the said agreement. As of the balance sheet date, it cannot be ascertained or estimated with reasonable accuracy whether Servesharp Inc would or would not meet the set criteria. Considering the nature of the transaction, this liability has not been included in the value of investment in Servesharp Inc. Consequently this liability is being disclosed as contingency, via this note.

Infinite Computer Solutions Inc, USA, the Company's subsidiary has established a Line of credit of USD 10 million, secured by charge on fixed assets and working capital assets, from PNC Bank, National Associations, USA. This loan is to be used primarily for working capital requirements. The balance as at the end of the year is USD 1,713,853/- .

Infinite Convergence Solutions, Inc the Company's subsidiary has acquired networking infrastructure equipment from Motorola Inc on finance lease. Term of the lease expires on 31st December, 2014.

#### b. Share capital :

##### Share holding in excess of 5%

The following is the list of shareholders holding equity shares in excess of 5 percent of the aggregate share capital of the company as on 31st March, 2012:

1. M/s. Creative Holdbull Holding Pte. Ltd holding 2,58,23,336 shares forming 60.68%
2. M/s T.Rowe Price International Inc holding 22,02,278 shares forming 5.17 %

##### Equity Share Buyback

The Company closed its Buy Back Scheme on December 12, 2011 by buying-back 14,00,000 Equity Shares (being the "Maximum Offered Shares") from the open market. Till closure of Buy Back, the Company had utilized Rs. 16.30 Crores, being 60.38% of the total amount of Rs. 27 Crores authorized for the said Buy back. Post the extinguishment of these shares, the paid Up Equity Share Capital of the Company stands reduced to Rs. 42,55,99,950 constituting of 4,25,59,995 Equity Shares of Rs. 10/- each.

#### c. Amalgamation of Subsidiary Companies

The Board of directors has approved a scheme of Amalgamation of two of its wholly owned subsidiaries M/s Infinite Infosoft Services Private Limited and M/s Infinite Data Systems Private Limited with itself w.e.f. 1st April, 2012.

Further M/s Comnet International Company, a sub-subsidiary, is merging with the Company's subsidiary Infinite Computer Solutions Inc., USA. w.e.f 1st April, 2012.

Pending completion of requisite formalities, appropriate accounting entries in the books of accounts are yet to be, passed.

## Notes to the Consolidated Financial Statements

### Note 25 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

#### d. Stock Option Plan

The Board of Directors and the Shareholders of the Company approved the Key Executives Performance Option Plan 2010 ("ESOP 2010") for grant of 3,500,000 options convertible into 3,500,000 equity shares, at their meeting in May 2010 and in August 2010 respectively. Pursuant to this approval, the Company instituted the Performance ESOP 2010 in September 2010. The Remuneration and Compensation Committee of the Company administers this Plan. The options have been granted to employees of the Company and its subsidiaries at an exercise price that is not less than the fair market value. The particulars of the options granted are as follows:

	31 March 2012		31 March 2011	
	No. of Options	Exercise Price (Rs.)	No. of Options	Exercise Price (Rs.)
Options outstanding at the beginning of the year	1,600,000	160.65	–	–
Granted during the year	60,000	74.50	2,540,000	160.65
Exercised during the year	–	–	–	–
Cancelled during the year	300,000	160.50	9,40,000	160.65
Lapsed during the year	–	–	–	–
Options outstanding at the end of the year				
– Granted in F.Y 10-11	1,300,000	160.65	–	–
– Granted during the year	60,000	74.50	1,600,000	160.65
Shares reserved for issue under options	2,140,000		1,900,000	

	31 March 2012	31 March 2011
Exercise Price for 1,300,000 options granted in F.Y 10-11	160.65	160.65
Exercise Price for 60,000 options granted in FY 11-12	74.50	–
Weighted Average remaining contractual life (in years)	6.50	7.50

#### e. Assignment and Assumption Agreement

On January 10, 2001, the Company's subsidiary Infinite Computer Solutions Inc, USA had executed an Assignment and Assumption Agreement with INSTOS, Inc ("INSTOS"), which is wholly owned by the majority shareholder of Infinite Computer Solutions (India) Ltd, for normal consideration.

Pursuant to the Assignment and Assumption agreement, Infinite Computer Solutions Inc, USA has been assigned the economic benefits and has assumed the related costs of the customers, customer agreements and related costs of INSTOS. As a result, all such revenue and related costs have been transferred from INSTOS to Infinite Computer Solutions Inc, USA, in the accompanying financial statements as in the earlier years. The Assignment and assumption agreement provides for the direct transfer of customer agreements from INSTOS to Infinite Computer Solutions Inc, USA as practicable and until such time as all contracts are transferred, INSTOS will provide billing services to such customers for the services performed by Infinite Computer Solutions Inc, USA at a specified fee, subject to a maximum fee of USD 120,000 per year.

No other assets of INSTOS, including cash, accounts receivable and other amounts owing to, earned by or accruing to INSTOS were assigned or transferred to Infinite Computer Solutions Inc, USA. However, the Company is allowed to utilize the Computers and other office equipments of INSTOS which were not transferred to Infinite Computer Solutions Inc, USA, without any cost.

## Notes to the Consolidated Financial Statements

## Note 25 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

## f. Leases

The Company is a lessee under various operating leases. Details of rental expenses for operating leases are as follows :

(Amount in Rs.)

Details of lease rent	Year ended 31 March 2012	Year ended 31 March 2011
Operating lease rent	154,724,146	133,060,253

## g. Segment Reporting

The Company provides software consultancy and information technology support services. The disclosures as required under Accounting Standard AS – 17 on segment reporting have not been provided as the Company deals only in one business segment.

As the Company also exports its products and services, the secondary segment for the Company is based on the location of its customers. Information on the geographic segment is as follows:

(Amount in Rs.)

Geography	Year ended 31 March 2012	Year ended 31 March 2011
Domestic	1,330,364,437	662,887,554
Americas	8,085,296,650	7,313,922,054
Europe	442,181,358	543,814,101
APAC	700,185,051	312,181,651

Information on operating income, net income, assets and liabilities has not been provided by location of customers as such information is not realistically allocable and identifiable.

## h. Related Party Transactions

In the normal course of business, the Company enters into transactions with affiliated Companies. The names of related parties of the Company as required to be disclosed under Accounting Standard 18 are as follows:

Subsidiary Companies	Infinite Computer Solutions Inc., USA Infinite Computer Solutions Pte Ltd, Singapore Infinite Computer Solutions Sdn, Bhd, Malaysia Infinite Computer Solutions (Shanghai) Co. Ltd Infinite Computer Solutions Ltd, U.K Comnet International Company. India Comnet International Pvt. Ltd. Infinite Infopark Ltd. Infinite Infosoft Services Pvt. Ltd. Infinite Data Systems Pvt. Ltd. Infinite Data Systems UK Ltd. Infinite Convergence Solutions, Inc. Infinite Infocomplex Pvt. Ltd. Infinite Computer Solutions FZE Infinite Infoworld Ltd.
Managing Director of the Company	Upinder Zutshi
Whole time Director of the Company	Navin Chandra
Non-Whole time director who is able to exercise significant influence	Sanjay Govil
Enterprises in which key management personnel & their relatives are able to exercise significant influence	N. C. Data Systems Private Limited Instos Inc. USA (formerly International Computer Solutions Inc, USA)



## Notes to the Consolidated Financial Statements

### Note 25 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Included in the financial Statements are the following amounts relating to transactions with related parties:

(Amount in Rs.)

SI No.	Geography	Year ended 31 March 2012	Year ended 31 March 2011
a)	<b>Revenue</b>		
	<b>Consulting and Project Revenue</b>		
	Enterprises over which key management Personnel is able to exercise significant Influence		
	Instos Inc, USA	–	10,117,878
b)	<b>Expenses</b>		
	<b>Directors of the Company :</b>		
	– Managerial Remuneration	57,381,998	23,015,911
	– Rent	2,316,809	2,572,382
	Enterprises over which key management Personnel is able to exercise significant Influence		
	Instos Inc, USA		
	– Purchased services	–	18,608,753
	– Rent	14,388,298	13,732,515
c)	<b>Advances given to Key Management Personnel</b>		
	Sanjay Govil	4,314,870	–
d)	<b>Balances outstanding at the end of the year</b>		
	<b>Receivables</b>		
	Enterprises over which key management Personnel is able to exercise significant Influence		
	– Instos Inc, USA	11,511,000	8,930,000
	Key Management Personnel		
	– Sanjay Govil	7,213,560	–

- i. Pursuant to the closure of the Australian Subsidiary, Infinite Australia Pty. Ltd., and the repatriation of the balance, the investment has been written back, after providing for the loss of Rs. 78,473.

Previous year's figures have been regrouped / recast to conform to current year's classification.

As per our report of even date

For and on Behalf of the Board of Directors

For Amit Ray & Co.

Chartered Accountants

C V Savit Kumar Rao  
Partner (M.No.70009)  
Firm ICAI Reg No: 483C

Upinder Zutshi  
Managing Director & CEO

Navin Chandra  
Whole time Director

Place : Bengaluru  
Date : 15th May 2012

Rajat Kalra  
Company Secretary

Statement pursuant to Section 212 of the Companies Act, 1956

Sl. No.	Particulars	Infinite Computer Solutions Inc.	Infinite Computer Solutions Limited.	Infinite Computer Solutions Pte. Ltd.	Infinite Computer Solutions Sdn Bhd.	Infinite Computer Solutions (Shanghai) Co. Ltd.	Comnet International Co.	India Comnet International Pvt. Ltd.	Infinite Systems Private Limited	Infinite Data Systems UK Limited	Infinite Convergence Solutions Inc.	Infocomplex Pvt. Ltd.	Infinite Infoworld Ltd.	Infinite Infopark Limited	Infinite Infosoftware Services Private Limited
1.	Financial Year ending of the Subsidiary	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12
2.	Holding Company's Interest														
2a.	Shares held by the Holding Company in the Subsidiary	50,50,000 shares of USD 1 each	206,842 ordinary shares of £ 1 each	999,910 shares of Singapore Dollar 1 each	300,000 Ordinary Shares of MYR 1 each	Investment of RMB 1,613,282	40,000 shares of USD 0.025 each	1,00,000 Equity Shares of Rs. 10/- each	1,000,000 Equity Shares of Rs. 10/- each	70,000 ordinary shares of £ 1 each	9,500,000 shares of USD 1 each	3,020,000 Equity Shares of Rs. 10/- each	3,980,000 Equity Shares of Rs. 10/- each	250,000 Equity Shares of Rs. 10/- each	1,000,000 Equity Shares of Rs. 10/- each
2b.	Extent of Holding	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
3.	Net Aggregate amount of profits/(losses) for the above financial year of the subsidiary so far as it concerns members of the holding company:														
3a.	dealt with or provided for in the accounts of the holding company	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3b.	not dealt with or provided for in the accounts of the holding company	133.17	(1.15)	25.81	10.74	3.54	39.74	32.22	226.43	(0.35)	88.43	(0.02)	(0.14)	(0.48)	90.90
4.	Net aggregate amount of profits/(losses) for the previous financial years of the subsidiary so far as it may concern the members of the holding company														
4a.	dealt with or provided for in the accounts of the holding company	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4b.	not dealt with or provided for in the accounts of the holding company	571.84	(9.22)	(17.62)	13.04	(7.26)	166.66	95.21	231.84	4.30	185.36	(0.48)	(0.50)	-	229.14

Notes:

- a) Infinite Computer Solutions FZE was incorporated on June 24, 2010. Investment is yet to be made.
- b) Infinite Infopark Ltd was incorporated on 7th Dec 2012 as a wholly owned subsidiary.

For and on Behalf of the Board of Directors

Upinder Zutshi  
Managing Director & CEO

Navin Chandra  
Whole time Director

Rajat Kalra  
Company Secretary

Place : Bengaluru  
Date : 15th May 2012

## Statement pursuant to general exemption under Section 212(8) of the Companies Act, 1956 relating to subsidiary Companies

(Rs. in Million)

Sl. No.	Name of subsidiary	Country	Reporting Currency	Closing exchange rate against Indian rupee as on 31.03.2012	% of Holding	Capital	Reserves	Total Assets	Total Liabilities (excluding (6) & (7))	Investment (except in case of investment in subsidiaries)	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed dividend (including dividend tax)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(15)
1.	Infinite Computer Solutions Inc.	USA	USD	51.16	100%	258.36	705.01	4,077.47	3,114.10	11.51	5,545.47	222.31	89.14	133.17	-
2.	Infinite Computer Solutions Limited.	UK	GBP	81.80	100%	16.92	(10.37)	8.91	2.36	-	5.89	(1.15)	-	(1.15)	-
3.	Infinite Computer Solutions Pte. Ltd.	Singapore	SGD	41.34	100%	41.34	8.19	149.23	99.70	-	524.48	25.81	-	25.81	-
4.	Infinite Computer Solutions Sdn Bhd.	Malaysia	MYR	16.96	100%	5.09	23.77	62.62	33.75	-	147.52	10.74	-	10.74	-
5.	Infinite Computer Solutions (Shanghai) Co.Ltd.	China	RMB	8.22	100%	13.26	(3.72)	15.66	6.12	-	22.06	3.54	-	3.54	-
6.	Comnet International Co.	USA	USD	51.16	100%	0.05	206.40	376.66	170.21	-	589.86	65.16	25.42	39.74	-
7.	India Comnet International Pvt. Ltd.	India	INR	1.00	100%	1.00	127.43	208.10	79.68	-	235.76	45.73	13.52	32.22	-
8.	Infinite Data Systems Private Limited	India	INR	1.00	100%	10.00	458.27	542.27	74.00	-	433.05	283.01	56.58	226.43	-
9.	Infinite Data Systems UK Limited	UK	GBP	81.80	100%	5.73	3.95	12.83	3.15	-	28.71	(0.35)	-	(0.35)	-
10.	Infinite Convergence Solutions Inc.	USA	USD	51.16	100%	486.02	273.79	1,815.95	1,056.15	-	1,597.43	144.57	56.14	88.43	-
11.	Infinite Infocomplex Pvt. Ltd.	India	INR	1.00	100%	30.20	(0.50)	29.71	0.00	-	-	(0.02)	-	(0.02)	-
12.	Infinite Infoworld Ltd.	India	INR	1.00	100%	39.80	(0.65)	39.16	0.00	-	-	(0.14)	-	(0.14)	-
13.	Infinite Infosoft Services Private Limited	India	INR	1.00	100%	10.00	320.04	366.52	36.49	-	223.01	99.14	8.25	90.90	-
14.	Infinite Computer Solutions FZE	UAE				-	-	-	-	-	-	-	-	-	-
15.	Infinite Infopark Ltd.	India	INR	1.00	100%	2.50	(0.48)	2.44	0.41	-	-	(0.48)	-	(0.48)	-

### Notes:

- Comnet International Co. is a Wholly owned subsidiary of Infinite Computer Solutions Inc., India Comnet International Pvt Ltd is a Wholly owned subsidiary of Comnet International Co. and Infinite Data Systems UK Ltd is a Wholly owned subsidiary of Infinite Data Systems Pvt. Ltd
- Infinite Computer Solutions FZE was incorporated on June 24, 2010. Investment is yet to be made.
- Infinite Infopark Ltd was incorporated on 7th Dec 2012 as a wholly owned subsidiary.

For and on Behalf of the Board of Directors

Upinder Zutshi

Managing Director & CEO

Navin Chandra

Whole time Director

Place : Bengaluru

Date : 15th May 2012

Rajat Kalra

Company Secretary



## Auditors' Report on Standalone Financial Statements

To  
The Members of  
Infinite Computer Solutions (India) Limited

We have audited the attached Balance Sheet of Infinite Computer Solutions (India) Limited as at 31st March 2012 and the annexed profit and loss account and cash flow statement for the period then ended. 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.

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 accounts are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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.

As required by Companies ( Auditor's Report ) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956 and on the basis of such information and explanations given to us during the course of our audit, we report that:

1. In respect of its fixed assets
  - a. The company is maintaining proper records showing full particulars including quantitative details and situation of the fixed assets.
  - b. As explained to us, all the fixed assets have been physically verified by the management and no material discrepancies have been noticed on such physical verification.
  - c. The fixed assets disposed off during the year are not substantial and such disposal has not affected the ability of the company to continue as a going concern.
2. The company being a service company and providing software consulting services does not hold any inventories. Accordingly clause (ii)(a), (ii)(b) and (ii)(c) of paragraph 4 of the order is not applicable to the company.
3. The company had granted unsecured loans to companies listed in the register maintained under Section 301 of the Companies Act, 1956. These have been repaid during the year, and the maximum amount due, at any time during the year, was Rs. 10,26,00,000. In our opinion, the rate of interest and the other terms and conditions, on which the

loans have been given, are not prima-facie, prejudicial to the interests of the Company.

4. The company has taken unsecured loans, from companies listed in the register maintained under section 301 of the Companies Act, 1956. This has been repaid during the year, and the maximum amount due, at any time during the year, was Rs. 32,76,00,000. In our opinion, the rate of interest and the other terms and conditions, on which the loans have been taken, are not prima-facie, prejudicial to the interests of the Company.
5. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the business for purchase of the fixed assets, and also for the provision of services and man hours billed for the development of software.
6. In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contracts and arrangements the particulars of which need to be entered in the register required to be maintained under Section 301 of the Companies Act, 1956. Accordingly clauses (v)(b) of paragraph 4 of the order is not applicable to the Company.
7. The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
8. In our opinion, the company has an internal audit system, commensurate with the size of the company and the nature of its business.
9. According to the information and the explanations given to us, the Central government has not prescribed the maintenance of the cost records under Section 209(1)(d) of the Companies Act, 1956 for the business activities of the Company.
10. According to the records of the company, the company is generally regular in depositing undisputed statutory dues payable in respect of provident fund, employees' state insurance, income tax, wealth tax, sales tax, customs duty and other statutory dues applicable to it, with the appropriate authorities during the year. According to the information and the explanations given to us, no undisputed amounts payable in respect of above were in arrears, as at 31st March, 2012, for more than six months from the date they became payable.

11. According to the information and the explanations given to us, there are no dues of income tax, service tax, customs duty, wealth tax, and cess that have not been deposited on account of any dispute.
12. The company does not have any accumulated losses at the end of the financial year and has not incurred any cash losses in the financial year covered by our audit and in the immediately preceding financial year.
13. According to the records of the company and the information and explanations given to us, the company has not defaulted in repayment of dues to any bank or financial institution. The company does not owe any amounts to debenture holders.
14. According to the information and the explanations given to us, the company has not granted any loans and advances on the basis of any security by way of pledge of shares, debentures, and other securities.
15. In our opinion and according to the information and explanations given to us, the company is not a chit fund company or a nidhi / mutual benefit fund/society.
16. According to the information and the explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments.
17. According to the information and the explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
18. According to the information and the explanations given to us and an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investment.
19. 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.
20. The company has not issued any debentures during the year.
21. We have verified the end-use of money raised by public issue as disclosed in the notes to the financial statements.  
Further to the above, we state that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
    - b) In our opinion, proper books of account, as required by law, have been kept by the company, so far as appears from our examination of those books;
    - c) The Balance Sheet, Profit and Loss accounts and cash flow statements dealt with by this report, are in agreement with the books of accounts;
    - d) In our opinion the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
    - e) On the basis of written representations received from the Directors / Companies as on 31st March, 2012, and taken on record by the Board of Directors, we report that they are not disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
    - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Policies and notes thereon, 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:
      - a. in case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012,
      - b. in case of the Profit and Loss Account, of the Profit of the Company for the year ended 31st March, 2012,
      - c. in case of the Cash Flow Statement, of the cash flows for the year ended 31st March, 2012.

For **Amit Ray & Co.**  
Chartered Accountants

**CV Savit Kumar Rao**  
Partner

Place : Bengaluru  
Date : May 15th, 2012

Membership No. 70009  
Firm Reg No: 483C

**Balance Sheet** As at March 31, 2012

(Amount in Rs.)

Particulars	Note No.	As at 31 March 2012	As at 31 March 2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	1	425,599,950	439,599,950
(b) Reserves and Surplus	2	2,545,940,784	2,335,999,756
<b>(2) Non-current liabilities</b>			
(a) Long-term borrowings	3	–	–
(b) Deferred tax liabilities (Net)	4	63,721,717	50,343,772
(c) Other Long term liabilities		–	–
(d) Long-term provisions	5	32,892,053	30,961,832
<b>(3) Current liabilities</b>			
(a) Short-term borrowings	6	–	48,802,000
(b) Trade payables	7	171,738,557	194,364,140
(c) Other current liabilities	8	244,353,957	219,711,003
(d) Short-term provisions	9	729,323,403	276,150,536
<b>Total</b>		<b>4,213,570,421</b>	<b>3,595,932,989</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
<b>(a) Fixed Assets</b>			
(i) Tangible assets	10	564,444,491	420,966,486
(ii) Intangible assets	10	144,273,213	105,653,684
(iii) Capital work-in-progress		20,167,562	54,300,794
(iv) Intangible assets under development		–	–
(b) Non-current investments	11	812,857,958	782,461,717
(c) Long-term loans and advances	12	211,998,070	108,629,052
(d) Other non-current assets		–	–
<b>(2) Current assets</b>			
(a) Current investments	13	–	105,947,855
(b) Trade receivables	14	490,510,021	623,006,343
(c) Cash and cash equivalents	15	554,188,020	396,805,392
(d) Short-term loans and advances	16	566,736,124	799,789,427
(e) Other current assets	17	848,394,962	198,372,239
<b>Total</b>		<b>4,213,570,421</b>	<b>3,595,932,989</b>
<b>Notes on Accounts</b>	23		

As per our report of even date

For Amit Ray &amp; Co.

Chartered Accountants

For and on Behalf of the Board of Directors

C V Savit Kumar Rao  
 Partner (M.No.70009)  
 Firm ICAI Reg No: 483C

Upinder Zutshi  
 Managing Director & CEO

Navin Chandra  
 Whole time Director

Place : Bengaluru  
 Date : 15th May 2012

Rajat Kalra  
 Company Secretary

**Profit and Loss Account** For the year ended March 31, 2012

*(Amount in Rs.)*

Particulars	Note No.	Year ended 31 March 2012	Year ended 31 March 2011
I. Revenue from operations	18	3,447,057,682	2,233,906,045
II. Other income	19	262,147,206	60,491,759
III. Total Revenue (I + II)		<b>3,709,204,888</b>	<b>2,294,397,804</b>
IV. Expenses:			
Manpower costs	20	1,821,567,166	1,393,902,284
Finance costs	21	18,765,242	7,737,190
Depreciation and amortization expense	10	81,476,785	54,996,151
Other expenses	22	872,926,529	461,222,587
Total expenses		<b>2,794,735,722</b>	<b>1,917,858,212</b>
V. Profit before exceptional and extraordinary items and tax (III - IV)		914,469,166	376,539,592
VI. Exceptional items		-	-
VII. Profit before extraordinary items and tax (V - VI)		914,469,166	376,539,592
VIII. Extraordinary items		-	-
IX. Profit before tax (VII- VIII)		914,469,166	376,539,592
X. Tax expense:			
(1) Current tax		148,951,530	20,891,812
(2) Deferred tax		13,377,945	11,948,918
XI. Profit (Loss) for the period from continuing operations (IX-X)		752,139,691	343,698,862
XII. Profit/(loss) from discontinuing Operations		-	-
XIII. Tax expense of discontinuing Operations		-	-
XIV. Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		-	-
XV. Profit (Loss) for the period (XI + XIV)		752,139,691	343,698,862
XVI. Earnings per equity share:			
(1) Basic		17.48	7.82
(2) Diluted		17.48	7.80
Notes on Accounts	23		

As per our report of even date

 For **Amit Ray & Co.**  
*Chartered Accountants*
**C V Savit Kumar Rao**  
*Partner (M.No. 70009)*  
 Firm ICAI Reg No: 483C

 Place : Bengaluru  
 Date : 15th May 2012

For and on Behalf of the Board of Directors

**Upinder Zutshi**  
*Managing Director & CEO*
**Navin Chandra**  
*Whole time Director*
**Rajat Kalra**  
*Company Secretary*

**Cash Flow Statement** For the year ended March 31, 2012

(Amount in Rs.)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Income before tax and extraordinary items	914,469,166	376,539,592
Adjusted for:		
Depreciation	81,476,785	54,996,151
(Profit)/Loss on sale of fixed assets	(79,048)	330,192
(Profit)/Loss on Sale of Investments (net)	(550,516)	(789,804)
Provision for Doubtful Debts	13,175,417	1,274,305
Provision for Wealth Tax	166,547	183,586
Interest on deposits	(20,958,457)	(12,068,253)
Interest Paid	18,765,242	7,737,190
Dividend Income from Investments	(177,508,493)	(25,998,477)
Effect of Exchange Differences on translation of foreign currency cash and cash equivalents	(22,537,657)	544,242
Extra Ordinary Items	–	–
<b>Operating profit before working capital changes</b>	<b>806,418,986</b>	<b>402,748,724</b>
Adjusted for:		
Accounts Receivable	119,320,906	(230,542,887)
Loans & Advances	191,044,674	(228,677,918)
Other Current Assets	(666,958,125)	(14,282,090)
Current Liabilities & Provisions	(4,026,923)	343,449,782
<b>Cash generated from Operations</b>	<b>445,799,518</b>	<b>272,695,611</b>
Income Tax Paid	(79,859,027)	(66,352,914)
Income Tax Refund	18,498,638	–
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>384,439,129</b>	<b>206,342,697</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(229,441,087)	(244,179,572)
Proceeds on sale of Fixed Assets	79,048	500,000
(Acquisition) / Sale in Subsidiaries Investment	(30,396,241)	(474,418,528)
Purchase of Current Investments	(620,681,984)	(700,188,675)
Sale of Investment	727,180,354	1,359,465,669
Dividend Income	177,508,493	25,998,477
Interest on Deposits	37,893,859	7,782,751
Interest Paid	(18,765,242)	(7,737,190)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>43,377,200</b>	<b>(32,777,068)</b>



**Cash Flow Statement (Contd.)** For the year ended March 31, 2012

*(Amount in Rs.)*

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Shares	–	–
Payment for Share buy back	(163,017,673)	–
Proceed from borrowings (Net)	–	48,802,000
Repayment of Bank Loan	(48,802,000)	(13,000,000)
Repayment of Loan from Subsidiary	89,440,000	–
Dividend Payment	(170,507,980)	(131,879,985)
Dividend Distribution Tax	(83,705)	(21,905,266)
<b>NET CASH FROM/(USED IN) FINANCING ACTIVITIES</b>	<b>(292,971,358)</b>	<b>(117,983,251)</b>
Effect of Exchange Differences on translation of foreign currency cash and cash equivalents	22,537,657	(544,242)
<b>Net (Decrease) Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>134,844,971</b>	<b>55,582,378</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>396,805,392</b>	<b>341,767,256</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>554,188,020</b>	<b>396,805,392</b>

As per our report of even date

 For **Amit Ray & Co.**  
*Chartered Accountants*

For and on Behalf of the Board of Directors

**C V Savit Kumar Rao**  
*Partner (M.No.70009)*  
 Firm ICAI Reg No: 483C

**Upinder Zutshi**  
*Managing Director & CEO*
**Navin Chandra**  
*Whole time Director*

 Place : Bengaluru  
 Date : 15th May 2012

**Rajat Kalra**  
*Company Secretary*

**Notes forming part of the Balance Sheet** As at March 31, 2012

(Amount in Rs.)

	As at 31 March 2012	As at 31 March 2011
<b>Note 1 SHARE CAPITAL</b>		
<b>Authorised</b>		
50,000,000 Equity shares @ Rs. 10 each.	500,000,000	500,000,000
	<b>500,000,000</b>	<b>500,000,000</b>
<b>Issued, Subscribed and Paid up</b>		
42,559,995 equity shares of Rs. 10 each fully paid.	425,599,950	439,599,950
(Previous year 43,959,995 shares of Rs 10 each fully paid)	425,599,950	439,599,950
	<b>425,599,950</b>	<b>439,599,950</b>
<b>Note 2 RESERVES AND SURPLUS</b>		
<b>1. Share Premium</b>		
As per last Balance Sheet	824,808,953	824,808,953
Add : Received during the year	-	-
Less: Utilization for Share buy back	149,017,673	-
	<b>675,791,280</b>	<b>824,808,953</b>
<b>2. General Reserve</b>		
As per last Balance Sheet	63,500,395	29,130,509
Add: Transfer from Profit and Loss Account	75,213,969	34,369,886
	<b>138,714,364</b>	<b>63,500,395</b>
<b>3. Capital Redemption Reserve</b>		
As per last Balance Sheet	1,049,800	1,049,800
Add: Transfer from Profit & Loss Account	14,000,000	-
	<b>15,049,800</b>	<b>1,049,800</b>
<b>4. Profit &amp; Loss Account</b>		
As per last Balance Sheet	1,446,640,608	1,291,096,883
Add: Transfer from Profit & Loss Account	752,139,691	343,698,862
Less: Dividend Paid	362,027,958	131,879,985
Less: Dividend Distribution Tax Paid	31,153,033	21,905,266
Less: Amount transfer to Capital Redemption Reserve	14,000,000	-
Less: Amount transfer to General Reserve	75,213,969	34,369,886
	<b>1,716,385,340</b>	<b>1,446,640,608</b>
	<b>2,545,940,784</b>	<b>2,335,999,756</b>
<b>Note 3 LONG-TERM BORROWINGS</b>		
Bank Loan	-	-
	-	-
<b>Note 4 DEFERRED TAX LIABILITIES (NET)</b>		
As per last Balance Sheet	50,343,772	38,394,854
Add : Adjustments for the current year	13,377,945	11,948,918
	<b>63,721,717</b>	<b>50,343,772</b>

**Notes forming part of the Balance Sheet** As at March 31, 2012

*(Amount in Rs.)*

	As at 31 March 2012	As at 31 March 2011
<b>Note 5 LONG-TERM PROVISIONS</b>		
Provision for Employee Benefits - Gratuity and Leave encashment	32,892,053	30,961,832
	<b>32,892,053</b>	<b>30,961,832</b>

**Note 6 SHORT TERM BORROWINGS**

<b>Secured</b>		
Working Capital Loan from bank	–	48,802,000
<b>Unsecured</b>		
Loan from Subsidiary Company	–	–
	<b>–</b>	<b>48,802,000</b>

**Note 7 TRADE PAYABLES**

Trade Payables - others	126,355,934	193,293,036
Trade Payables - Subsidiary Companies	45,382,623	1,071,104
	<b>171,738,557</b>	<b>194,364,140</b>

**Note 8 OTHER CURRENT LIABILITIES**

Advances from Customers	89,224,982	53,666,911
Unpaid Dividend	190,478	133,350
Share Application money refundable	780,780	945,780
Other liabilities	3,989,482	3,482,954
Unearned Revenue	–	86,802,062
Taxes Payable - Sales Tax, Service Tax and Withholding Tax	4,599,424	33,366,271
Other Payables to Employees	145,568,811	41,313,675
	<b>244,353,957</b>	<b>219,711,003</b>

**Note 9 SHORT-TERM PROVISIONS**

For Expenses	145,892,885	64,427,400
For Dividend	191,519,978	–
For Dividend Distribution Tax	31,069,328	–
Taxes	360,841,212	211,723,136
	<b>729,323,403</b>	<b>276,150,536</b>

## Notes forming part of the Balance Sheet As at March 31, 2012

Note 10										(Amount in Rs.)	
Particulars	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK		
	As at 01.04.2011	Additions during the Period	Adjustments Sold during Period	As at 31.03.2012	Up to 01.04.2011	Provided during the Period	Adjustments Sold during Period	Up to 31.03.2012	As at 31.03.2012	As at 31.03.2011	
<b>Tangible Assets</b>											
Leasehold Land	44,196,800			44,196,800	–			–	44,196,800	44,196,800	
Buildings	163,421,202	2,083,836		165,505,038	13,434,683	2,693,965	16,128,648	149,376,390	149,986,519		
Computers	110,466,600	51,260,948		161,727,548	77,312,567	12,524,879		89,837,446	71,890,102	33,154,033	
Office Equipment	56,294,207	18,214,382		74,508,589	17,023,327	3,142,567		20,165,894	54,342,695	39,270,880	
Furniture & Fixtures	59,049,299	17,003,753		76,053,052	22,473,324	4,988,767		27,462,091	48,590,961	36,575,975	
Vehicles	32,519,657	1,765,737	1,726,092	32,559,302	9,966,625	2,948,406	1,726,092	11,188,939	21,370,363	22,553,032	
Leasehold Improvements	5,085,779	50,109,552		55,195,331	5,085,779	8,010,168		13,095,947	42,099,384	–	
IT & Networking Equipments	66,189,742	37,968,667		104,158,409	23,430,021	10,642,916		34,072,937	70,085,472	42,759,721	
Plant & Machinery	38,781,116			38,781,116	11,438,555	1,842,102		13,280,657	25,500,459	27,342,561	
Electrical Installations	35,379,988	14,098,056		49,478,044	10,253,018	2,233,156		12,486,174	36,991,870	25,126,970	
<b>Total of Tangible Assets (A)</b>	<b>611,384,390</b>	<b>192,504,931</b>	<b>1,726,092</b>	<b>802,163,229</b>	<b>190,417,899</b>	<b>49,026,926</b>	<b>1,726,092</b>	<b>237,718,733</b>	<b>564,444,496</b>	<b>420,966,491</b>	
<b>Intangible Assets</b>											
Software	167,602,094	71,069,388		238,671,482	61,948,415	32,449,859		94,398,274	144,273,208	105,653,679	
<b>Total of Intangible Assets (B)</b>	<b>167,602,094</b>	<b>71,069,388</b>	<b>–</b>	<b>238,671,482</b>	<b>61,948,415</b>	<b>32,449,859</b>	<b>–</b>	<b>94,398,274</b>	<b>144,273,208</b>	<b>105,653,679</b>	
<b>GRANT TOTAL (A+B)</b>	<b>778,986,484</b>	<b>263,574,319</b>	<b>1,726,092</b>	<b>1,040,834,711</b>	<b>252,366,314</b>	<b>81,476,785</b>	<b>1,726,092</b>	<b>332,117,007</b>	<b>708,717,704</b>	<b>526,620,170</b>	
PREVIOUS YEAR	591,476,397	190,044,228	2,534,141	778,986,484	199,074,112	54,996,151	1,703,949	252,366,314	526,620,170		

## Notes:

1. The execution of the absolute sale deed for the land measuring 18,640 sq meters is pending with the KIADB.

(Amount in Rs.)

	As at 31 March 2012	As at 31 March 2011
<b>Note 11 NON-CURRENT INVESTMENTS</b>		
Investment in Subsidiary Companies Shares (at cost)	812,857,958	782,461,717
	<b>812,857,958</b>	<b>782,461,717</b>

## Investment Schedule as on 31st Mar 2012

Acquired during the period Nos.	Sold/ redeemed during the period Nos.	Balance at the end of period Nos.	Particulars	As at 31 March 2012 (Rs.)	As at 31 March 2011 (Rs.)
			<b>A) NON CURRENT INVESTMENTS</b>		
			1. Shares		
			(a) Unquoted:		
			In Subsidiaries Companies		
Nil	Nil	5,050,000	Infinite Computer Solutions Inc	229,532,000	229,532,000
(Nil)	(Nil)	(5,050,000)	Equity Shares of US \$1 each fully paid up		
Nil	Nil	999,910	Infinite Computer Solutions Pte Ltd.	26,717,648	26,717,648
(Nil)	(Nil)	(999,910)	Equity Shares of S\$ \$1 each fully paid up		
Nil	Nil	300,000	Infinite Computer Solutions Sdn, Bhd, Malaysia	4,144,004	4,144,004
(Nil)	(Nil)	(300,000)	Equity Shares of RM 1 each fully paid up		
–	–	–	Infinite Computer Solutions (Shanghai) Co. Ltd.	8,512,775	8,512,775
			Subscribed and Paid up Capital		
			(Investment is not denominated in number of share as per laws of the Peoples Republic of China)		

## Notes forming part of the Balance Sheet As at March 31, 2012

Investment Schedule as on 31st Mar 2012 (Contd.)

Acquired during the period Nos.	Sold/ redeemed during the period Nos.	Balance at the end of period Nos.	Particulars	As at 31 March 2012 (Rs.)	As at 31 March 2011 (Rs.)
Nil	Nil	206,842	Infinite Computer Solutions Ltd.	16,881,531	16,881,531
(Nil)	(Nil)	(206,842)	Equity Shares of GBP 1 each fully paid up		
Nil	5,463	–	Infinite Australia Pty Ltd.	–	201,735
(Nil)	(Nil)	(5,463)	Equity Shares of AUD 1 each fully paid up		
Nil	Nil	1,00,0000	Infinite Infosoft Services Pvt Ltd	10,000,000	10,000,000
(Nil)	(Nil)	(1,00,0000)	Equity Shares of Rs 10 each fully paid up		
Nil	Nil	1,000,000	Infinite Data Systems Pvt Ltd	10,000,000	10,000,000
(Nil)	(Nil)	(1,000,000)	Equity Shares of Rs 10 each fully paid up		
(Nil)	Nil	9,500,000	Infinite Convergence Solutions Inc	434,570,000	434,570,000
(Nil)	(Nil)	(9,500,000)	Equity Shares of US \$1 each fully paid up		
(Nil)	Nil	3,020,000	Infinite Infocomplex Pvt Ltd	30,200,000	30,200,000
(Nil)	(Nil)	(3,020,000)	Equity Shares of Rs 10 each fully paid up		
2,800,000	Nil	3,980,000	Infinite Infoworld Ltd	39,800,000	11,800,000
(Nil)	(Nil)	(1,180,000)	Equity Shares of Rs 10 each fully paid up		
250,000	Nil	250,000	Infinite InfoPark Ltd	2,500,000	
			Equity Shares of Rs 10 each fully paid up		
			Less: Provision for Diminution in value of Investment	–	(97,976)
			<b>Total</b>	<b>812,857,958</b>	<b>782,461,717</b>
			<b>B) CURRENT INVESTMENTS</b>		
			<b>1. Mutual Fund</b>		
			Non-trade investment - quoted		
Nil	2,654,975	Nil	Reliance MIF - Series I - Institutional D	–	26,556,456
		(2,654,975)			
			<b>Total</b>	<b>–</b>	<b>26,556,456</b>
			Market Value of Current Investments		
			Reliance MIF - Series I - Institutional D	–	26,669,756
				–	26,669,756
			<b>C) CURRENT INVESTMENTS - Balance IPO Money</b>		
			<b>1. Mutual Fund</b>		
			Non-trade investment - quoted		
65,899	2,707,094	Nil	Reliance MIF - Series I - Institutional D	–	26,418,682
		(2,641,195)			
38,561	5,334,488	Nil	Reliance MIF - Series I - Institutional D	–	52,972,717
		(5,295,927)			
				–	79,391,399
			Market Value of Current Investment - IPO Money		
			Reliance MIF - Series I - Institutional D	–	26,531,327
			Reliance MIF - Series I - Institutional D	–	53,198,652
				–	79,729,979
			<b>GRAND TOTAL</b>	<b>812,857,958</b>	<b>888,409,572</b>
			Aggregate cost of Quoted Investment	–	105,947,855
			Aggregate cost of Unquoted Investment	812,857,958	782,461,717
				<b>812,857,958</b>	<b>888,409,572</b>

**Notes forming part of the Balance Sheet** As at March 31, 2012

(Amount in Rs.)

	As at 31 March 2012	As at 31 March 2011
<b>Note 12 LONG TERM LOAN AND ADVANCES</b>		
Capital Advances	211,998,070	108,629,052
Security Deposits - Long Term	-	-
	<b>211,998,070</b>	<b>108,629,052</b>
<b>Note 13 CURRENT INVESTMENT</b>		
Investment in Mutual Funds	-	105,947,855
	-	<b>105,947,855</b>
<b>Note 14 TRADE RECEIVABLES</b>		
Unsecured Considered Good		
– More than 6 months	40,568,300	74,554,954
– Others	449,941,721	548,451,389
Unsecured Considered Doubtful	24,941,100	11,765,683
	515,451,121	634,772,026
Provision for Bad and doubtful debts	24,941,100	11,765,683
	<b>490,510,021</b>	<b>623,006,343</b>
<b>Note 15 CASH AND CASH EQUIVALENTS</b>		
Cash in Hand	305,367	317,551
Balances with Noted Banks in Indian Rupees		
In Current Accounts	176,460,699	99,913,292
In EEFC Account	5,197,413	2,209,337
Balances with Bank accounts - outside India	36,086,708	3,047,044
Balance in Bank account kept for Dividend Payment	190,478	133,350
Balance in Bank account kept for Share Application money refund	780,780	945,780
Bank Deposits		
Maturity within 12 months	332,331,073	290,234,311
Maturity after 12 months	-	-
Bank Deposits held against Guarantees	2,835,502	4,727
	<b>554,188,020</b>	<b>396,805,392</b>
<b>Note 16 SHORT-TERM LOANS AND ADVANCES</b>		
Unsecured Considered Good		
Advances recoverable and Pending adjustment with Vendors	50,853,283	199,313,418
Advances recoverable from employees	16,788,727	11,658,583
Prepaid expenses	128,042,501	280,264,511
Deposits	49,332,153	48,193,844
Advance Income Tax and TDS	321,719,460	260,359,071
	<b>566,736,124</b>	<b>799,789,427</b>
<b>Note 17 OTHER CURRENT ASSETS</b>		
Interest accrued but not due	12,589,452	29,524,854
Unbilled Receivables	835,805,510	168,231,288
Receivables on Derivative Contracts	-	616,097
	<b>848,394,962</b>	<b>198,372,239</b>

## Notes forming part of the Profit & Loss Account For the year ended March 31, 2012

(Amount in Rs.)

	Year ended 31 March 2012	Year ended 31 March 2011
<b>Note 18 REVENUE FROM OPERATION</b>		
<b>Sale of Services</b>		
Domestic Sales	1,330,364,437	662,388,054
Export Sales	2,116,693,245	1,571,517,991
	<b>3,447,057,682</b>	<b>2,233,906,045</b>

### Note 19 OTHER INCOME

Interest on Loans and Deposits	20,958,457	12,068,253
Dividend Income	177,508,493	25,998,477
Profit on Sale of Investment	550,516	789,804
Profit / (Loss) on Sale of Assets	79,048	(330,192)
Miscellaneous Income	488,625	133,193
Exchange (Loss) / Gain - Net	38,562,067	8,825,224
Rental Income	24,000,000	13,007,000
	<b>262,147,206</b>	<b>60,491,759</b>

### Note 20 MANPOWER COSTS

Salaries & Wages	1,233,164,590	1,029,428,180
Contribution to Provident Fund and Other funds	32,164,897	34,070,115
Staff Welfare Expenses	98,885,388	143,454,278
Contractual Services	457,352,291	186,949,711
	<b>1,821,567,166</b>	<b>1,393,902,284</b>

### Note 21 FINANCE COSTS

Interest on Loans	18,765,242	7,737,190
	<b>18,765,242</b>	<b>7,737,190</b>

## Notes forming part of the Profit &amp; Loss Account For the year ended March 31, 2012

(Amount in Rs.)

	Year ended 31 March 2012	Year ended 31 March 2011
Note 22 OTHER EXPENSES		
Rent & Hire Charges	75,294,083	51,705,158
Repairs & Maintenance		
Building	3,338,896	4,252,254
Plant & Machinery	7,596,698	9,583,907
Vehicles	388,191	374,454
Others	24,060,431	20,378,923
Security Charges	13,996,844	8,418,820
Insurance	8,617,023	8,033,070
Communication Expenses	29,374,915	18,587,103
Recruitment Expenses	7,302,005	19,834,642
Legal & Professional Charges	27,169,863	25,771,373
Software Expenses	35,674,728	25,889,861
Project Expenses	481,624,697	129,644,741
Business Promotion	5,767,158	7,515,814
Traveling & Conveyance	77,238,114	68,073,225
Printing & Stationery	6,137,635	6,370,067
Electricity, Water and Fuel	29,607,345	29,599,532
Seminar & Training Expenses	8,057,099	8,255,374
Bad Debts	2,022,191	–
Provision for Bad Debts	13,175,417	1,274,305
Provision for Diminution in value of Investment	–	97,976
Auditors' Remuneration		
Statutory Audit	791,715	794,850
Tax Audit Fee	100,000	100,000
Review & Other Certification Fee	960,000	720,000
Rates & Taxes	2,118,558	1,358,356
Directors Sitting Fee	1,120,000	1,020,000
Bank Charges	9,298,178	12,819,228
Miscellaneous Expenses	2,094,745	749,554
	<b>872,926,529</b>	<b>461,222,587</b>



## Notes to the Financial Statements

### Note 23

#### 1. BACKGROUND

Infinite Computer Solutions (India) Limited ('the Company'), a Public Limited Company, is a global service provider of Application Management Outsourcing, Remote Infrastructure Management Services, R&D and Intellectual Property Leveraged Solutions and related IT Services.

The accompanying financial statements reflect the results of the activities undertaken by the Company during the year ended Mar 31, 2012.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### i) Basis of Accounting

The financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India, the accounting standards issued under the Companies (Accounting Standards) Rules, 2006 and the provisions of the Companies Act, 1956, as adopted consistently by the company.

The Company follows the mercantile system of accounting and recognises items of income and expenditure on accrual basis.

##### ii) Use of Estimates

The preparation of financial statements is in conformity with generally accepted accounting principles which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the years presented. Actual results could differ from those estimates.

##### iii) Revenue Recognition

Revenue from software Service contracts priced on a time and material basis is recognised on the basis of billable time spent by employees working on the project, priced at the contracted rate.

Revenue in respect of services on fixed price contracts is recognised on milestones achieved as per the terms of specific contracts. Revenue from incomplete contracts is recognized on the proportionate completion method and where no significant uncertainty exists regarding the amount of consideration that will be derived on completion of the contract.

Dividend income from units in mutual funds and from subsidiary companies is recognised upon receipt.

Interest on bank deposits is recognised on accrual basis.

##### iv) Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation. Cost includes original cost of acquisition, including incidental expenses related to such acquisition and installation.

The company does not capitalize the cost of software acquired specifically for client projects and where there is no enduring benefit to the company following conclusion of the project. Such software is charged to the Profit & Loss Account in the year in which the software is acquired.

##### v) Depreciation

Depreciation on all fixed assets is provided on the straight-line method over the estimated useful life of the assets at rates specified in Schedule XIV to the Companies Act, 1956.

Depreciation on addition to fixed assets is provided on pro-rata basis from the date the assets are put to use. Depreciation on sale/deduction from fixed assets is provided for up to the date of sale, deduction, discernment as the case may be.

All assets costing Rs. 5,000 or below are depreciated in full by way of a onetime depreciation charge. Leasehold improvements are amortized over the period of lease.

##### Intangibles

###### Product development costs

Product development cost represents direct cost incurred by the Company for developing new products. Research costs are expensed as incurred. Development expenditure incurred on an individual product is carried forward when its future

## Notes to the Financial Statements

### Note 23 (Contd.)

recoverability can reasonably be regarded as assured. The expenditure incurred is carried forward under capital work in progress till the product is commercially completed thereafter it is charged off over the expected useful life of product.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

**i) Leases**

Lease rentals are expensed with reference to lease terms.

**ii) Investments**

Long term investments are stated at cost, less provision for diminution in value of investments, which is considered to be permanent. Current investments are stated at lower of cost or fair market value (determined on the specific identification basis). Cost includes original cost of acquisition, including brokerage and stamp duty.

**iii) Foreign Currency Transactions**

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. The financial statements of foreign branches of the company are translated and recorded in the functional currency of the company.

Monetary items denominated in foreign currencies at the year-end are translated at the exchange rates in accordance with AS 11. Non-monetary items denominated in foreign currencies are carried at cost.

Any income or expense on account of exchange differences either on settlement or on translation of transactions other than those relating to fixed assets acquired from sources outside India is recognized in the Profit and Loss Account. Gain or loss on translation of long-term liabilities incurred to acquire fixed assets from sources outside India is treated, as an adjustment to the carrying cost of related fixed assets.

**iv) Retirement Benefits**

Company's contribution to Provident Fund is charged to the Profit & Loss Account.

Gratuity and Leave eligibility payable to employees is accounted for on the basis of an actuarial valuation as at the balance sheet date.

**v) Earnings per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**vi) Impairment of Assets**

Whenever events indicate that assets may be impaired, the assets are subject to a test of recoverability based on estimates of future cash flows arising from continuing use of such assets and from its ultimate disposal. A provision for impairment loss is recognised where it is probable that the carrying value of an asset exceeds the amount to be recovered through use or sale of the asset.

Where at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and recognized.

**vii) Income Taxes**

Income taxes consist of current taxes and changes in deferred tax liabilities and assets.

Income taxes are accounted for on the basis of estimated taxes payable and adjusted for timing differences between the taxable income and accounting income as reported in the financial statements. Current income tax has been provided at the enacted tax rates on income not exempt under the tax holiday.

Deferred tax assets or liabilities in respect of timing differences which originate during the tax holiday period but reverse

## Notes to the Financial Statements

### Note 23 (Contd.)

after the tax holiday are recognised in the year in which the timing differences originate if they result in taxable amounts. Deferred tax assets or liabilities are established at the enacted tax rates. Changes in the enacted rates are recognised in the period of enactment.

Deferred tax assets are recognised only if there is a reasonable certainty that they will be realised and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

#### viii) Transfer Pricing Regulation

The Company has undertaken necessary steps to comply with transfer pricing regulations. The management is of the opinion that the international transactions are at arm's length and hence the aforesaid regulation will not have any impact on the financial statements, particularly on the amount of tax expense and that of the provision for taxation.

#### ix) Miscellaneous Expenditure

Preliminary expenses incurred on incorporation of the company are deferred and amortised over a period of ten years.

#### x) Material Events

Material events occurring after the Balance Sheet date are taken into cognizance.

### 3. SHARE CAPITAL

#### Share holding in excess of 5% :

The following is the list of shareholders holding Equity shares in excess of 5 percent of the aggregate share capital of the company as on March 31, 2012.

- 1) M/s. Mahavi Holdbull Inc. holding 2,58,23,336 shares forming 60.68%
- 2) M/s T.Rowe Price International Inc holding 22,02,278 shares forming 5.17%

The Company closed its Buy Back Scheme on December 12, 2011 by buying-back 14,00,000 Equity Shares (being the "Maximum Offered Shares") from the open market. Till closure of Buy Back, the Company had utilized Rs. 16.30 Crores, being 60.38% of the total amount of Rs. 27 Crores authorized for the said Buy back. Post the extinguishment of these shares, the paid Up Equity Share Capital of the Company stands reduced to Rs. 42,55,99,950 constituting of 4,25,59,995 Equity Shares of Rs. 10/- each.

#### Performance ESOP 2010

The Board of Directors and the Shareholders of the Company approved the Key Executives Performance Option Plan 2010 ("ESOP 2010") for grant of 35,00,000 options convertible into 35,00,000 equity shares, at their meeting in May 2010 and in August 2010 respectively. Pursuant to this approval, the Company instituted the Performance ESOP 2010 in September 2010.

The Remuneration and Compensation committee of the Company administers this Plan. The options have been granted to employees of the Company and its subsidiaries at an exercise price that is not less than the fair market value. The particulars of the options granted are as follows:

Particulars	31st March 2012		31st March 2011	
	No. of Option	Exercise Price (Rs.)	No. of Option	Exercise Price (Rs.)
Options outstanding at the beginning of the Year	1,600,000	160.65	–	–
Granted during the Period	60,000	74.50	2,540,000	160.65
Exercised during the Period	–	–	–	–
Cancelled during the Period	300,000	160.65	940,000	160.65
Lapsed during the Period	–	–	–	–
Options outstanding at the end of the Period				
– Opening Balances	1,300,000	160.65	–	–
– Granted during the period	60,000	74.50	1,600,000	160.65

## Notes to the Financial Statements

Note 23 (Contd.)

	31st March 2012	31st March 2011
Exercise Price for 1,300,000 options granted in FY 10-11	160.65	160.65
Exercise Price for 60,000 options granted in FY 11-12	74.50	–
Weighted Average remaining contractual life (in years)	6.50	7.50

#### 4. AMALGAMATION OF SUBSIDIARY COMPANIES

The Board of directors has approved a scheme of Amalgamation of two of its wholly owned subsidiaries M/s Infinite Infosoft Services Private Limited and M/s Infinite Data Systems Private Limited with itself w.e.f. 1st April, 2012.

Further M/s Comnet International Company, a sub-subsidiary, is merging with the Company's subsidiary Infinite Computer Solutions Inc., USA w.e.f. 1st April, 2012.

Pending completion of requisite formalities, appropriate accounting entries in the books of accounts are yet to be passed.

#### 5. COMMITMENT AND CONTINGENCIES

Estimated amount of contracts remaining to be executed on capital account and not provided for against which advance has not been paid Rs. 123.57 Million (Previous year Rs. NIL).

Contingent liability towards Bank Guarantees and LC's given to customers and other business related requirements is Rs 288.31 Million (Previous year Rs. 487.84 Million) and towards corporate guarantee on behalf of wholly owned subsidiaries is USD 100 Million (Previous year USD 100 Million).

A bank guarantee for an amount of Rs. 6.5 Million in respect of a contract for software services had been invoked by a customer in FY 2009-10. The company also has counter claims against the customer, and in order to recover its dues it has opted to go for arbitration. Pending conclusion of such arbitration proceedings no provisions have been made in the accounts.

The company has provided a Corporate Guarantee to DBS Bank Limited, Singapore, to secure the short term foreign currency loan granted to its Subsidiary Infinite Convergence Solutions Inc, of USD 8.80 million.

#### 6. ACCUMULATED LOSSES OF SUBSIDIARIES

The Investments in the subsidiary companies have been made considering strategic business expansion plans, & in view of the intrinsic value and the business potential of the subsidiaries, these have been carried at cost. Some of the subsidiaries have accumulated losses, but as these are considered temporary and the future operations in the near term will offset these losses, the company has carried the investments at cost.

Pursuant to the closure of the Australian Subsidiary, Infinite Australia Pty. Ltd. on 04th May 2011, and the repatriation of the balance, the investment has been written back, after providing for the loss of Rs. 78,473.

#### 7. MANAGERIAL REMUNERATION

Managerial Remuneration under Section 198 of the Companies Act, 1956 paid to the Managing and whole time directors of the company are as follows:

	(Rs. in Million)	
	Year ended 31 March 2012	Year ended 31 March 2011
Salary	22.93	20.26
Monetary value of perquisites	–	–
<b>Total</b>	<b>22.93</b>	<b>20.26</b>

As no commission is payable to the Directors, the computation of net profits in accordance with Section 309 (5) read with section 349 of the Companies Act, 1956 has not been given.

## Notes to the Financial Statements

### 8. LEASES

The company is a lessee under various operating leases. Rental expense for operating leases in the year ended Mar 31, 2012 and year ended March 2011 was Rs. 75.29 Million and Rs. 51.71 Million respectively. Expected future minimum commitments for non-cancellable leases are as follows:

	<i>(Rs. in Million)</i>
Year ended 31st March 2012	125.77
Year ended 31st March 2011	1.64

### 9. SEGMENT REPORTING

The company develops software products and provides software consulting services. The disclosures as required under accounting standard 17 on segment reporting would cover geographical regions, which is as follows:

Location	Revenue	
	Year ended 31 March 2012	Year ended 31 March 2011
Domestic	1,330.36	662.39
Americas	2,116.69	1,571.52
Europe	–	–
APAC	–	–
<b>Total</b>	<b>3,447.05</b>	<b>2,233.91</b>

Operating income, net income, assets and liabilities has not been provided by geographies as these are not realistically allocable and identifiable.

### 10. EARNING PER SHARE

The following is a computation of earnings per share and a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share.

	Year ended 31 March 2012	Year ended 31 March 2011
Net Profit / Loss (Rs in Million)	752.14	343.70
Weighted average number of equity shares outstanding	43,026,351	43,959,995
Nominal Value of Equity Shares (Rs)	10	10
Basic Earnings per Share (Rs)	17.48	7.82

### 11. RELATED PARTY TRANSACTION

In the normal course of business, the company enters into transactions with affiliated companies. The names of related parties of the company as required to be disclosed under Accounting Standard 18 is as follows:

#### a) Subsidiary Companies

Infinite Computer Solutions Inc., USA
Infinite Computer Solutions Ltd, U.K
Infinite Computer Solutions Pte Ltd, Singapore
Infinite Computer Solutions Sdn, Bhd, Malaysia
Infinite Computer Solutions (Shanghai) Co. Ltd.
Comnet International Company
India Comnet International Pvt. Ltd.
Infinite Data Systems Pvt Ltd
Infinite Infosoft Services Pvt Ltd
Infinite Convergence Solutions, Inc.

## Notes to the Financial Statements

Note 23 (Contd.)

<b>a) Subsidiary Companies</b>
Infinite Data Systems UK Ltd.
Infinite Infocomplex Pvt Ltd
Infinite Infoworld Ltd
Infinite Infopark Ltd
Infinite Computer Solutions FZE
<b>b) Whole Time Directors of the Company</b>
Navin Chandra
Upinder Zutshi
<b>c) Non-Whole Time Directors of the Company</b>
Sanjay Govil
<b>d) Enterprises in which key management personnel and their relatives are able to exercise significant influence</b>
N C Data Systems Private Limited

Included in the financial statements are the following amounts relating to transactions with related parties: (Rs. in Million)

	Year ended 31 March 2012	Year ended 31 March 2011
<b>a) Revenue</b>		
<b>Subsidiary Companies</b>		
<b>Sale</b>		
Infinite Computer Solutions Inc, USA	706.58	424.25
Comnet International Company	–	58.76
Infinite Convergence Solutions, Inc.	404.65	202.76
<b>Interest on Loan</b>		
Infinite Computer Solutions Inc, USA	–	3.12
Infinite Data Systems Pvt Ltd	0.03	0.23
Infinite Infosoft Services Pvt Ltd	0.04	0.61
<b>Rental Income</b>		
Infinite Data Ststems Pvt Ltd	24.00	13.01
<b>b) Expenses</b>		
<b>Subsidiary Companies</b>		
Infinite Computer Solutions Inc, USA		
Contractual Services	98.84	32.39
Infinite Data Systems Pvt Ltd		
Interest	14.79	5.80
Infinite Infosoft Services Pvt Ltd		
Interest	3.16	–
Directors of the company		
Managerial Remuneration	22.86	20.26
Rent	0.18	0.72
<b>c) Balance outstanding as at the year end</b>		
<b>Receivables</b>		
<b>Subsidiary Companies</b>		
Infinite Computer Solutions Inc, USA	338.47	40.73
Infinite Computer Solutions Ltd, U.K	0.66	0.57
Infinite Computer Solutions Pte Ltd, Singapore	4.43	3.86
Comnet International Company	–	57.46
Infinite Convergence Solutions, Inc.	138.13	133.95
Infinite Data Systems Pvt Ltd	–	0.29

## Notes to the Financial Statements

### Note 23 (Contd.)

Included in the financial statements are the following amounts relating to transactions with related parties: *(Rs. in Million)*

	Year ended 31 March 2012	Year ended 31 March 2011
Infinite Infosoft Services Pvt Ltd	–	4.24
Infinite Computer Solutions Sdn, Bhd, Malaysia	0.61	0.54
<b>Advances recoverable in cash or kind</b>		
<b>Subsidiary Companies</b>		
Infinite Computer Solutions Sdn, Bhd, Malaysia	0.22	0.30
Infinite Computer Solutions Pte Ltd, Singapore	5.30	4.74
Infinite Computer Solutions (Shanghai) Co. Ltd.	0.27	0.23
Infinite Infoworld Ltd	–	–
<b>Investments</b>		
<b>In Subsidiary Companies</b>		
Infinite Computer Solutions Inc, USA	229.53	229.53
Infinite Computer Solutions Pte Ltd, Singapore	26.72	26.72
Infinite Computer Solutions (Shanghai) Co. Ltd.	8.51	8.51
Infinite Computer Solutions Ltd, U.K	16.88	16.88
Infinite Computer Solutions Sdn, Bhd, Malaysia	4.14	4.14
Infinite Australia Pty. Ltd.	–	0.20
Infinite Data Systems Pvt Ltd	10.00	10.00
Infinite Infosoft Services Pvt Ltd	10.00	10.00
Infinite Convergence Solutions, INC.	434.57	434.57
Infinite Infocomplex Pvt Ltd	30.20	30.20
Infinite Infoworld Ltd.	39.80	11.80
Infinite Infopark Ltd	2.50	–
<b>Loan to Subsidiary Companies</b>		
Infinite Convergence Solutions, Inc.	–	–
<b>Loan From Subsidiary Companies</b>		
Infinite Data Systems Pvt Ltd	–	–
Infinite Infosoft Services Pvt Ltd	–	–
<b>Payables</b>		
Infinite Computer Solutions Inc, USA (with Provision)	57.84	3.74
Infinite Computer Solutions Sdn, Bhd, Malaysia	2.35	2.27
Infinite Data Systems Pvt Ltd	0.16	–
Infinite Infosoft Services Pvt Ltd	0.64	–

## 12. INCOME TAXES

In accordance with accounting standard 22 on accounting for taxes on income the deferred tax charge of Rs. 13.38 Million for the current year has been recognized in the profit & loss account. The tax effect of significant timing differences as of Mar 31, 2012 that reverse in one or more subsequent years gave rise to the following net deferred tax assets / (liability) as at Mar 31, 2012.

*(Rs. in Million)*

	Year ended 31 March 2012	Year ended 31 March 2011
<b>Deferred Tax Assets</b>		
Provision for Retirement benefits	3.07	3.65
	3.07	3.65
<b>Deferred Tax Liabilities</b>		
Depreciation	66.79	54.00
Provision for Retirement Benefits	–	–
	66.79	54.00
<b>Net Deferred Tax Assets / (Liabilities)</b>	<b>(63.72)</b>	<b>(50.34)</b>

## Notes to the Financial Statements

### 13. TRANSACTIONS OF DERIVATIVE INSTRUMENTS & FORWARDS CONTRACTS

All gains or losses in derivative instruments are recorded on the Balance Sheet date at mark to market value. The Company has accordingly provided for the Loss of Rs. Nil Million (previous year Rs 0.62 Million) on such contracts in the books.

The following forward contracts are outstanding as on 31st Mar 2012:

- For USD – 82.35 Million USD.

### 14. STATEMENT OF UTILISATION OF IPO FUNDS

(Rs. in Million)

	As at 31 March 2012
Amount raised through IPO	946.43
Share Issue expenses paid	70.72
<b>Net proceeds</b>	<b>875.71</b>
<b>Deployment</b>	
Repayment of Debts	83.00
Acquisition	380.00
Capital Expenditure	146.76
General Corporate Purpose	148.02
Current Investment in Mutual Funds	–
Kept in Fixed Deposits	117.48
Kept in Separate Bank Account	0.45
<b>Total</b>	<b>875.71</b>

### 15. INFORMATION PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENTS WITH STOCK EXCHANGE

Loans and advances in the nature of loans to wholly-owned subsidiary companies are as under:

(Rs. in Million)

	As at 31st March 2012	Maximum balance during the year
Interest bearing with no specified payment schedule:		
Infinite Convergence Solutions, Inc..	–	89.44

The above company is also a company under the same management as defined under Section 370 (IB) of the Companies Act, 1956.

### 16. ASSUMPTION ON ACTUARIAL VALUATION

As required under Accounting Standard 15, the Company has adopted the following assumption for actuarial valuation of defined benefit and contribution plan:

Disclosure as per AS-35 - Revised	Gratuity	leaves
Interest Rate	8.50%	8.50%
Discount Factor	8.50%	8.50%
Estimated rate of return on plan Assets	0.00%	0.00%
Salary increase	6.00%	6.00%
Attrition rate	5.00%	5.00%
Retirement Age	58	58

Actuarial gain/loss is recognized immediately.

The estimate of salary increase take into account inflation, promotions etc.



## Notes to the Financial Statements

### 17. RECLASSIFICATION

Previous year's figures have been regrouped and/or re-arranged wherever necessary to conform to current year groupings and classifications.

### 18. VALUE OF IMPORTS ON C.I.F. BASIS

(Rs. in Million)

	Year ended 31st March 2012	Year ended 31st March 2011
Capital Goods	Nil	Nil
Others	36.36	5.27

### 19. EARNINGS IN FOREIGN EXCHANGE

(Rs. in Million)

	Year ended 31st March 2012	Year ended 31st March 2011
FOB Value of Exports *	2,116.69	1,571.52

\* Does not include receipts in convertible foreign exchange aggregating to Rs 161.47 Million (Previous Year Rs 148.50 Million) in respect of services provided in India.

### 20. EXPENDITURE IN FOREIGN CURRENCY (ON CASH BASIS)

(Rs. in Million)

	Year ended 31st March 2012	Year ended 31st March 2011
Travelling	39.15	17.75
Contractual Services	47.99	34.56
Legal & Professional Charges	0.06	1.19
Software Licenses	1.17	–
Investment	–	385.87
Othres	0.06	–
Bank Charges	0.00	0.01

For and on Behalf of the Board of Directors

Upinder Zutshi  
Managing Director & CEO

Navin Chandra  
Whole time Director

Place : Bengaluru  
Date : 15th May 2012

Rajat Kalra  
Company Secretary

# Notice of the 13th Annual General Meeting

Notice is hereby given that the Thirteenth Annual General Meeting of the members of Infinite Computer Solutions (India) Limited will be held on Thursday, August 23, 2012 at 3.00 P.M. at Air Force Auditorium, Subroto Park, New Delhi-110010 to transact the following business:

## Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet as of March 31, 2012 and the Profit & Loss Account of the Company for the year ended March 31, 2012 together with Reports of Directors and Auditors thereon.
2. To declare dividend for the Financial Year ended March 31, 2012.
3. To appoint a Director in place of Mr. Sanjay Govil, who

retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint M/s Amit Ray & Co., Chartered Accountants (Registration No. 000483C) as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s Amit Ray & Co., the retiring auditors, have expressed their willingness to be re-appointed.

By Order of the Board  
For Infinite Computer Solutions (India) Limited

Place: Bengaluru  
Dated: May 15, 2012

Rajat Kalra  
Company Secretary

## Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXIES, IN ORDER TO BE VALID AND EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Additional information, pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Mr. Sanjay Govil, being the Director recommended for re-appointment at the Annual General Meeting is annexed hereto and forms a part of the notice.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from August 14, 2012 to August 23, 2012 (both days inclusive), in terms of the

provisions of Section 154 of the Companies Act, 1956 and the applicable clauses of the Listing Agreement entered into with the Stock Exchanges.

4. Dividend on equity shares as recommended by the Board of Directors for the financial year ended March 31, 2012, if declared at the Annual General Meeting would be paid to such shareholders whose names appear in the Register of Members / Beneficiary Position, maintained by the Depositories as on August 13, 2012
5. A Certificate from the Auditors of the Company certifying that the Executive Performance Option Plan 2010 (ESOP-2010) is being implemented in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and in accordance with the resolutions of the general body will be available for inspection by the members at the Annual General Meeting.
6. The Register of Directors' Shareholding will be available for inspection at the meeting.

7. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution/Power of Attorney authorizing their representatives to attend and vote on their behalf at the meeting.
8. Members are requested to send their queries, if any on the operations of the Company, to reach the Company Secretary at the Company's Registered Office, at least 10 days before the meeting, so that the information can be compiled in advance.
9. Members/proxies are requested to kindly take note of the following:
  - (i) Copies of the Annual Report will not be distributed at the venue of the meeting;
  - (ii) Attendance Slip, as sent herewith, is required to be produced at the venue duly filled-in and signed, for attending the meeting;
  - (iii) In all correspondence with the Company and/or the R&T Agent, Folio No. /DP ID and Client ID no. must be quoted.
10. Members who hold shares in physical form may nominate a person in respect of all the shares held by them whether singly or jointly. Members are advised to avail of the nomination facility by filing Form 2B in their own interest. Blank Forms will be supplied by the Company on request. Members holding shares in demat form may contact their respective Depository Participants for recording of nominations.
11. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company between 10:00 a.m. to 2:00 p.m. except on holidays.

## Details of Mr. Sanjay Govil, being the Director seeking re-appointment at the Thirteenth Annual General Meeting pursuant to Clause 49 of the Listing Agreement

<b>Name of the Director</b>	Mr. Sanjay Govil
<b>Date of Birth</b>	April 02, 1966
<b>Brief Resume and Nature of Expertise in specific functional areas</b>	<p>Mr. Sanjay Govil is the founder and Chairman of Infinite, a global IT outsourcing provider. Under his leadership, Infinite has grown debt free and without venture capital funding. The company has a global group strength of over 4,000 employees and over 50 premier clients, including several leading Fortune 50 companies. It is considered a global leader in the IT outsourcing space with offices in 8 countries and a sprawling campus in Bangalore, India and major development centers in Hyderabad, Chennai, Gurgaon, Chicago and Singapore. As part of its service offerings, Infinite is primarily focused on Application Management Solutions, Infrastructure Management Services, Product Engineering Services, and Mobility Solutions.</p> <p>In 2010, Infinite became a publicly traded company on the Indian stock exchange (BSE: 533154, NSE: INFINITE) with one of the most successful IPOs of the year.</p> <p>In 2011, Infinite entered into a strategic agreement with Motorola which created Infinite Convergence; a wholly owned subsidiary. Infinite Convergence is a provider of innovative and cutting edge products supporting the needs of next-generation wireless communication. The Messaging Business provides a comprehensive Messaging Product Portfolio that includes Rich Communication Suite , Public Safety Multimedia Messaging , Enterprise Messaging Solutions , Personal Messaging Cloud, Multimedia Messaging Service Center, Short Message Service Center, and Short Message Service Gateway. Their products are deployed in Tier 1 and Tier 2 mobile operators across multiple continents servicing over 130 million subscribers.</p>

Infinite is SEI CMMi level 5, ISO 9001-2000 and ISO 27001 certified. Infinite Convergence is TL9000 certified.

Mr. Govil has been recognized and featured in media throughout the world. In the early days of Infinite, he was a winner of the prestigious E&Y Entrepreneur of the Year award. A BSEE graduate of Auburn University and a MSEE graduate from Syracuse University, he is an alumni and Fellow of the Wharton School of Business. Sanjay has been a member of the Global CEO Advisory Council for the Wharton Fellows program and Board of Directors for the Future of Advertising Project at the Wharton School of Business. He is currently a member of the Wharton Graduate Executive Board.

List of other companies in which Directorships are held

1. Mumal Mining Private Limited.
2. Creative Thermolite Power Private Limited.
3. IT Thinkers LLC.
4. INSTOS Inc.
5. Infinite Computer Solutions Inc.
6. Infinite Convergence Solutions Inc.
7. Creative Holdbull Holdings Pte. Ltd.
8. Mahavi Holdbull Inc.

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**List of Committees of  
the Board of Directors in  
which Chairmanship/  
Membership is held**

Nil

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**No. of Equity Shares  
held in the Company**

8,100

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### Infinite Computer Solutions (India) Limited

Regd. Office: 155, Somdutt Chamber II, 9, Bhikaji Cama Place, New Delhi 110066

## Proxy Form

### Thirteenth Annual General Meeting

DP ID ..... Regd. Folio No./ Client ID .....

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member/members of the Company hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him /her \_\_\_\_\_ of \_\_\_\_\_ as my / our proxy to vote for me/us on my / our behalf at the Thirteenth Annual General Meeting of the Company to be held on Thursday, August 23, 2012 at 3.00 P.M. at Air Force Auditorium, Subroto Park, New Delhi-110010 and at any adjournment(s) thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012

Affix 15  
paise  
revenue  
stamp

Signature \_\_\_\_\_

Note: This form in order to be valid and 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 commencement of the meeting.



### Infinite Computer Solutions (India) Limited

Regd. Office: 155, Somdutt Chamber II, 9, Bhikaji Cama Place, New Delhi 110066

## Attendance Slip

### Thirteenth Annual General Meeting

DP ID ..... Regd. Folio No./ Client ID ..... No. of shares held .....

I certify that I am a Member / Proxy for the Member of the Company.

I hereby record my presence at the Thirteenth Annual General Meeting of the Company on Thursday, August 23, 2012 at 3.00 P.M. at Air Force Auditorium, Subroto Park, New Delhi-110010

\_\_\_\_\_  
Member's / Proxy's name in  
(in block Letters)

\_\_\_\_\_  
Signature of Member / Proxy

# Corporate Information

## Board of Directors

**Mr Sanjay Govil**

*Chairman*

**Mr Upinder Zutshi**

*Managing Director & CEO*

**Mrde. Navin Chandra**

*Whole Time Director*

**Mr N K Agrawal**

*Independent Director*

**Mr Ajay Kumar Agrawal**

*Independent Director*

**Mr Ravindra R Turaga**

*Independent Director*

## Corporate Office & Development Centre:

Plot No. 157, EPIP, Phase 2,  
Kundalahalli, Whitefield,  
Bengaluru -560066, Karnataka, India.

Phone : +91 -80 - 4193 0000

Fax : +91-80 - 4193 0009

Website: [www.infinite.com](http://www.infinite.com)

## Registered Office:

155 Somdutt Chamber-II

9 Bhikaji Cama Place,

New Delhi-110066, India.

Phone : +91-11- 46150845 / 46 / 47

Fax : +91-11- 46150830

## Auditors:

**M/s Amit Ray & Co.,**

Chartered Accountants, 102/103,

Third Cross, Silver Oak Garden,

J.P Nagar, 7th Phase, Puttenahalli East,

Bengaluru – 560078.

## Registrar & Share Transfer Agent:

Bigshare Services Pvt. Ltd, E-2&3,  
Ansa Industrial Estate, Sakivihar Road,  
Sakinaka, Andheri(East),  
Mumbai - 400 072. Maharashtra, India  
Phone : +91-22-4043 0200  
Fax : +91-22-2847 5207

## Company Secretary:

Rajat Kalra

- India
- USA
- United Kingdom
- Singapore
- Malaysia
- China
- HongKong



## India

### Infinite Computer Solutions (India) Ltd.

#### Bengaluru

Plot 157, EPIP Zone, Phase 2,  
Kundalahalli, Whitefield, Bengaluru-560066  
Ph: +91-80-41930000  
Fax: +91-80-41930009

GEIPL-SEZ, Global Axis, Block 2(A1),  
Upper Ground Floor Plot No. 152, EMP 2nd Stage,  
Whitefield, Bengaluru-560066

Ph: +91-80-67998000  
Fax: +91-80-6799 8009

#### Delhi

155 Somdutt Chamber - II  
9 Bhikaji Cama Place, New Delhi-110066  
Ph: +91-11-46150845/46/47  
Fax: +91-11-46150830

#### Gurgaon

Plot No. -21, Institutional Area, Sector-44,  
Gurgaon Haryana -122001  
Ph: +91-124-3301800  
Fax: +91-124-3301867

#### Hyderabad

Floor no : 2, Block no : 1 MY HOME HUB,  
MADHAPUR, HYDERABAD-500081  
Ph: +91-40-44021234

#### Chennai

Unit 19, 22, & 24, SDF Buildings, Phase 1 MEPZ,  
Tambaram, Chennai - 600 045  
Ph: +91-44-42975900  
Fax: +91-44-42975911

### India Comnet International Private Limited

#### Chennai

Unit 45/46, Block 3 SDF Buildings, Phase I, MEPZ,  
Tambaram, Chennai- 600 045  
Ph: +91-44-2262 1232 / 33 / 34.  
Fax: +91-44-2262 9696

## USA

### Infinite Computer Solutions Inc. Maryland

15201 Diamondback Dr.,  
Suite 125, Rockville, MD - 20850, USA.  
Ph: +1-301-355-7760  
Fax: +1-301-330-8501

#### Illinois

1 Trans Am Plaza Drive, Suite 520  
Oak Brook Terrace, IL 60181 U.S.A,  
Fax: +1-630-678-9219

#### Tennessee

9040 Executive Blvd, Suite 110  
Knoxville, TN 37923  
Ph: +1-865-394-9100

### Infinite Convergencia Solutions Inc. Chicago

3231 N. Wilke Road,  
Arlington Heights, IL 60004 USA  
Ph: +1-224-764-3400

## United Kingdom

### Infinite Computer Solutions Limited

925, Finchley Road, London.NW11 7PE.  
Ph: +44-20-8832-7474  
Fax: +44-20-8832-7475

## Singapore

### Infinite Computer Solutions Pte. Ltd

20, Changi South Avenue 2, Singapore - 486547  
Ph: +65-62211611  
Fax: +65-62212925

## Malaysia

### Infinite Computer Solutions Sdn. Bhd.

Unit C-01-12A, SME Technopreneur, Centre 2, 2260  
Jalan Usahawan 1, 63000 Cyberjaya, Selangor Darul  
Ehsan, Malaysia  
Ph: +60-383222800  
Fax: +60-383137997

## China

### Infinite Computer Solutions (Shanghai) Co. Ltd.

Suite 666-05, Building 2, No.351, Guoshoujing Rd.,  
Zhangjiang High-Tech Park, Shanghai  
Ph: +86-13817261980

## Hong Kong

### Infinite Computer Solutions (India) Limited

21/F, Sunshine Plaza, 353 Lockhart Road Wanchai,  
Hong Kong  
Ph: +852-23741211  
Fax: +852-27821147