



## ELEVENTH ANNUAL REPORT 2010-2011

### BOARD OF DIRECTORS

<b>Mr. Ketan Sheth</b>	Chairman & Managing Director
<b>Mr. Kishore Hegde</b>	Non-Executive & Independent Director
<b>Mr. M. N. Chaturvedi #</b>	Non-Executive & Independent Director

# Appointed w.e.f.1<sup>st</sup> February 2011 as an Additional Director

### STATUTORY AUDITORS

**M/s Gadgil & Co., Chartered Accountants**  
118-B, Mittal Tower,  
210, Nariman Point,  
Mumbai-400 021

### REGISTERED OFFICE

3A, Udyog Nagar,  
S.V. Road, Goregaon (West),  
Mumbai- 400 062

### REGISTRARS AND SHARE TRANSFER AGENTS

Universal Capital Securities Private Limited  
(Formerly Known as Mondkar Computers Private Limited)  
21, Shakil Niwas, Opp. Satya Saibaba Temple,  
Mahakali Caves Road, Andheri (East),  
Mumbai-400093  
Tel: 28207203/04/05 Fax : 28207207  
Email: info@uniseq.in

### BANKERS

ICICI Bank Limited  
HDFC Bank Limited  
Abu Dabhi Commercial Bank

### CORPORATE IDENTIFICATION NUMBER (CIN)

L72900MH2000PLC123796

**Eleventh Annual General Meeting on Thursday, the 29th day of September, 2011 at 10.00 AM  
at Event Banquet, Near Filmistan Studio, S. V. Road, Goregaon (W), Mumbai - 400 062.**

**Topics Contents**

Notice	3
Chairman Review	8
Report of the directors	9
Management Discussion and Analysis	15
Corporate Governance	18
Auditors Report (Consolidated & Stand Alone)	33 & 50
Balance Sheet (Consolidated & Stand Alone)	35 & 55
Profit & Loss Account (Consolidated & Stand Alone)	36 & 56
Cash flow statement (Consolidated & Stand Alone)	37 & 57
Schedules (Consolidated & Stand Alone)	38-49 & 58-68
Significant Accounting policies (Consolidated & Stand Alone)	43-46 & 62-64
Director's Report & Financial Information of Subsidiaries	9 & 71
Attendance Slip & Proxy form	72

**ATTENTION**

Shareholders please note that pursuant to recent changes in applicable laws and regulations, in order to receive and participate in all corporate actions of the Company, you are requested to:-

- Inform our Registrar/Depository Participants, if not already done earlier, for updating details of your PAN number. Non-submission of PAN number is a cause of rejection especially by shareholders holding securities in physical form.
- Inform your Depository Participant to reactivate your account for credit actions. Frozen Demat Accounts may lead to non-credit/delayed credit of securities allotted to your account.



## ELEVENTH ANNUAL REPORT 2010-2011

### NOTICE

NOTICE is hereby given that the 11<sup>th</sup> Annual General Meeting of the Members of IT People (India) Limited will be held on Thursday , 29<sup>th</sup> September , 2011 at 10.00 AM at Event Banquet, Near Filmistan Studio, S.V.Road, Goregaon West, Mumbai 400062 to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider & adopt the Audited Balance Sheet as on 31<sup>st</sup> March 2011 and Profit & Loss Account for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Kishore Hegde, who retires by rotation and being eligible, offers himself for re-appointment.
3. To declare Dividend on Equity shares for the financial year ended on 31st March 2011.
4. To appoint M/s Gadgil & Co. Chartered Accountants, Mumbai having Firm Registration No. 102876W as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

#### SPECIAL BUSINESS:

5. **To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:**

**“RESOLVED THAT** Mr. M.N. Chaturvedi who was appointed by the Board of Directors as an Additional Director of the Company with effect from 1<sup>st</sup> Day of February, 2011 and who holds office upto the date of this Annual General Meeting of the Company, in terms of Section 260 of the Companies Act, 1956 (“the Act”) and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company.”



## ELEVENTH ANNUAL REPORT 2010-2011

**6. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:**

"**RESOLVED THAT** pursuant to the provisions of section 269 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force), Mr. Ketan Sheth be and is hereby re- appointed as Managing Director of the Company for a period of 5 (five) years with effect from January 09, 2011."

"**RESOLVED FURTHER THAT** Mr. Ketan Sheth will be initially paid the remuneration of ₹. 1/- (Rupee one only.)"

"**RESOLVED FURTHER THAT** Mr. Ketan Sheth, Managing Director be charged with the responsibility of overall business administration of the Company and be and is hereby authorized to sign all the documents, letters, deeds, agreements on behalf of the Company."

"**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution."

**Date: 02/09/2011**

**Place: Mumbai**

**By order of the Board of Directors  
For IT People (India) Ltd.**

**Registered Office:  
IT People (India) Limited  
3A Udyog Nagar , S V Road,  
Goregaon West, Mumbai-400062**

**sd/-  
Ketan Sheth  
Chairman & Managing Director**

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The relevant explanatory statement pursuant to section 173(2) of the Companies Act, 1956 setting out the material facts concerning the special business mentioned under item nos. 5 & 6 of the Notice are annexed hereto.
3. Corporate Members, Societies, partnership firms, etc. intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. The Register of Members and the Shares Transfer Books of the Company will be closed from Tuesday 27th September, 2011 to Thursday 29th September, 2011 (both days inclusive).
5. The dividend, as recommended by the Board if sanctioned at the ensuing at the Annual General Meeting, will be paid within the stipulated time period :
  - a) To all beneficial owners in respect of shares held in dematerialised form as per the data as may be made available by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL).
  - b) To all the members in respect of shares held in physical form after giving effect to valid transfers in respect of all transfer request lodged with the company.
6. Members/Proxies are requested to bring the copy of the Annual Report and the Attendance Slip duly filled in for attending the Annual General Meeting.
7. Members are requested to address all the documents, transfer deeds, demat requests, and other communications with respect to shares in physical mode to the Registrar & Share transfer Agents of the Company, M/s. Universal Capital Securities Private Ltd. ( Formerly known as Mondkar Computers Private Limited), directly quoting their full name, Folio No. and Name of the Company.

8. Members are requested to intimate all changes pertaining to their Bank details, ECS, mandates, nominations, power of attorney, change of address/notice, etc.:
  - a. To their Depository Participants (DPs) in respect of their electronic share accounts.
  - b. To the Company's Registrar & Share Transfer Agents M/s. Universal Capital Securities Private Limited in respect of their physical share folios, if any.
9. Pursuant to Circular No. 17/2011 dated 21st April, 2011, Ministry of Corporate Affairs has undertaken a Green Initiative in Corporate Governance whereby the shareholders desirous of receiving notices, documents and other communication from the Company through electronic mode, can register their e-mail addresses with the Company. Your Company encourages the shareholders to register their e-mail addresses with the Company or its Registrar & Transfer Agent, UNIVERSAL CAPITAL SECURITIES PVT LTD, which can be updated with the Depository Participant (DP) or by mailing at cs@itpeople.in Client Id and DP Id of the shareholder.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956:**

**Explanatory statement for Item No. 5:**

Mr. M.N. Chaturvedi was appointed as an Additional Director of the Company at the meeting of the Board of Directors held on 1st February, 2011, pursuant to Article 120 of the Articles of Association of the Company. In terms of the provision of Section 260 and other applicable provisions of the Companies Act, 1956, the Additional Director would hold office up to the date of the ensuing Annual General Meeting and is eligible for appointment. The Company has received a notice under Section 257 of the Companies Act, 1956 along with a deposit of Rs. 500/- from a member of the Company proposing his candidature for the office of Director of the company.

The Company would also be benefited by knowledge and experience of Mr. M.N. Chaturvedi. A brief resume of Mr. M.N. Chaturvedi including nature of his expertise in specific functional areas is provided in the Report on Corporate Governance forming part of the Annual Report.

Mr. M.N. Chaturvedi may be deemed to be concerned or interested in the resolution as it relates to his own appointment.



## ELEVENTH ANNUAL REPORT 2010-2011

The Board recommends the Resolution set out at Item No. 5 of the Notice for your approval.

### **Explanatory statement for Item No. 6:**

The Board of Directors at their meeting held on 8th January 2011 has reappointed Mr. Ketan Sheth as Managing Director for a period of 5 years w.e.f. 9th January 2011, subject to approval of shareholders in the General Meeting.

The remuneration to be paid to Mr. Ketan Sheth initially will be ₹. 1/- only, subject to the approval of members.

Mr. Ketan Sheth plays the role of visionary, an entrepreneur and a strategist. He has over 20 years leadership experience and the Company would be benefited by knowledge and experience of Mr. Ketan Sheth.

The terms and conditions of re-appointment may be altered and varied by the Board of Directors as it may deem fit from time to time subject to the limits imposed under the provisions of the Companies Act, 1956.

Mr. Ketan Sheth as may be deemed to be concerned or interested in the said resolution as it relates to his own re-appointment.

The Board recommends the approval by members of the reappointment of Mr. Ketan Sheth as Managing Director of the Company.

**Date: 02/09/2011**

**Place: Mumbai**

**Registered Office:**

**IT People (India) Limited**

**3A Udyog Nagar , S V Road,**

**Goregaon West, Mumbai-400062**

**By order of the Board of Directors  
For IT People (India) Ltd.**

**sd/-**

**Ketan Sheth**

**Chairman & Managing Director**



## ELEVENTH ANNUAL REPORT 2010-2011

### CHAIRMAN REVIEW

#### OVERVIEW:

At the outset I would like to thank the entire IT People team and our esteemed clients and associates for the creative momentum, support, enterprise and commitment during the year. IT People has successfully executed various prestigious initiatives during the year, which would not have been possible without the untiring efforts of each and every member of team IT People.

With a clear focus on exchange business and technology, IT People has efficiently harnessed its decades of exposure in the IT space, the domain expertise developed and acquired by it through its various approach plans for inorganic growth. The company has successfully developed a state-of-the-art exchange solution suite addressing commodity and capital markets in the country.

IT People continues to invest in the research and development of cutting edge IT products for its various exchange initiatives. The in-house technology bandwidth and the domain expertise are critical success factors for the various exchange initiatives undertaken by the company.

IT People has successfully promoted Universal Commodity Exchange Ltd (UCX) which would be a national level multi-commodity exchange covering Agri, Bullion & Metals, Energy and others. Other shareholders in UCX include IDBI Bank Limited and Indian Farmers Fertiliser Cooperative (IFFCO), etc. Apart from UCX, the company has also extended its reach to the spot markets through its spot exchange initiative: Indian Bullion Spot Exchange (IBSX) would be the first of its kind initiative addressing the bullion spot markets in the country. Apart from the above, the company has also ventured into the infrastructure services vertical which is expected to substantially benefit the company in its various exchange and allied initiatives.

Thank you for reposing your faith in the Company. I once again thank the very committed members of the IT People Team and the Company's business associates for their continued support. My team and I look forward to the challenges of delivering sustainable and profitable growth in the years ahead with confidence.

I look forward to your continued support.

With warm regards,

**Ketan Sheth**  
**Chairman**



**DIRECTORS' REPORT**

**Dear Members,**

Your Directors hereby present the 11<sup>th</sup> Annual Report of your company along with the consolidated Profit and Loss Account for the year ended on 31st March, 2011 and the Balance Sheet as on that date and Auditors' Report thereon.

**Financial Highlight**

Particulars	Financial Year ended 31 <sup>st</sup> March 2011 (₹. In Lacs)		Financial Year ended 31 <sup>st</sup> March 2010 (₹. In Lacs)	
	Consolidated	Standalone	Consolidated	Standalone
Income from operations	976.24	953.02	680.66	671.73
Other income	245.71	245.70	86.73	867.25
<b>Total Income</b>	<b>1221.95</b>	<b>1198.73</b>	<b>767.39</b>	<b>758.45</b>
Less : Operating Expenses	340.27	323.80	251.84	244.64
<b>Operating Profit</b>	<b>881.67</b>	<b>874.93</b>	<b>515.54</b>	<b>513.81</b>
Less : Financial Expenses	0.45	0.38	0.44	0.41
Less : Depreciation	93.60	93.60	122.69	122.69
Less Misc. Expenses Written off	-	-	2.10	-
<b>Profit Before Tax</b>	<b>787.62</b>	<b>780.94</b>	<b>390.30</b>	<b>390.71</b>
Provision for Current Tax	-	-	0.18	-
Deferred Tax (Credit) / Expense	57.06	57.06	-	-
Income Tax (Interest on TDS)	0.01	0.01	0.20	0.02
Income Tax (Earlier Years)	-	-	0.88	0.88
Provision/Earlier Year Expenses W/off	-	-	(24.91)	(29.31)
Prior Period Income (Loss)	-	-	(0.11)	(0.11)
Foreign Exchange Gain/Loss/Provision	443.78	443.78	-	-
Provision for Diminution in Investment	-	-	(3108.14)	-
Transfer to General Reserve	-	-	-	(3108.14)
<b>Profit/(Loss) after tax</b>	<b>286.77</b>	<b>280.09</b>	<b>3521.96</b>	<b>3526.97</b>
<b>Appropriations</b>				
Proposed Dividend	155.10	155.10	-	-
Provision for dividend Distribution Tax	25.76	25.76	-	-
Less Balance brought forward from previous year	(1848.23)	(774.23)	(5370.20)	(4301.20)
Balance carried to Balance Sheet	(1742.34)	(675.01)	(1848.23)	(774.23)



## ELEVENTH ANNUAL REPORT 2010-2011

### **Operating Results and Profits:**

During the financial year 2010-11, your Company earned total revenue of ₹. 1221.95 lacs compared with ₹.767.39 lacs during the previous financial year 2009-10. The Operating Profit for the financial year ended on 31st March, 2011 stood at ₹. 881.67 lacs as against ₹.515.54 Lacs in the previous year.

The Company incurred net profit of ₹.286.77 lacs in the current year as against profit of ₹.3521.96 lacs in the previous year.

### **Dividend:**

Your directors have decided to reward the Shareholders by proposing a token Dividend to commemorate the launching of the National level “Universal Commodity Exchange Ltd.” (UCX). Subject to the members approval, the dividend of 5% i.e. ₹. 0.10 per equity share to be appropriated for the financial year 2010-11

### **Business Outlook:**

IT People (India) Limited has successfully capitalized and transformed itself from being a mere solution and service provider in the Information Technology domain to the holding entity of various exchanges which would operate at a national level.

With a clear focus on exchange business and technology, IT People has efficiently harnessed its decades of exposure in the IT space, the domain expertise developed and acquired by it through its various approach plans for inorganic growth. The company has successfully developed a state-of-the-art exchange solution suite addressing commodity and capital markets in the country.

IT People continues to invest in the research and development of cutting edge IT products for its various exchange initiatives. The in-house technology bandwidth and the domain expertise are critical success factors for the various exchange initiatives undertaken by the company.

IT People has successfully promoted Universal Commodity Exchange Ltd (UCX) which would be a national level multi-commodity exchange covering Agri, Bullion & Metals, Energy and others. Other shareholders in UCX include IDBI Bank Limited and Indian Farmers Fertiliser Cooperative (IFFCO), etc. Apart from UCX, the company has also extended its reach to the spot markets through its spot exchange initiative: Indian Bullion Spot Exchange (IBSX). IBSX would be the first of its kind initiative addressing the bullion spot markets in the country. Apart from the above, the company has also ventured into the infrastructure services vertical which is expected to substantially benefit the company in its various exchange and allied initiatives.



## ELEVENTH ANNUAL REPORT 2010-2011

### **Listing:**

The Equity Shares of the Company are listed on Bombay Stock Exchange Limited, Mumbai. The Company has paid the Annual Listing Fees to the Stock Exchange for the year 2011-2012. The Company had initiated the application process for listing at Premier Institute National Stock Exchange (NSE) to enhance credibility of IT People (India ) Limited. Your Company is expected to get the approval from NSE. The Company has also listed its shares at Luxemburg Stock exchange for the purpose of GDR issued in May, 2009.

### **Director's Responsibility Statement:**

Your Directors confirm the Directors' Responsibility Statement pursuant to Section 217 (2AA) of the Companies Act, 1956, as under that:

- In preparation of the accounts for the financial year ended 31st March, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 the year under review;
- The Directors 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;
- The Directors have prepared the accounts for the financial year ended 31st March, 2011 on a 'going concern' basis.

### **Cash Flow Statement:**

The cash flow statement for the year 2010 – 2011 is attached to the Balance Sheet.

### **Corporate Governance Report and Management discussion and Analysis Statement**

Corporate Governance Report and Management discussion and Analysis statement are attached to this report

### **Directors:**

- i. Mr. M.N. Chaturvedi was appointed as an Additional Director of the Company pursuant to section 260 of the Companies Act, 1956 with effect from 1<sup>st</sup> February, 2011. He would hold office of directorship up to the date of ensuing Annual General

Meeting and is eligible for appointment as Director.

- ii. Mr. Suhas Ganpule resigned from the directorship with effect from 11<sup>th</sup> September 2010.
- iii. Mr. Ranjit Prabhu resigned from the directorship with effect from 1<sup>st</sup> February 2011.

In accordance with the provisions of the Companies Act, 1956, read with the Articles of Association of the Company, Mr. Kishore Hegde retires by rotation and being eligible, offers himself for re-appointment in the ensuing Annual General Meeting.

#### **Subsidiary Companies and Consolidated Financial Statements**

The Company has 6 subsidiaries as herewith stated in Corporate Governance Report.

There has been no material change in the nature of the business of the subsidiaries.

As required under the Listing Agreements with the Stock Exchanges, a Consolidated Financial Statement of the Company and all its subsidiaries is attached. The Consolidated Financial Statements have been prepared in accordance with the relevant Accounting Standards as prescribed under Section 211(3C) of the Companies Act, 1956 ("Act"). These financial statements disclose the assets, liabilities, income, expenses and other details of the Company, its subsidiaries and associate companies.

Pursuant to the provision of Section 212(8) of the Act, the Ministry of Corporate Affairs vide its circular dated February 8, 2011 has granted general exemption from attaching the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies with the Balance Sheet of the Company. A statement containing brief financial details of the Company's subsidiaries for the financial year ended March 31, 2011 is included in the Annual Report. The annual accounts of these subsidiaries and the related detailed information will be made available to any member of the Company/its subsidiaries seeking such information at any point of time and are also available for inspection by any member of the Company/its subsidiaries at the registered office of the Company. The annual accounts of the said subsidiaries will also be available for inspection, as above, at the head offices/registered offices of the respective subsidiary companies.

The Company shall furnish a copy of details of annual accounts of subsidiaries to any member on demand.



## ELEVENTH ANNUAL REPORT 2010-2011

### **Dematerialization of Shares:**

The shares of the Company are admitted with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) and are also listed with the Bombay Stock exchange Limited. Accordingly, the Shares of your Company are available for dematerialization and can be traded in Demat mode.

### **Fixed Deposits:**

The Company has not accepted any Fixed Deposits under Section 58A of the Companies Act, 1956 during the year under review.

### **Employee Relations:**

Employee relations during the year at all levels of the organization were satisfactory. The Board wishes to place on record its sincere appreciation for the devoted efforts put in by all the company's employees for achieving good results under challenging conditions.

### **Particulars of Employees:**

Information as required by the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended forms part of this report has not been given as Company has no employees drawing salary more than the specified limit.

### **Auditors/ Auditors' Report:**

M/s. Gadgil & Co., Chartered Accountants, the Auditors of the Company would retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

The observations made by the Auditors in their report are self-explanatory. The notes on accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

### **Conservation of Energy:**

The activities of your company require 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 Outgo:**

The details of Foreign Exchange Earnings and Outgo are detailed in Schedule 14 to the Notes forming a part of the Accounts.



## ELEVENTH ANNUAL REPORT 2010-2011

### **Corporate Governance:**

The Company is taking adequate steps to ensure that the entire mandatory provisions of Corporate Governance, as prescribed under the listing agreement of the Stock Exchange, are complied with.

Report on Corporate Governance as stipulated under clause 49 of the Listing Agreement with the Stock Exchange in India forms part of the Annual Report.

A certificate from SG & Associates, Practicing Company Secretaries, confirming compliance of conditions of Corporate Governance as stipulated under the aforesaid clause 49 is annexed to this Report.

### **Management Discussion & Analysis:**

Management Discussion and Analysis Report for the year under review, as stipulated under clause 49 of the listing Agreement with Stock Exchange in India, is presented in a separate section forming part of this Annual Report.

### **Acknowledgments:**

Your Directors take this opportunity to thank all the shareholders of the Company, the Bankers, Registrars and Transfer Agents, Auditors, Customers, Vendors and executives of the respective agencies, for their continued support during the year.

Your Directors place on record their appreciation of all the employees and consultants of the Company for their untiring personal efforts as well as their collective contribution to the Company's performance during the year.

**Date: 02/09/2011**

**Place: Mumbai**

**Registered Office:**

**IT People (India) Limited  
3A Udyog Nagar , S V Road,  
Goregaon West, Mumbai-400062**

**By order of the Board of Directors  
For IT People (India) Ltd.**

**sd/-**

**Ketan Sheth  
Chairman & Managing Director**

## Management Discussion and Analysis:

### Industry Structure and Developments

The Indian economy is projected to grow at 9% annually. Agriculture sector has recorded a growth of 5.4% while industry has grown by 8.1% in 2010-11.

Commodity market regulator of India, FMC (Forward Markets Commission), expects the turnover to grow @ 25% to reach Rs.150 lakh crore in the current fiscal. The growth is attributed to the recovery that is underway in global economy. In the FY' 11, cumulative turnover of the commodity futures market have risen by 53% to reach Rs 119 lakh crore. The FMC terms the commodity futures turnover growth of 25% as “conservative” and that the growth would be different in the current fiscal as the prices of Gold and Silver have already peaked.

Performance of the new exchanges will be play a key role in charting the kind of growth that FMC is projecting. Provided, Forward Contracts Regulation Act ( FCRA ) Amendment Bill is passed in the Parliament, the exchanges can even manage to chart growth beyond the 25% rate. The bill referred to the standing committee on food, consumer affairs and public distribution, would provide more powers to the FMC in line with the capital market watch dog SEBI.

The macroeconomic parameters indicate the high potential for commodity exchanges in India. The growth of the overall economy in India is expected to drive the underlying demand for commodities and an increase in physical market volumes may increase the hedging requirements driving derivative volumes. The market structure is still evolving in India, thus offering scope for a player with strong capabilities to develop the market and sustain a space for itself. Development and research of cutting edge IT products with a focus on Exchange solutions for the Commodities & Capital Market which enhances the In-house technology bandwidth in the development and research, areas are critical success factors in the exchange space. The deep domain technology expertise of the company in the Exchange space for the Capital, Commodities & Currency Markets would play crucial roles in the success of the various exchange initiatives undertaken by IT People.

With sustained growth and rapid development in technology and infrastructure, an increasing share of financial services would get centralised. As India experiences continued economic growth, the financial sector could generate about 10 million jobs and a GDP contribution of USD 350 to 400 billion by 2020. McKinsey market assessment report estimates potential of about 6 million centralised jobs across multiple services. Several developed countries have successfully established high-tech financial hubs, which over

time have evolved as international financial service centers. The company also has ventured into the infrastructure services vertical which is expected to substantially benefit the company in its various exchange and allied initiatives.

**Outlook/Objective**

The commodity futures market is growing even under challenging economic conditions globally. While the commodity derivatives trade in developed markets is 5-20 times that of physical trade, in India, commodity derivatives trade is ~3 times the physical trade.

**Indian Government Initiatives to Modernize Commodity Futures Markets**

Effect of removing restrictions from trade of options and swaps: In developed markets, options volumes are approximately one-fourth to one-third of futures volumes. The Government of India may allow trading in options contracts on commodities, which we believe will boost volumes and overall growth in the Indian commodity market

Introduction of new commodities: Under current regulations, the FMC may approve of all commodities that can be traded on exchanges in India. Introduction of these and similar new commodities to the Indian commodity market will drive growth in the Indian commodities trading market

Widening Investor Participation: New participants are expected to enter the trading markets as exchanges become more accessible, the availability of market information increases and awareness regarding the benefits of hedging becomes more widespread. Some of the new entrants can be, Farmers, Equity investors, Manufacturers, Oil manufacturers, Hedge funds seeking to capitalize on price differentials; and Banks seeking to hedge their risk against collateral

**Human Resource Development**

The Company's progress is largely attributed to the wholehearted support from its manpower. The technical team were constantly challenged for quality performance and expected to work with an entrepreneurial spirit on the project.

**Internal control systems and their adequacy**

The Company has in placed the internal control systems and procedures commensurate with the size and nature of its business. These procedures are designed to ensure that:

All assets and resources are used efficiently and are adequately protected. All internal policies and statutory guidelines are complied with. There is accuracy and timing of financial reports and management information.

Audit Committee, the details of which has been provided in the Corporate Governance





## ELEVENTH ANNUAL REPORT 2010-2011

Report has been entrusted with detailed terms of reference to review and look into proper recording of transactions and preparation of financial statement. One of the important functions of the Audit Committee is to review the adequacy of internal control systems and compliance thereof.

### **Opportunities and Threats**

#### **Opportunities:**

India, in the recent years, is witnessing higher investments in infrastructure activities, so the atmosphere is expected to be more conducive in the time to come.

The exchange business is likely to see a growing investor base - large part of incremental growth likely to come from regional cities (non metros – tier II & III cities) i.e growth in newer products like new commodities, contracts, product & service innovations.

Other opportunities include state-of-the-art In-house Technology Bandwidth, deep domain expertise and a nationwide reach.

#### **Threats:**

1. Significant competition from Indian and Foreign companies operating in the similar segment.
2. Changes in governing laws may adversely affect the business operations.
3. Liquidity budgets and newer offerings could get duplicated by existing competitors.
4. Increased competition could result in pressure on pricing and commoditization of some services.

#### **Risk and Concerns:**

Besides increasing the client base, the Company needs to retain its current clients by providing timely, cost effective quality services in the competitive environment. The Company must also look for emerging business opportunity across industries.

**Date: 02/09/2011**

**Place: Mumbai**

**Registered Office:  
IT People (India) Limited  
3A Udyog Nagar , S V Road,  
Goregaon West, Mumbai-400062**

**By order of the Board of Directors  
For IT People (India) Ltd.**

**sd**

**Ketan Sheth  
Chairman & Managing Director**

**REPORT ON CORPORATE GOVERNANCE**  
**(As required under Clause 49 of the Listing Agreements**  
**Entered into with Stock Exchange)**

Your Board of Directors present the Corporate Governance Report for the year 2010-2011 based on the disclosure requirements under Clause 49 of the Listing Agreement with the Stock Exchange existing as of 31st March, 2011.

**1. Company's Philosophy on Code of Corporate Governance:**

The Company adheres to good corporate practices and is constantly striving to better them and adopt emerging best practices. The Company believes in high degree of transparency and accountability in its business operations and business practices and continues to adopt all measures to enhance its level.

The Company respects the rights of all its stakeholders to information on the performance of the Company. The Company has adopted a Code for Corporate Disclosure Practice for Prevention of Insider Trading .The Company is committed to maintain high standard of corporate governance towards its shareholders, Government, clients, employees and society.

**2. Board of Directors:**

A Board has an optimum combination of Executive and Non-Executive Directors, and is in conformity with Clause 49 of the Listing Agreement with the Stock Exchange in which the Company's Ordinary Equity Shares are listed. As on 31st March, 2011 the composition of the Board and other related information are as given below:

Name of the Director	Category of the Director	Attendance of meetings		Directorships and Chairmanships/ Memberships in Other Companies *		
		Board	General	No. of Directorships	Committee Positions	
					Member	Chairman
Mr.Ketan Sheth (Chairman & Managing Director)	Non-Independent, Executive Director	8	Yes	4	1	0
Mr. Kishore Hegde	Independent, Non Executive Director	8	Yes	4	0	0
Mr.Ranjit Prabhu ##	Independent, Non Executive Director	7	No	0	0	0
Mr. M. N Chaturvedi *	Independent, Non Executive Director	1	No	0	0	0
Mr. Suhas Ganpule #	Independent, Non Executive Director	5	Yes	0	0	0



## ELEVENTH ANNUAL REPORT 2010-2011

# Resigned w.e.f. 11th September 2010

## Resigned w.e.f. 1st February 2011

\* Appointed w.e.f. 1st February 2011

\*\* For the purpose of considering the number of directorships and committee positions, all public limited companies whether listed or not , have been included and all other companies including private limited companies, foreign companies and companies under Section 25 of the Companies Act, 1956, have been excluded and Committees other than Audit Committee and Shareholders'/Investor Grievance Committee have been excluded.

### **B Non-executive Directors' compensation and disclosures**

The Non-Executive Directors including Independent Directors are paid sitting fees for attending the meetings of the Board. Currently, a fee is Rs. 5,000/- per meeting per Director is paid for attending the meeting of the Board.

### **C Number of Board Meeting held and dates of Board Meeting**

During the financial year 2010-2011, the Board of Directors met 8 times as under:

Dates of Board Meeting
5 <sup>th</sup> April , 2010
15 <sup>th</sup> May, 2010
14 <sup>th</sup> August , 2010
28 <sup>th</sup> August , 2010
11 <sup>th</sup> September , 2010
13 <sup>th</sup> November , 2010
1 <sup>st</sup> February , 2011
15 <sup>th</sup> February , 2011

### **Board Procedures:**

The Agenda is circulated by the Company Secretary well in advance to the Board members alongwith comprehensive background information on the items in the agenda to enable the Board to deliberate on relevant points and arrive at an informed decision. All relevant information related to the working of the Company, including the information required as per the Listing Agreement is made available to the Board.

Information on the other significant matters in addition to the matters which are required to be placed before the Board for its noting and/or approval is also provided.

The proceedings of the meetings of the Board and its Committees are recorded in the form of minutes and the draft minutes are circulated to the Board for perusal. The important decisions taken at the Board / Committee meetings are communicated to the concerned departments/ divisions promptly.

**D Code of Conduct**

The code of conduct which is applicable to all employees including the Managing and Executive Directors was laid down by the Board and the same has been posted on the website of the Company.

**The Board has constituted following Committees :-**

- I. Audit Committee**
- II. Investors / Shareholders Grievance Committee**
- III. Remuneration Committee**

**I. Audit Committee:****a. Brief description of terms of reference**

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges read with the Section 292A of the Companies Act, 1956.

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- Oversight of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submissions to the Board, focusing primarily on:
  - i. Any changes in accounting policies and practices.
  - ii. Major accounting entries based on exercise of judgment by management.

- iii. Qualifications in draft audit report.
- iv. Significant adjustments arising out of audit.
- v. The going concern assumption.
- vi. Compliance with accounting standards.
- vii. Compliance with stock exchange and legal requirements concerning financial statements.
- viii. Any related party transactions i.e., transactions of our Company of material nature, with promoter or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interest of Company at large.
- ix. Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- x. 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.
- xi. Discussions with internal auditors any significant findings and follow up thereon.
- xii. 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.
- xiii. Discussions with external auditors before the audit commence nature and scope of audit as well as to have post-audit discussion to ascertain any area of concern.
- xiv. Reviewing our Company's financial and risk management policies.
- xv. To look into the reasons for substantial defaults in the payment to the depositors, shareholders (in case of non-payment of declared dividends) and creditors.
- xvi. It shall have discussions with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the quarterly, half yearly, and annual financial statements before submissions to the Board.
- xvii. To review the implementation of the proposed.
- xviii. It shall ensure compliance of internal control systems.
- xix. The Chairman of the Audit Committee shall attend the Annual General Meetings of our Company to provide any clarification on matters relating to audit sought by the members of our Company.

**b. Composition, names of members and Chairman:**

The composition of the Audit Committee as on 31<sup>st</sup> March, 2011 and details of meetings held and attended by its members are given below:-

<b>Members</b>	<b>Designation</b>	<b>Meetings Held</b>	<b>Meetings attended</b>
Mr. Kishore Hegde	Chairman	4	4
Mr. Ketan Sheth (Executive Director)	Member	4	4
Mr. Suhas Ganpule (Resigned w.e.f. 11/09/2010)	Member	4	2
Mr. M. N. Chaturvedi (Appointed w.e.f.01/02/2011)	Member	4	0

The Chairman is an Independent and Non-executive Director and all the members of the Audit Committee are financially literate.

**C. Meetings and Attendance during the year**

The meetings of the Audit Committee held and attended during the financial year ended 31st March, 2011 were as follows:

<b>Committee Meeting Dates :</b>
15 <sup>th</sup> May , 2010
14 <sup>th</sup> August , 2010
13 <sup>th</sup> November , 2010
15 <sup>th</sup> February , 2011

**II. Investors / Shareholders Grievance Committee:**

**a) Brief description of terms of reference**

- (a) Redressal of investors' complaints;
- (b) Allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
- (c) Issue of duplicate certificates and new certificates on split/ consolidation / renewal, etc.;
- (d) Non-receipt of declared dividends, balance sheets of the Company, etc; and
- (e) Carrying out any other function contained in the Listing Agreement as and when amended from time to time.

The Company Secretary and Compliance officer of the Company is the Secretary of the Investor's Grievance Committee.

**b) Composition of Investor Grievance Committee And Attendance Of Members :**

Sr. No.	Name of Director & position	Meetings Held	Meetings Attended
1.	Mr. Kishore Hegde (Non-executive Director & Chairman of the Committee)	2	2
2.	Mr. Ranjit Prabhu (Non-Executive Director & Member)	2	2

The Committee oversees the performance of the Registrar & Share Transfer Agent and recommends measures for overall improvement of the quality of investors' services.

Date on which investor's Grievance Committee Meetings were held
10 <sup>th</sup> November 2010
28 <sup>th</sup> January 2011

**c) Name & designation of Compliance officer:**

Mr. Ajay Raut is the Compliance Officer.

**d) Complaints received, resolved and pending during the year ended 31st March, 2011**

Nature Of Queries/Request	Received	Cleared	Pending
Non receipt of share certificates	Nil	Nil	Nil
Non receipt of Annual Report	2	2	Nil

Outstanding Complaints as on 31st March, 2011 were Nil.

**4. Remuneration Committee:**

Remuneration Committee being a non-mandatory requirement has not been formed. There has been no materially significant related party transaction, pecuniary relationships or transactions between the Company and its Directors for the year ended March 31, 2011 that may have a potential conflict in the interest of the Company at large.

**a) Meetings and Attendance during the year:**

There was no committee meeting held during the financial year ended 31st March, 2011.

**b) Details of the remuneration to all the Directors:**

The Directors' remuneration and sitting fees paid/payable during the financial year 2010-11 is given below:

Directors	Designation	Remuneration					
		Basic	HRA	Conveyance Allowance	Medical Allowance	Sitting fees	Total
Mr.Ketan Sheth	Chairman & Managing Director	₹. 1/-	Nil	Nil	Nil	Nil	₹. 1/-
Mr.Kishore Hegde	Director	Nil	Nil	Nil	Nil	40000	40000
Mr.Suhas Ganpule	Director	Nil	Nil	Nil	Nil	20000	20000
Mr.Ranjit Prabhu	Director	Nil	Nil	Nil	Nil	35000	35000
Mr. M.N. Chaturvedi	Director	Nil	Nil	Nil	Nil	5000	5000

**5. Employee Stock Option Scheme**

The Company does not have any Employee Stock Option Scheme.

**6. Subsidiaries:**

The Company has following 6 (six) subsidiaries:

- 1 IT Capital Services Pvt Ltd
- 2 Universal Commodity Exchange Ltd
- 3 Orient Infotech Ltd UK
- 4 Orient Information Technology INC. USA
- 5 Orient Information Technology FZ LLC - UAE
- 6 Information Technology People WLL - Bahrain

**7. Chief Executive Officer CEO/CFO Certification:**

Mr. Ketan Sheth, Managing Director of the Company has issued necessary certification to the Board in terms of Clause 49 (V) of the Listing Agreement and the same was taken on records in the Board Meeting held for the same purpose.



**8. General Body Meeting**

Location and time of general Meeting

Year	Date	Type of Meeting	Venue	Time
2007-08	November 12, 2007	EGM	Event Banquet, Near Filmistan Studio, S.V.Road, Goregaon West, Mumbai 400062	10.00 A.M.
2007-08	April 8, 2008	Court convened meeting of the Equity Shareholders		10.30 A.M.
2007-08	December 30, 2008	AGM		10.00 A.M.
2008-09	August 28, 2009	AGM		10.00 A.M.
2009-10	September 28, 2010	AGM		10.00 A.M.

All the above meetings were held at one venue only. All the resolutions moved at the last AGM were passed by show of hands by the requisite majority of Members attending the Meeting.

**Extraordinary General Meeting :**

No Extraordinary General Meeting of the members was held during the year 2010-11

**Postal Ballot**

No Postal Ballot was conducted during the year.

**Special Resolutions :**

The following are the Special resolutions passed at the General Meetings held in past 3 years:

AGM/EGM held on	Whether Special Resolution passed	Summary
April 8, 2008	Yes	? Approving the Scheme of Amalgamation under Section 391 to 394
December 30, 2008	Yes	? Sub-Division of shares
August 28, 2009	Yes	? Issuance of Global Depository Receipts ? Issue of shares/securities to Qualified Institutional Buyers ? (QIB's) by way of Qualified Institutional Placement (QIP's)
September 28, 2010	Yes	? Raising of Capital by an International Offer of Equity Shares represented by Global Depository Receipts ? Private Placement of Equity Shares/ any instrument convertible into Equity Shares to Qualified Institutional Buyers (QIB's)

At the ensuing Annual General Meeting, there is no item on the agenda that needs approval by postal ballot.

**9. Disclosures**

- Disclosure on materially significant related party transactions, i.e. transaction of the Company of materially nature with its promoters, Directors, relatives, subsidiary is that may have potential conflict with the interest of the Company at large.

Ans: The related party transactions have been given under 'Notes to the accounts' in the Schedule 14 to the Balance Sheet as on 31st March, 2011 and there is no materially significant transaction of such nature having potential conflict with the interest of the Company.

- Details of non compliance by the Company i.e. penalties and strictures imposed on the Company by Stock Exchange or SEBI or any statutory Authority related to Capital Market during last 3 years.

Ans: None

- The Company has complied with all mandatory requirement as stated in clause 49 of Listing Agreement and the non-mandatory requirement have been complied with to the extent feasible.

- **Code of Conduct**

The Company is committed to conduct its Business in conformity with ethical standards and applicable Laws and Regulations .This commitment stands evidenced by model code of conduct adopted by Board of Directors at their meeting which is applicable to each member of the Board of Director and senior management of the Company.

**10. Means of Communication**

The Quarterly/Half Yearly/Annual results are regularly submitted to the Stock Exchanges in accordance with the Listing Agreement and are published in the newspapers and posted on the Company's web-site. The information regarding the performance of the Company is shared with the shareholders through yearly communiqué with the Annual Report.

Newspapers wherein quarterly results are published	Free press, and Navshakti (Marathi)
Website, where displayed	<a href="http://www.itpeople.in">www.itpeople.in</a>
Whether it displays official news releases and presentations made to institutional investors or to the analysts	Yes
Whether MD & A is a part of Annual Report	Yes



## ELEVENTH ANNUAL REPORT 2010-2011

### 11. Secretarial Audit for Reconciliation of Capital

A qualified Practicing Company Secretary carried out Secretarial Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with NSDL and CDSL).

### 12. Management Discussion and Analysis Report.

This has been separately attached to the Directors' Report.

### 13. General Shareholders Information

11 <sup>th</sup> Annual General Meeting of IT People (India) Limited	
Date & time	29 <sup>th</sup> September , 2011 at 10.00 AM
Venue	Event Banquet, Near Filmistan Studio, S.V.Road, Goregaon West, Mumbai 400062
Financial Calendar for the F.Y. 2011-2012	a. 1 <sup>st</sup> Quarterly Results - On or before 14 <sup>th</sup> August,2011
	b. 2 <sup>nd</sup> Quarterly Results - On or before 15 <sup>th</sup> November,2011
	c. 3 <sup>rd</sup> Quarterly Results -On or before 15 <sup>th</sup> February, 2012
	d. Annual Results -On or before 30 <sup>th</sup> May, 2012
Dividend Payment date	The dividend if declared shall be paid / credited within the stipulated period of time.
Date of Book closure	27 <sup>th</sup> September , 2011 to 29 <sup>th</sup> September , 2011(both days inclusive)
Listing on Stock Exchanges	Bombay Stock Exchange Limited Pheeroze Jeejeebhoy Towers, Dalal Street, Fort Mumbai 400 001 Tel. No.:- 91-22-22721233/1234 Fax. No. 91-22-22722037/39
Scrip Code	532342
ISIN Number	INE354B01029
Corporate Identification Number	All the forms, returns, balance sheets, charges and all other documents, papers, etc. filed by the Company with the Registrar of Companies are available for inspection on the official website of MCA <a href="http://www.mca.gov.in">www.mca.gov.in</a> , under the Company Identification Number (CIN- L92110MH1994PLC080502)



## ELEVENTH ANNUAL REPORT 2010-2011

### i. Stock Market Data

Monthly high & low of the closing price at BSE during financial year 2010-2011

Month	Bombay Stock Exchange Limited		
	High Rs.	Low Rs.	Total Number of Shares Traded
April 2010	15.75	7.05	84,95,630
May 2010	18.85	13.70	36,97,225
June 2010	16.70	13.30	1,07,71,025
July 2010	31.90	15.10	49,21,577
August 2010	36.40	26.65	52,30,471
September 2010	34.05	24.00	30,99,593
October 2010	35.35	28.00	19,20,340
November 2010	34.60	26.45	61,11,523
December 2010	31.80	22.95	6,96,708
January 2011	29.25	20.70	5,42,187
February 2011	21.80	16.70	5,38,220
March 2011	22.30	17.30	68,98,895

Source : BSE Website - [www.bseindia.com](http://www.bseindia.com)

ii. Registrar and Share Transfer Agent (R&T): Universal Capital Securities Pvt. Ltd.  
(Formerly Known as :  
Mondkar Computers Private Limited)  
21, Shakil Niwas,  
Opp. Satya Saibaba Temple,  
Mahakali Caves Road,  
Andheri (East), Mumbai 400 093.  
Ph: 022 28257641, Fax: 022 28207207.

iii. As on March 31, 2011, 15,45,34,700 equity shares representing 99.63% of the paid up share capital of the Company have been dematerialized. The shares of the Company are frequently traded.

iv. Share Transfer System:

The power to approve the transfer of shares has been delegated by the Board to the Share Transfer Agent. Share transfer requests are processed within an average of 15 days from the date of receipt.

v. Outstanding GDRs / ADRs/ Warrants or any Convertible instruments, Conversion date and likely impact on equity:

There are 5,53,34,500 (Five Crores Fifty Three Lacs thirty Four thousand and five hundred Only) number of shares issued as GDR are outstanding as on 31st March, 2011.

**vi. Distribution Schedule:**

As of 31st March, 2011 the distribution of shareholding was as follows:

Category	No. of Shareholders	%	No. of Shares	%
1-500	19173	88.343	2104086	1.357
501-1000	1198	5.520	940541	0.606
1001-2000	627	2.889	929237	0.599
2001-3000	238	1.097	608960	0.393
3001-4000	82	0.378	295645	0.191
4001-5000	101	0.465	487441	0.314
5001-10000	126	0.581	933336	0.602
10001- and above	158	0.728	148807744	95.939
<b>Total</b>	<b>21703</b>	<b>100.00</b>	<b>155106990</b>	<b>100.00</b>

**vii. Categories of Shareholders as on 31st March, 2011:**

Category	No. of Shares held	Percentage to total share capital
Promoters	5,10,30,453	32.90
Corporate Bodies	1,22,60,683	7.90
FII/NRI/OCBs	65,93,469	4.25
Indian Public	2,93,09,148	18.90
Any other	5,59,13,237	36.05
<b>Total</b>	<b>15,51,06,990</b>	<b>100.00</b>

**viii. GREEN INITIATIVE IN CORPORATE GOVERNANCE**

Pursuant to Circular No. 17/2011 dated 21st April, 2011, Ministry of Corporate Affairs has undertaken a Green Initiative in Corporate Governance whereby the shareholders desirous of receiving notices, documents and other communication from the Company through electronic mode, can register their e-mail addresses with the Company.

Your Company encourages the shareholders to register their e-mail addresses with the Company or its Registrar & Transfer Agent, UNIVERSAL CAPITAL SECURITIES PVT LTD, which can be updated with the Depository Participant (DP) or by mailing at [cs@itpeople.in](mailto:cs@itpeople.in) specifying Client Id and DP Id of the shareholder.



## ELEVENTH ANNUAL REPORT 2010-2011

**ix. Address for correspondence:**

IT People (India) Limited:  
3A Udyog Nagar, S.V. Road, Goregaon (West), Mumbai 400 062.  
Phone: 022-28786656/ 28786600  
Fax : 022 28786601  
Website: www.itpeople.in

The Affirmation of Compliance to the Code of Conduct has been made by the Board members and senior management of the Company.

**Annual Declaration By Managing Director Pursuant To Clause 49 (I)(D)(ii)  
of the Listing Agreement**

As the Chairman & Managing Director of IT People (India) Limited, I hereby declare that all the Board members and senior management personnel of the Company have affirmed compliance with the Company's Code of Business Conduct and Ethics for the Financial year 2010-11

**Date: 02/09/2011**

**Place: Mumbai**

**Registered Office:  
IT People (India) Limited  
3A Udyog Nagar , S V Road,  
Goregaon West, Mumbai-400062**

**By order of the Board of Directors  
For IT People (India) Ltd.**

**sd/-**

**Ketan Sheth  
Chairman & Managing Director**



## **ELEVENTH ANNUAL REPORT 2010-2011**

### **DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Managing Director and Executive Directors. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors.

Both these Codes are available on the Company's website. I confirm that the Company has in respect of the financial year ended March 31, 2011, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Chief Financial Officer, employees in the Executive Vice President cadre, Vice President Global Human Resources and the Company Secretary as on March 31, 2011.

**sd/-**  
**Ketan Sheth**  
**Chairman & Managing Director**



## **ELEVENTH ANNUAL REPORT 2010-2011**

### **CERTIFICATE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER CLAUSE 49 OF LISTING AGREEMENT**

**To  
The Members of  
IT People (India) Limited**

We have examined the compliance of conditions of corporate governance by IT People (India) Limited, for the year ended on March 31, 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with 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 the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

We 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 SG & Associates  
Company Secretaries**

sd/-

**Suhas Ganpule**

**(Proprietor)**

**M. No. 12122**

**C.P. No. 5722**

**Date :- 2<sup>nd</sup> September, 2011**

**Place :- Mumbai**





## ELEVENTH ANNUAL REPORT 2010-2011

### **AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF IT PEOPLE (INDIA) LTD. ON THE CONSOLIDATED FINANCIAL STATEMENTS OF IT PEOPLE (INDIA) LTD. AND ITS SUBSIDIARIES**

We have examined the attached consolidated balance sheet of IT People (India) Ltd. and its subsidiaries as at 31st March 2011, the Consolidated Profit and Loss Account for the year then ended. These financial statements are the responsibility of the IT People (India) Ltd's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and 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 statements. We believe that our audit provides a reasonable basis for our opinion.

We have audited financial statements of four Subsidiaries, viz IT Capital Services Pvt., Universal Commodity Exchange Limited, Ltd, Orient Information FZ-LLC-UAE & Information Technology People WLL- Bahrain. The financial statements of Orient Infotech Limited – United Kingdom, Orient Information Technology Inc. – USA, have been consolidated on the basis of unaudited financial statements. Although Universal Commodity Exchange Limited is subsidiary of the Company as on 31st March,2011, the control is intended temporary since by virtue of the present regulations, the company will have bring down its control to 26% from the existing 66.67% in near future and therefore in terms of Para 11 of the Accounting Standard (AS) 21, issue by the Institute of Chartered Accountants of India, Universal Commodity Exchange Limited is excluded from consolidation.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of IT People (India) Ltd. and its subsidiaries included in the consolidated financial statements.



## ELEVENTH ANNUAL REPORT 2010-2011

Subject to Note No. C3 of Schedule 13 forming part of accounts and on the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of IT People (India) Ltd. and its aforesaid subsidiaries, we are of the opinion that:

- (a) the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of IT People (India) Ltd. and its subsidiaries as at 31st March 2011; and
- (b) the Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of IT People (India) Ltd. and its subsidiaries for the year then ended.
- (c) the Consolidated Cash Flow statement gives a true and fair view of the consolidated cash flow of operations of IT People (India) Ltd. and its subsidiaries for the year then ended.

**For Gadgil & Co.  
Chartered Accountants**

**Place: Mumbai**

**Dated: 2<sup>nd</sup> September, 2011**

**sd/-  
Dushyant A. Gadgil  
Proprietor  
M.No:17795  
Firm Registration No.102876W**

**Consolidated Balance Sheet as on 31st March, 2011**

	Paticulars	Sch	Year Ended 31.03.2011 Amount (₹.)	Year Ended 31.03.2010 Amount (₹.)
<b>I</b>	<b>Sources of Funds</b>			
	<b>Shareholder's Funds :</b>			
	Equity Share Capital	1	310213980	310213980
	Reserve & Surplus	2	873439978	863770122
	Loan Funds	3	117807036	43893565
	<b>Total</b>		<b>1301460994</b>	<b>1217877667</b>
<b>II</b>	<b>Application of Funds</b>			
	<b>Fixed Assets</b>	4		
	Gross Block		1135614594	1130898776
	Less : Depreciation		(736062185)	(726702158)
	<b>Net Block</b>		<b>399552409</b>	<b>404196618</b>
	Add: Capital Work in progress		41792231	8352492
	<b>Net Fixed Assets</b>		<b>441344640</b>	<b>412549110</b>
	<b>Investments</b>	5	<b>299500000</b>	<b>374029850</b>
	<b>Deferred Tax (Asset)</b>		<b>7123242</b>	<b>12830011</b>
	<b>Current Assets, Loans &amp; Advances</b>			
	Sundry Debtors	6	<b>78209922</b>	41702726
	Cash & Bank Balances	7	<b>4664622</b>	6123427
	Loans & Advances	8	<b>354979463</b>	315955120
			<b>437854007</b>	363781273
	<b>Less : Current Liabilities &amp; Provisions</b>	9	<b>(58599221)</b>	(130136353)
	<b>Net Current Assets</b>		<b>379254786</b>	<b>233644920</b>
	<b>Misc. Expenses :</b>	10	<b>3636</b>	-
	(To the extent not written off)			
	<b>Profit &amp; Loss Account (Debit Balance)</b>		<b>174234690</b>	<b>184823776</b>
	<b>Total</b>		<b>1301460994</b>	<b>1217877667</b>
	<b>Significant Accounting Policies</b>	13		
	<b>Notes to Accounts</b>	14		

AS PER OUR REPORT OF EVEN DATE

For Gadgil & Co.  
Chartered Accountants  
(Dushyant A. Gadgil)  
Proprietor  
M.NO. 17795  
FIRM REGISTRATION NO. 102876W

Place: Mumbai  
Dated: 2<sup>nd</sup> September, 2011

For & On behalf of the Board  
sd/-  
Ketan Sheth  
Chairman & Managing Director

sd/-  
Mr. Kishore Hegde  
(Director)



## ELEVENTH ANNUAL REPORT 2010-2011

### Consolidated Profit & Loss Account for the Year ended 31st March, 2011

	<u>Paticulars</u>	<u>Sch</u>	<u>Year Ended 31.03.2011 Amount (₹.)</u>	<u>Year Ended 31.03.2010 Amount (₹.)</u>
<b>I</b>	<b>Income</b>			
	Income From Operations		97624772	68066636
	Other Income		24570806	8672537
			<b>122195578</b>	<b>76739173</b>
<b>II</b>	<b>Expenditure</b>			
	Direct Operating Cost	<b>11</b>	34027832	25184296
	<b>Operating Profit (EBITA)</b>		<b>88167745</b>	<b>51554877</b>
	<b>Less:-</b>			
	Financial Expenses	<b>12</b>	45049	44280
	Depreciation		9360027	12269234
	Miscellaneous Expenditure Written Off		-	210889
			<b>9405076</b>	<b>12524403</b>
	<b>Profit Before Tax</b>		<b>78762669</b>	<b>39030474</b>
	<b>Less:-</b>			
	Provision for Current Tax		-	18543
	Deferred Tax (Credit)/Expense		5706769	-
	Income Tax (Interest on TDS)		1528	20044
	Income Tax (Earlier Years)		-	88924
	<b>Profit/(Loss) after tax before Extraordinary Items</b>		<b>73054372</b>	<b>38902963</b>
	Provision/Earlier Year Expenses Written off		-	(2490585)
	Prior Period Income / (Loss)		-	(10713)
	Foreign Exchange Gain/Loss/Provision		44378260	-
	Provision for Diminution Value of Investments			(310814127)
	<b>Profit/(Loss) after tax &amp; Extraordinary Items</b>		<b>28676112</b>	<b>352196962</b>
	<b>Appropriations</b>			
	Proposed Dividend		15510699	-
	Provision for Dividend Distribution Tax		2576327	-
			<b>10589086</b>	<b>352196962</b>
	Less: Balance brought Forward		(184823776)	(537020738)
	<b>Balance Carried to Balance Sheet</b>		<b>(174234690)</b>	<b>(184823776)</b>
	<b>Significant Accounting Policies</b>	<b>13</b>		
	<b>Notes to Accounts</b>	<b>14</b>		

AS PER OUR REPORT OF EVEN DATE

For Gadgil & Co.  
Chartered Accountants  
(Dushyant A. Gadgil)  
Proprietor  
M.NO. 17795  
FIRM REGISTRATION NO. 102876W

Place: Mumbai  
Dated: 2<sup>nd</sup> September, 2011

For & On behalf of the Board  
sd/-  
Ketan Sheth  
Chairman & Managing Director

sd/-  
Mr. Kishore Hegde  
(Director)



## ELEVENTH ANNUAL REPORT 2010-2011

### Consolidated Cash Flow Statement for the Year Ended 31st March, 2011

Particulars	31st March 2011		31st March 2010	
	Amount (₹.)	Amount (₹.)	Amount (₹.)	Amount (₹.)
<b>A) CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Net Profit as per Profit & Loss		28676112		352407853
<b>Adjustments for :</b>				
Depreciation	9360027		12269234	
Deferred tax credit	5706769		-	
Proposed Dividend	(15510699)		-	
Provision for Dividend distribution Tax	(2576827)			
Transfer to General Reserves	(2975181)		(310814127)	
Interest and Other charges	45049		44280	
		(398854)		(298500613)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>				
Adjustments for Increase/Decrease in:				
Trade Receivables	(36507196)		(36462729)	
Loans and Advances	(39024343)		(276267813)	
Current Liabilities	(71537132)		109985351	
		(147068671)		(202745191)
<b>CASH GENERATED FROM OPERATIONS (A)</b>		<b>(121367740)</b>		<b>(148837951)</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Fixed Assets	(4715818)		(172122670)	
Capital WIP	(33439739)		(8352492)	
Investments	74529850		(222029850)	
Miscellaneous Expenditure/Preliminary Expenses	(3636)		(210889)	
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>		<b>36370657</b>		<b>(402715901)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Interest and Other charges	(45049)		(44280)	
Issue of GDR	-		190679000	
Premium Received on Issue of GDR	-		314620350	
Receipt/(Repayment) of Loans	73913471		(115573976)	
Increase / (Decrease) in Reserve & Surplus	9669856		165382760	
<b>NET CASH FROM FINANCING ACTIVITIES ( C )</b>		<b>83538278</b>		<b>555063854</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>		<b>(1458805)</b>		<b>3510002</b>
Opening Balance of Cash and Cash Equivalents		<b>6123427</b>		<b>2613425</b>
Closing Balance of Cash & Cash Equivalents		<b>4664622</b>		<b>6123427</b>

Notes:

- 1 All figures in brackets are outflow
- 2 Previous years figures have been regrouped wherever necessary
- 3 Cash and cash equivalents are Cash & Bank Balances as per Balance Sheet

**AS PER OUR REPORT OF EVEN DATE**

For Gadgil & Co.  
Chartered Accountants  
**(Dushyant A. Gadgil)**  
Proprietor  
M.NO. 17795  
FIRM REGISTRATION NO. 102876W  
Place: Mumbai  
Dated: 2<sup>nd</sup> September, 2011

For & On behalf of the Board  
sd/-  
Ketan Sheth  
Chairman & Managing Director  
  
sd/-  
Mr. Kishore Hegde  
(Director)

**Schedules forming Part of Accounts for the Year Ended 31st March, 2011**

Particulars	Year Ended 31.03.2011 Amount (₹.)	Year Ended 31.03.2010 Amount (₹.)
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**Schedule - 1**  
**Share Capital**

<b><u>Authorised :</u></b> 262,500,000 Equity Shares of ₹. 2/- Each and ₹. 75,000,000 unclassified shares (P.Y. 75,000,000 Equity Shares of ₹ 2/- each and ₹.100000000 unclassified shares)	600000000	600000000
<b>Total</b>	<b>600000000</b>	<b>600000000</b>
<b><u>Issued and Subscribed &amp; Paid-up :</u></b> <b><u>Issued and Subscribed &amp; Paid-up :</u></b> 10,47,72,490 Equity Shares of ₹. 2/- Each Fully Paid-up. (Out of above Shares 4,50,05,000 Equity Shares of ₹. 2/- each fully paid up upon conversion of 9,00,100 GDR @50 Equity Shares per GDR (P.Y. 5,32,77,500 equity shares of ₹. 2/- each fully paid-up)	209544980	119534980
<b><u>Global Depository Receipt (GDR)</u></b> 10,06,690 GDR Representing 50 Equity Shares of ₹.2/- Each Fully Paidup) (Previous Year 19,06,790 GDR Representing 50 Equity Shares of ₹.2/- Each Fully Paid-Up)	100669000	190679000
<b>Total</b>	<b>310213980</b>	<b>310213980</b>

**Schedule - 2**  
**Reserves and Surplus**

Share Premium	628819968	628819968
GDR Premium	314620350	314620350
Forfeited Shares A/c	27862500	27862500
General Reserve	172109750	172109750
Less : Provision for Diminution in Value of Investment Trfd.	(310814127)	(310814127)
General Reserve On Consolidation	40841537	31171681
<b>Total</b>	<b>873439978</b>	<b>863770122</b>

Schedule - 4

Schedules forming Part of Consolidated Balance Sheet as on 31st March, 2011

FIXED ASSETS

SR.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As on 01.04.2010	Additions	Deductions	As on 31.03.2011	Opening 01.04.2010	For the Year	Deductions	As on 31.03.2011	As on 31.03.2011	As on 31.03.2010
		(₹.)	(₹.)	(₹.)	(₹.)	(₹.)	(₹.)	(₹.)	(₹.)	(₹.)	(₹.)
1	Goodwill	13866411	-	-	13866411	-	-	-	-	13866411	13866411
2	Office Premises	85070725	-	-	85070725	26717614	2841362	-	29558976	55511749	58353111
3	Plant & Machinery	589276706	70028	-	589346734	586730784	2573979	-	589304763	41971	2545922
	Software Purchase	200000000	-	-	200000000	-	-	-	-	200000000	200000000
4	Motor Vehicles	3292939	-	-	3292939	3102741	183958	-	3286699	6240	190198
5	Furniture & Fixtures	49051639	4298231	-	53349870	28040670	3657959	-	31698629	21651241	21010969
6	Office Equipments	16475857	347559	-	16823416	16478627	102769	-	16581396	242020	(2770)
7	Internet Portal	173864499	-	-	173864499	65631722	-	-	65631722	108232777	108232777
	<b>Total</b>	1130898776	4715818	-	1135614594	726702158	9360027	-	736062185	399552409	404196618
8	Capital WIP	8352492	37866936	4427197	41792231	-	-	-	-	41792231	8352492
	<b>Grand Total</b>	1139251268	42582754	4427197	1177406825	726702158	9360027	-	736062185	441344640	412549110
	<b>Previous Year</b>	958776105	208365413	27890250	1139251268	714432924	40159484	(27890250)	726702158	412549110	-



## ELEVENTH ANNUAL REPORT 2010-2011

Particulars	Year Ended 31.03.2011 Amount (₹.)	Year Ended 31.03.2010 Amount (₹.)
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### Schedule - 3 Loan Funds

<b>Unsecured Loans</b>		
From Corporate	84216080	9761959
From Director	33590956	34131606
<b>Total</b>	<b>117807036</b>	<b>43893565</b>

### Schedule - 5 Investments

<b>Long Term Investment:</b> <b>Unquoted Trade Investments: (At Cost):</b> 17,10,000 Equity Shares (Face Value of ₹. 1/- each)	-	142500000
2,99,50,000 Equity Shares of Universal Commodity Exchange Ltd. (Face Value of ₹. 10/- each)	299500000	9500000
<b>Euram Bank Money Market Mutual Fund Investment</b>	-	222029850
<b>Total</b>	<b>299500000</b>	<b>374029850</b>

### Schedule - 6 Sundry Debtors

<b>(Unsecured Considered Good)</b>		
Debts outstanding for a period exceeding six months	-	-
Sundry Debtors (Less than six months)	78209922	41702726
<b>Total</b>	<b>78209922</b>	<b>41702726</b>

### Schedule - 7 Cash & Bank Balances

<b>Cash on Hand (including Petty Cash)</b> (As Certified by the Management)	1532837	4123261
<b>Balance in Current Account:</b>		
With Scheduled Banks	753748	554062
With Other Banks	1559261	668496
<b>Balance in Fixed Deposit Account:</b>		
With Scheduled Banks	565364	528725
With Other Banks	253412	248883
<b>Total</b>	<b>4664622</b>	<b>6123427</b>



**Schedules froming Part of Accounts for the Year Ended 31St March, 2011**

Paticulars	Year Ended 31.03.2011 Amount (₹.)	Year Ended 31.03.2010 Amount (₹.)
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**Schedule - 8  
Loans & Advances**

Advances recoverable in cash or in kind or value to be received	354665450	315749157
Deposits	314013	205963
<b>Total</b>	<b>354979463</b>	<b>315955120</b>

**Schedule - 9  
Current Liabilites & Provisions**

Sundry Creditors	6484888	7470451
Other Liabilities	650524	106398659
Unclaimed Dividends	-	394953
Security Deposits	7500000	7500000
Statutory Liabilities	5141468	5655219
Provision for Dividend Distriubution Tax	2576327	-
Provision for Proposed Dividend	15510699	-
Provision for Expenses	20735315	2717071
<b>Total</b>	<b>58599221</b>	<b>130136353</b>

**Schedule - 10  
Miscelleneous Expenditure**

Preliminary Expenses	3636	-
<b>Total</b>	<b>3636</b>	<b>-</b>

Particulars	Year Ended 31.03.2011 Amount (₹.)	Year Ended 31.03.2010 Amount (₹.)
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**Schedule – 11  
Direct Operating Cost**

<b><u>Infrastructure &amp; Incidental Costs</u></b>	18487680	827967
<b><u>Personnel Cost:-</u></b>		
Salaries & Wages	4501307	7961629
Contribution to other funds	1529287	2921498
Staff Welfare Expenses	86822	34007
<b><u>Business Promotion Expenses</u></b>	375416	563867
<b><u>Legal &amp; Secretarial Charges</u></b>	1109464	556090
<b><u>Administrative &amp; Other Overheads</u></b>		
Communication Expenses	606549	480255
Repairs & Maintenance	1406924	802704
Internet Charges	73432	275660
Vehicle Expenses	453632	234430
Electricity Charges	503264	586869
Printing & Stationery	120917	79629
Postage & Courier Charges	28613	49901
Professional & Consultancy Fees	2371556	731158
Rent-Infrastructure Facility Cost	-	232648
Rates & Taxes	351338	1390277
Travelling Expenses (Domestic)	187241	644244
Other Administration Expenses	1290501	6029554
Security Charges	12474	62948
Directors' Sitting Fees	100000	100000
Membership & Subscription	51509	27575
Preliminary Expenses Written Off	908	65252
Processing Fees	-	142134
<b><u>Auditors Remuneration</u></b>		
- For Audit	245000	250000
- For Legal Matters	35000	35000
- For Taxation	40000	40000
- Others	59000	59000
<b>Total</b>	<b>34027832</b>	<b>25184296</b>

**Schedule – 12  
Financial Expenses**

Interest on Car Loan HDFC	-	7131
Bank Charges	45049	37149
<b>Total</b>	<b>45049</b>	<b>44280</b>

**SCHEDULES TO THE CONSOLIDATED ACCOUNTS 2010-11**  
**SCHEDULE "13"**  
**SIGNIFICANT ACCOUNTING POLICIES**

**A. GENERAL INFORMATION:**

**1. Background:**

IT People (India) Ltd. has consolidated the financial statements for the year ended 31-3-2011, along with its Five subsidiaries Viz, Orient Infotech. Ltd U.K., Orient Information Technology Inc. USA, Orient Information Technology FZ –LLC -UAE & Information Technology People WLL- Bahrain, IT Capital Services Private Limited.

**2. Use of estimates**

The consolidated financial statements include the accounts of the Company and its Subsidiaries. The preparation of such statements requires the management to make estimates and assumptions that affect the reported amounts of Assets and Liabilities, Revenues and Expenditures and disclosure of contingent liabilities. Although these estimates are based on the Management's best knowledge of current events and the actions the Company undertake, in future, actual results ultimately may differ from such estimates.

**3. Method of Consolidation:**

For the purpose of consolidation, Accounts of the parent as well as the subsidiaries are considered for the year up to 31-3-2011. Accounts of the Orient Infotech. Ltd U.K., Orient Information Technology Inc. USA are unaudited and compiled by independent, external accounting agencies, as the local rules governing these Companies do not require Audit of these Companies. Accounts of Orient Information Technology FZ –LLC -UAE & Information Technology People WLL-Bahrain, Universal Commodity Exchange Limited, IT Capital Services Private Limited are audited. All inter-company transactions between the group companies are eliminated. The subsidiary of the company at Germany is defunct and therefore the details in respect thereof is not reported.

Although Universal Commodity Exchange Limited is subsidiary of the Company as on 31st March,2011, the control is intended temporary since by virtue of the present regulations, the company will have bring down its control to 26% from the existing 66.67% and therefore in terms of Para 11 of the Accounting Standard (AS) 21, issue by the Institute of Chartered Accountants of India, Universal Commodity Exchange Limited is excluded from consolidation. As a result the figures relating to previous year are adjusted accordingly.

**4. Translation of financial statements of the Subsidiaries:**

Transactions arising in foreign currency are reported at the rates closely approximating to those ruling during the relevant transaction dates. All monetary assets and liabilities in foreign currency as at the date of financial statements are restated at the exchange rates prevalent at the Balance Sheet date. The reporting currency of the Company is Indian Rupees. The reporting currencies of its subsidiaries are -Orient Infotech. Ltd U.K.,-Great Britain Pounds, Orient Information Technology Inc. USA-United States Dollars, Orient Information Technology FZ -LLC -UAE United Arab Emirates Dirham's & Information Technology People WLL Bahrain – Bahraini Dinars. The revenue items of the foreign subsidiaries are translated to Indian Rupees using the Simple Average of the quarterly closing rates. Non-monetary items in the Balance Sheet of the foreign subsidiaries are translated at the rates closely approximating those ruling during the relevant transaction dates. The net impact of such change is disclosed under General Reserve on consolidation.

**SIGNIFICANT ACCOUNTING POLICIES****B. Basis of Accounting & Recognition of Income & Expenditure.**

1. The Financial Statements are prepared under the historical cost convention in accordance with the generally accepted Accounting principles and the provisions of the Companies Act, 1956.
2. The Company follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

**C. Fixed Assets**

1. Fixed assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and other attributable costs.
2. Till 31st March 2003 Depreciation on Fixed Assets has been provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

Keeping in view the wear and tear and the actual realizable value of the fixed assets, the Company has provided depreciation from 1st April,2004 on Straight Line Method at the higher rates than as prescribed by the Companies Act. The depreciation as per Act and as per books in respect of the fixed assets is as under.

SCHEDULES TO THE CONSOLIDATED ACCOUNTS 2010-11  
SCHEDULE "13"

SIGNIFICANT ACCOUNTING POLICIES

Particulars	Depreciation Rate as per Companies Act	Depreciation Rate as per Books	Depreciation as per Act	Depreciation as per Books
	%	%	(₹.)	(₹.)
Plant & Machinery	4.75	45.00	583/-	5,527/-
Electrical Installations	4.75	25.00	4,88,005/-	25,68,452/-
Furniture & Fittings	6.33	8.00	28,94,360/-	36,57,959/-
Office Equipment	4.75	25.00	12,851/-	67,639
Computer Accessories	16.21	50.00	11,389/-	35,130/-
Internet Portal	4.75	8.33	Nil	Nil
<b>Total</b>			<b>34,07,188/-</b>	<b>63,34,707</b>

As a result of the above, the Depreciation provision for the year is higher by ₹.29,27,519/- and consequently the Profit for the year ended is lower by ₹.29,27,519/-. This change was made w.e.f. 1st April,2004 in case of the company and hence the Reserves to date of the company are lower by ₹.8,99,14,691/-

Further the Management has written off the Fixed Assets at the Rates higher than prescribed under the Schedule XIV of the Companies Act, 1956, keeping in view their impairment due to the technological obsolescence prevalent in the Information Technology Sector, so as to make adequate provision for Impairment of the said Assets, as per the Accounting treatment prescribed under the Accounting Standard 26 on Impairment of Assets (AS 28) issued by the Institute of Chartered Accountants of India.

**D. Sundry Debtors and Advances**

Specific debts and advances identified as irrecoverable or doubtful are written-off or provided for respectively.

**E. Revenue Recognition**

- i. Income from Information Technology Solutions Services is recognized on dispatch/delivery of the concerned goods/services.
- ii. Other income is accounted on accrual basis, except in respect of income, which is not certain to realize.

**F. Foreign Exchange Transactions**

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated at the rates of exchange at the balance sheet date and resultant gain or loss is recognized in the profit and loss account.

**G. Miscellaneous expenditure/Amortization**

Miscellaneous Expenditure are fully written off , which does not result into creation of any asset, in accordance with the Accounting standard 26 (AS 26) issued by the Institute of Chartered Accountants of India.

**H. Employment benefits**

- i. The Company's contribution to provident fund is accounted on accrual basis and is charged to the profit and loss account.
- ii. No provision has been considered necessary towards gratuity since none of the employees have put in the qualified number of years of service with the Company.

**I. Provision for Deferred Tax**

Deferred tax assets and liabilities are recognized, subject to consideration of prudence, on timing difference, being the difference between taxable income and accounting income, that originated in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation/carry forward of losses under tax laws are recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized in terms of Para 17 of the Accounting Standard 22 issued by the Institute of Chartered Accountants of India.

**SCHEDULES TO THE CONSOLIDATED ACCOUNTS 2010-11  
SCHEDULE "14"  
NOTES FORMING PART OF ACCOUNTS**

1. The Company is engaged in the Information Technology Solutions Services, which cannot be expressed in any generic unit. Hence it is not possible to give quantitative details of sales and certain information as required under paragraphs 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956.

2. **Earnings in Foreign Exchange during the year:**

<b>Particulars</b>	<b><u>2010-11</u></b> ₹.	<b><u>2009-10</u></b> ₹.
Information Technology Solutions Services	9,46,05,691	6,30,37,765
<b>TOTAL</b>	<b>9,46,05,691</b>	<b>6,30,37,765</b>

3. **Expenditure in Foreign Currency: Nil (Previous Year Nil)**

4. **Break up of Repairs & Maintenance is as under:**

<b>Particulars</b>	<b><u>2010-11</u></b> ₹.	<b><u>2009-10</u></b> ₹.
Repairs & Maintenance – Fixed Assets	6,27,023/-	6,025/-
Repairs & Maintenance – Vehicles	17,000/-	96,911/-
Repairs & Maintenance – Others	8,62,475/-	6,93,598/-
<b>TOTAL</b>	<b>15,06,498/-</b>	<b>7,96,534/-</b>

5. **Managerial Remuneration:**

<b>Particulars</b>	<b><u>2010-11</u></b> ₹.	<b><u>2009-10</u></b> ₹.
Remuneration to Executive Director	NIL	NIL
Director's Sitting Fees	1,00,000/-	1,00,000/-
<b>TOTAL</b>	<b>1,00,000/-</b>	<b>1,00,000/-</b>

6. In the opinion of the management, Current Assets, Loans and advances are realizable at the values represented in accounts.

7. The balance of Sundry Debtors, Creditor, Loans and advances, Deposits, etc. are subject to confirmation.

8. As per the information available with the Company, there are no small- scale industrial undertakings to whom an amount of Rupees one lakh or more was outstanding for more than 30 days.

9. Related Party Disclosures :

A. Particulars of Related parties :

Sr. No.	Name of Related Party	Nature of Relationship
I	IT People Pvt. Ltd.	Associate Company – Share Holding
II	Mr. Ketan Sheth	Key Managerial Person
III	<b>Subsidiaries</b>	As under
	IT Capital Services Pvt. Ltd.	Wholly Owned Subsidiary
	Universal Commodity Exchange Ltd	Subsidiary
	Orient Information Technology FZ LLC UAE	Wholly Owned Subsidiary
	Orient Information Technology INC	Wholly Owned Subsidiary
	Orient Infotech Limited UK	Wholly Owned Subsidiary
	Information Technolgy People WLL	Wholly Owned Subsidiary

B. Transactions with Related Parties:

Sr. No.	Name of Related Party	Relationship	Nature of Transaction	Transactions du ring Year Amt. ₹.	Outstanding Balance as on 31.03.11 Amt. ₹.	Outstanding Balance as on 31.03.10 Amt. ₹.
1	IT People Pvt. Ltd.	Associate Company Share Holding	Unsecured Loan Loan taken Loan Repaid	27,33,75,000/- 25,11,75,000/-	3,17,00,000/-	95,00,000/-
2	Ketan Sheth	Chairman & Managing Director	Unsecured Loan Loan taken Loan Repaid	40,000/- 1,30,650/-	3,35,90,956/-	3,36,81,606/-
3	Orient Information Technology FZ LLC	Wholly Owned Subsidiaries	Loan Given Loan Given Loan Repaid	19,69,19,914/- 21,57,75,000/-	25,01,70,687/-	26,90,25,774/-
4	IT Capital Service Pvt. Ltd	Wholly Owned Subsidiaries	Unsecured Loan Loan Given Loan Repaid	2,11,580/- -	2,16,080/-	4,500/-
5	Universal Commodity Exchange Ltd	Subsidiaries	Loan Given Loan Given Loan Repaid	29,99,97,000/- 29,83,65,489/-	17,00,000/-	68,489/-





## ELEVENTH ANNUAL REPORT 2010-2011

### 10. Earning per shares:

Particulars	31st March, 2011	31st March, 2010.
Net Profit attributable to Equity		
Share Holders	0.27	0.27
Nominal Value of Equity Share	2/-	2/-

### 11. Contingent Liabilities:

Value of unexpired Bank Guarantee issued by the Bankers in favour of the Commissioner of Customs and Excise, Government of India is Rs. 170,000/- (Previous Year Rs. 170,000/-).

12. Previous Year's figures are regrouped / restated wherever necessary to confirm with this year's classification.

### SIGNATURES TO SCHEDULE "1 To 14"

As Per Our Report of Even Date

For Gadgil & Co.

Chartered Accountants

sd/-

(Dushyant A. Gadgil)

Proprietor

M.NO. : 17795

FIRM REGN.NO.102876W

PLACE: Mumbai

DATE : 2<sup>nd</sup> September, 2011

For & On Behalf of Board

sd/-

Ketan Sheth

(Chairman & Managing Director)

sd/-

Kishore Hegde

(Director)



## ELEVENTH ANNUAL REPORT 2010-2011

### AUDITORS REPORT TO THE MEMBERS OF IT PEOPLE (INDIA) LIMITED

We have audited the attached Balance Sheet of IT PEOPLE (INDIA) LIMITED as at 31st March, 2011, together with the annexed Profit and Loss Account and the Cash Flow Statement for the year ended on that date.

1. These Financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and 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. As required by the Companies (Auditors' Report) Order, 2003 (amended) issued by the Govt. of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a Statement on matters specified in Paragraph 4 & 5 of the said Order.
4. Subject to Note No. B3 of Schedule 13 forming part of accounts and further to our comments in the annexure referred in paragraph 3 above and on the notes forming part of accounts:
  - (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 and Profit and Loss Account and the Cash Flow Statement dealt by this report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet and Profit & Loss Account and the Cash

Flow Statement dealt with by this report are prepared in accordance with & in compliance with the Accounting Standards referred to in Sub Section (3C) of Section 211 of the Companies Act, 1956, in so far as they are applicable to the Company.

- (e) On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 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 Note No. B3 referred to in Schedule 13 forming part of Accounts , give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
  - ii) In the case of Profit and Loss Account, of the Profits of the Company for the year ended on that date and
  - iii) In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**For Gadgil & Co.  
Chartered Accountants  
(Dushyant A.Gadgil)**

**PLACE: Mumbai  
DATE: 2<sup>nd</sup> September, 2011**

**sd/-  
Proprietor  
M.NO.17795  
Firm Registration No. 102876W**

**ANNEXURE TO AUDITOR'S REPORT 2010-11**

Statement referred to in paragraph 3 of our report of even date to the members of IT PEOPLE (INDIA) LIMITED on the accounts for the year ended 31st March 2011.

- i. (a) The Company has maintained proper records showing full particulars including quantitative details & situation of Fixed Assets.
  - (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size and nature of it's assets. No material discrepancies were noticed on such verification.
  - (c) During the year, the Company has not disposed off a substantial part of the Fixed Assets.
- ii. The Company being in the business of Information Technology Solutions Services, is not having any inventory, hence the question of its physical verification and maintenance of records does not arise.
- iii. (a) The company has advanced loan of ₹. 25,20,86,767/- to three of it's subsidiaries. The maximum amount involved during the year was ₹.65,20,86,767/-. The said amount is advanced in the course of business of the Company to make acquisitions of new business. The said advance is interest free and to the extent it is prejudicial to the interest of the holding Company.
  - (b) The Company has taken loans from two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹.28,06,06,606/- and the year end balance of loans taken from such parties is ₹.6,52,90,956/-.
  - (c) The said loans taken from the parties listed in the register maintained under section 301 of the Companies Act, 1956 are interest-free and without limitation on repayment and therefore the loans are prima facie, not prejudicial to the interests of the Company.
  - (d) There being no stipulation as regards the repayment and other terms and conditions on which loan has been taken from the Company listed in the register maintained under section 301 of the Companies Act, 1956, the question of regularity of payment of Principal and interest does not arise.
- iv. In our opinion and according to explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of it's business with regard to purchase of fixed assets and with regard to sale of Goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal controls.

- v. In our opinion & according to information and explanation given to us, there are no transactions of purchases and services made in pursuance of contracts or arrangements, entered into by the Company with the party listed in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to ₹.50000/- or more.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any public deposits and therefore the provisions of Section 58A & 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable to the Company.
- vii. In our opinion the Company has an internal audit system commensurate with the size and nature of it's business.
- viii. We have been informed that the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956.
- ix. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employee's state insurance, income tax, sales tax, wealth tax, custom duty, cess and other material statutory dues applicable to it.
- (b) According to information and explanation given to us, there is a sum of ₹.52,06,270/- of service tax in arrears, as at 31st March, 2011 for a period of more than six months from the date they became payable. There are no other dues of sales tax, customs duty, excise duty and cess in arrears, as at 31st March, 2011 for a period of more than six months from the date they became payable.
- (c) According to information and explanation given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, excise duty and cess, which have not been deposited on account of any dispute.
- x. The Company is having accumulated losses of ₹.6,75,01,803/-. The Company has not incurred cash losses during the financial year covered under the audit nor in the immediately preceding financial year.
- xi. There is no secured loan taken by the Company during the Year.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

- xiii. In our opinion the company is not a chit fund or a nidhi / mutual benefit fund/ society. Therefore the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv. In our opinion the company is not dealing in or trading in shares, securities debentures and other investments. Accordingly the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xv. The Company has not taken any loan from banks or financial institutions during the year. Therefore the provisions of clause 4 (xv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xvi. The Company has not raised any term loan during the year. Therefore the provisions of clause 4 (xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xvii. According to the information and explanations given to us, the company has not made any preferential allotment of Shares to the parties and companies covered in the register maintained under section 301 of the Act.
- xviii. According to the information and explanations given to us, the company has not issued any debentures during the year covered by our audit report.
- xix. During the year covered by our audit no money has been raised by Public issue & therefore the provisions of clause 4 (xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xx. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**For Gadgil & Co.  
Chartered Accountants  
(Dushyant A.Gadgil)**

**sd/-  
Proprietor  
M.NO.17795  
Firm Registration No. 102876W**

**PLACE: Mumbai  
DATE: 2<sup>nd</sup> September, 2011**

**Stand Alone Balance Sheet as on 31st March, 2011**

	Paticulars	Sch	As at 31.03.11 Amount (₹.)	As at 31.03.10 Amount (₹.)
<b>I</b>	<b>Sources of Funds</b>			
	<b>Shareholder's Funds :</b>			
	Equity Share Capital	1	310213980	310213980
	Reserve & Surplus	2	832598441	832598441
	Loan Funds	3	65790956	43181606
	<b>Total</b>		<b>1208603377</b>	<b>1185994027</b>
<b>II</b>	<b>Application of Funds</b>			
	<b>Fixed Assets</b>	4		
	Gross Block		619789335	615073517
	Less : Depreciation		(420236924)	(410876896)
	<b>Net Block</b>		<b>199552411</b>	<b>204196621</b>
	Add: Capital Work in progress		41792231	8352492
	<b>Net Fixed Assets</b>		<b>241344642</b>	<b>212549113</b>
	<b>Investments</b>	5	<b>578703724</b>	<b>653233574</b>
	<b>Deferred Tax (Asset)</b>		<b>7123241</b>	<b>12830011</b>
	<b>Current Assets, Loans &amp; Advances</b>			
	Sundry Debtors	6	78209922	41702726
	Cash & Bank Balances	7	3079853	4782167
	Loans & Advances	8	291218436	313575955
			372508210	360060848
	Less : Current Liabilities & Provisions	9	(58578242)	(130102576)
	<b>Net Current Assets</b>		<b>313929968</b>	<b>229958272</b>
	<b>Profit &amp; Loss Account</b>		<b>67501803</b>	<b>77423057</b>
	<b>Total</b>		<b>1208603377</b>	<b>1185994027</b>
	<b>Significant Accounting Policies</b>	12		
	<b>Notes to Accounts</b>	13		

AS PER OUR REPORT OF EVEN DATE  
For Gadgil & Co.  
Chartered Accountants

(Dushyant A. Gadgil)  
Proprietor  
M.NO. 17795  
FIRM REGISTRATION NO. 102876W

PLACE : Mumbai  
DATE: 2<sup>nd</sup> September, 2011

For & on behalf of the Board

sd/-  
Ketan Sheth  
Chairman & Managing Director

sd/-  
Kishore Hegde  
Director

Stand Alone Profit & Loss Account for the Year ended 31st March, 2011

	<u>Paticulars</u>	<u>Sch</u>	<u>Year Ended 31.03.2011 Amount (₹.)</u>	<u>Year Ended 31.03.2010 Amount (₹.)</u>
<b>I</b>	<b><u>Income</u></b>			
	Income From Operations		95302763	67173313
	Other Income		24570806	8672537
			<b>119873570</b>	<b>75845850</b>
<b>II</b>	<b><u>Expenditure</u></b>			
	Direct Operating Cost	10	32380024	24464099
	<b>Operating Profit (EBITA)</b>		<b>87493545</b>	<b>51381752</b>
	<b>Less:</b>			
	Financial Expenses	11	38679	41040
	Depreciation		9360028	12269234
			<b>9398707</b>	<b>12310274</b>
	<b>Profit Before Tax</b>		<b>78094838</b>	<b>39071478</b>
	<b>Less:-</b>			
	Deferred Tax (Credit)/Expense		5706769	-
	Income Tax (Interest on TDS)		1528	20044
	Income Tax (Earlier Years)		-	88924
	<b>Profit/(Loss) after tax before Extraordinary Items</b>		<b>72386541</b>	<b>38962510</b>
	Provision/Earlier Year Expenses Written off		-	(2931837)
	Prior Period Income / (Loss)		-	(10713)
	Foreign Exchange Gain/Loss/Provision		44378260	-
	Transfer to General Reserve		-	310814127
	<b>Profit/(Loss) after tax &amp; Extraordinary Items</b>		<b>28008281</b>	<b>352697761</b>
	<b><u>Appropriations</u></b>			
	Proposed Dividend		15510699	-
	Provision for Dividend Distribution Tax		2576327	-
			<b>9921255</b>	<b>352697761</b>
	Less: Balance brought Forward		(77423058)	(430120819)
	<b>Balance Carried to Balance Sheet</b>		<b>(67501803)</b>	<b>(77423058)</b>
	<b>Significant Accounting Policies</b>	12		
	<b>Notes to Accounts</b>	13		

AS PER OUR REPORT OF EVEN DATE  
For Gadgil & Co.  
Chartered Accountants

(Dushyant A. Gadgil)  
Proprietor  
M.NO. 17795  
FIRM REGISTRATION NO. 102876W

PLACE : Mumbai  
DATE: 2<sup>nd</sup> September, 2011

For & on behalf of the Board

sd/-  
Ketan Sheth  
Chairman & Managing Director

sd/-  
Kishore Hegde  
Director





## ELEVENTH ANNUAL REPORT 2010-2011

### Stand Alone Cash Flow Statement for the Year Ended 31st March, 2011

Particulars	31st March 2011		31st March 2010	
	Amount (₹.)	Amount (₹.)	Amount (₹.)	Amount (₹.)
<b>A) CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Net Profit as per Profit & Loss		28008281		352697761
<b>Adjustments for :</b>				
Depreciation	9360028		12269233	
Deferred tax credit	5706769		-	
Proposed Dividend	(15510699)			
Provision for Dividend distribution Tax	(2576827)			
Transfer to General Reserves	-		(310814127)	
Interest and Other charges	38679		41040	
		(2981550)		(298503854)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>				
Adjustments for Increase/Decrease in:				
Trade Receivables	(36507196)		(36462729)	
Loans and Advances	22357519		(274032387)	
Current Liabilities	(71524334)		109951574	
		(85674010)		(200543542)
<b>CASH GENERATED FROM OPERATIONS (A)</b>		<b>(60647279)</b>		<b>(146349636)</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Fixed Assets	(4715818)		199987079	
Capital WIP	(33439739)		(8352492)	
Investments	74529850		(431629850)	
		<b>36374293</b>		<b>(239995263)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Interest and Other charges	(38679)		(41040)	
Issue of GDR	-		190679000	
Premium Received on Issue of GDR	-		314620350	
Receipt/(Repayment) of Loans	22609350		(116285935)	
<b>NET CASH FROM FINANCING ACTIVITIES ( C )</b>		<b>22570671</b>		<b>388972375</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>		<b>(1702315)</b>		<b>2627477</b>
Opening Balance of Cash and Cash Equivalents		4782167		2154690
<b>Closing Balance of Cash and Cash Equivalents</b>		<b>3079852</b>		<b>4782167</b>

**Notes:**

- 1 All figures in brackets are outflow
- 2 Previous years figures have been regrouped wherever necessary
- 3 Cash and cash equivalents are Cash & Bank Balances as per Balance Sheet

**AS PER OUR REPORT OF EVEN DATE**

For Gadgil & Co.  
Chartered Accountants

(Dushyant A. Gadgil)  
Proprietor  
M.NO. 17795  
FIRM REGISTRATION NO. 102876W

PLACE : Mumbai  
DATE: 2<sup>nd</sup> September, 2011

For & on behalf of the Board

sd/-  
Ketan Sheth  
Chairman & Managing Director

sd/-  
Kishore Hegde  
Director

**Stand Alone Schedules forming Part of Accounts for the Year Ended 31st March, 2011**

Particulars	Year Ended 31.03.2011 Amount (₹.)	Year Ended 31.03.2010 Amount (₹.)
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**Schedule - 1**  
**Share Capital**

<b>Authorised :</b> 26,25,00,000 Equity Shares of ₹. 2/- Each and ₹. 7,50,00,000 unclassified shares (P.Y. 75,00,000 Equity Shares of ₹. 2/- each and ₹.10,00,00,000 unclassified shares)	600000000	600000000
<b>Total</b>	<b>600000000</b>	<b>600000000</b>
<b>Issued and Subscribed &amp; Paid-up :</b> 10,47,72,490 Equity Shares of ₹. 2/- Each Fully Paid-up. (Out of above Shares 4,50,05,000 Equity Shares of ₹. 2/- each fully paid up upon conversion of 9,00,100 GDR @50 Equity Shares per GDR (P.Y. 5,32,77,500 equity shares of ₹. 2/- each fully paid-up)	209544980	119534980
<b>Global Depository Receipt (GDR)</b> 10,06,690 GDR Representing 50 Equity Shares of ₹.2/- Each Fully Paidup) (Previous Year 19,06,790 GDR Representing 50 Equity Shares of ₹.2/- Each Fully Paid-Up)	100669000	190679000
<b>Total</b>	<b>310213980</b>	<b>310213980</b>

**Schedule - 2**  
**Reserves and Surplus**

Share Premium	628819968	628819968
GDR Premium	314620350	314620350
Forfeited Shares	27862500	27862500
General Reserve	172109750	172109750
Provision of Diminution in Value of investments	(310814127)	(310814127)
<b>Total</b>	<b>832598441</b>	<b>832598441</b>

**Schedule - 3**  
**Loan Funds**

<b>Unsecured Loans</b>		
From Corporate	32200000	9500000
From Director	33590956	33681606
<b>Total</b>	<b>65790956</b>	<b>43181606</b>

Particulars	Year Ended 31.03.2011 Amount (₹.)	Year Ended 31.03.2010 Amount (₹.)
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**Schedule - 5**  
**Investments**

<b>Long Term Investment:</b>		
<b>Unquoted Trade Investments: (At Cost):</b>		
17,10,000 Equity Shares (Face Value of ₹ 1/- each)	-	142500000
<b>Investment in Overseas Subsidiary</b>		
Orient Information Technology FZ LLC-UAE (60 Shares of AED Dirhams 1,00,000 each)	79103724	79103724
<b>Investment in Indian Subsidiary</b>		
IT Capital Services Private Limited (Equity Shares)	200100000	200100000
Universal Commodity Exchange Ltd (Equity Shares) (2,99,50,000 Shares of ₹.10/- each (Face Value of ₹.10/-))	299500000	9500000
<b>Euram Bank Money Market Mutual Fund Investment</b>	-	222029850
<b>Total</b>	<b>578703724</b>	<b>653233574</b>

**Schedule - 6**  
**Sundry Debtors**

<b>(Unsecured Considered Good)</b>		
Debts outstanding for a period exceeding six months	-	-
Sundry Debtors (Less than six months)	78209922	41702726
<b>Total</b>	<b>78209922</b>	<b>41702726</b>

**Schedule - 7**  
**Cash & Bank Balances**

<b>Cash on Hand (including Petty Cash)</b>		
(As Certified by the Management)	1394637	3289274
<b>Balance in Current Account:</b>		
With Scheduled Banks	677858	529898
With Other Banks	188582	185387
<b>Balance in Fixed Deposit Account:</b>		
With Scheduled Banks	565364	528725
With Other Banks	253412	248883
<b>Total</b>	<b>3079853</b>	<b>4782167</b>

**Schedule - 8**  
**Loans & Advances**

Advances recoverable in cash or in kind or value to be received	38817656	44271229
Advances to Subsidiaries	252086767	269098763
Deposits	314013	205963
<b>Total</b>	<b>291218436</b>	<b>313575955</b>

**Schedule - 4**

**Schedules forming Part of Consolidated Balance Sheet as on 31st March, 2011**

**FIXED ASSETS**

SR.	PARTICULARS	Dep.Rt.	GROSS BLOCK				DEPRECIATION				NET BLOCK	
			As on 01.04.2010	Additions	Deductions	As on 31.03.2011	Opening 01.04.2010	For the Year	Deductions	As on 31.03.2011	As on 31.03.2011	As on 31.03.2010
			₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
1	Goodwill	Nil	13866411	-	-	13866411	-	-	-	-	13866411	13866411
2	Office Premises	3.34%	85070725	-	-	85070725	26717614	2841362	-	29558976	55511749	58353111
3	Plant & Machinery	45%	250605868	44728	-	250650596	250605868	5527	-	250611395	39201	-
	Electrical Installation	25%	10644255	25300	-	10669555	8101103	2568452	-	10669555	-	2543152
	Software Development	45%	19354580	-	-	19354580	19354580	-	-	19354580	-	-
	Software Purchase	45%	478335	-	-	478335	478335	-	-	478335	-	-
4	Motor Vehicles	9.50%	1936395	-	-	1936395	1746197	183958	-	1930155	6240	190198
5	Furniture & Fixtures	8%	44664653	4298231	-	48962884	23653684	3657959	-	27311643	21651241	21010969
6	Office Equipments	25%	4419412	215576	-	4634988	4419412	67639	-	4487051	147937	-
	Computers	50%	9745284	-	-	9745284	9745284	-	-	9745284	-	-
	Computer Accessories	50%	423100	131983	-	555083	423100	35130	-	458230	96853	-
7	Internet Portal	8.33%	173864499	-	-	173864499	65631722	-	-	65631722	108232777	108232777
	<b>Total</b>		<b>615073517</b>	<b>4715818</b>	<b>-</b>	<b>619789335</b>	<b>410876899</b>	<b>9360028</b>	<b>-</b>	<b>420236927</b>	<b>199552408</b>	<b>204196618</b>
8	Capital WIP		8352492	37866936	4427197	41792231	-	-	-	-	41792231	8352492
	<b>Grand Total</b>		<b>623426009</b>	<b>42582754</b>	<b>4427197</b>	<b>661581566</b>	<b>410876899</b>	<b>9360028</b>	<b>-</b>	<b>420236927</b>	<b>241344639</b>	<b>212549110</b>
	<b>Previous Year</b>		<b>642950846</b>	<b>8365413</b>	<b>27890250</b>	<b>623426009</b>	<b>398607665</b>	<b>40159484</b>	<b>(27890250)</b>	<b>410876899</b>	<b>212549110</b>	<b>-</b>

Particulars	Year Ended 31.03.2011 Amount (₹.)	Year Ended 31.03.2010 Amount (₹.)
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**Schedule - 9  
Current Liabilities & Provisions**

Sundry Creditors	6484888	7470451
Other Liabilities	650523	106398659
Unclaimed Dividends	-	394953
Provision for Proposed Dividend	15510699	-
Provision for Dividend Distribution Tax	2576327	-
Security Deposits	7500000	7500000
Statutory Liabilities	5141468	5655219
Provision for Expenses	20714338	2683294
<b>Total</b>	<b>58578242</b>	<b>130102576</b>

**Schedule - 10  
Direct Operating Cost**

<b>Infrastructure &amp; Incidental Costs</b>	18487680	827967
<b>Personnel Cost:-</b>		
Salaries & Wages	4201492	7768410
Contribution to other funds	1506185	2914661
Staff Welfare Expenses	22219	27392
<b>Business Promotion Expenses</b>	375416	563867
<b>Legal &amp; Secretarial Charges</b>	839858	543960
<b>Administrative &amp; Other Overheads</b>		
Communication Expenses	320713	329292
Repairs & Maintenance	1380314	796532
Internet Charges	73432	275660
Vehicle Expenses	368790	215698
Electricity Charges	473086	562776
Printing & Stationery	120737	79629
Postage & Courier Charges	28613	49901
Professional & Consultancy Fees	2266887	690984
Rent	-	232648
Rates & Taxes	154243	1285481
Travelling Expenses (Domestic)	105770	620604
Other Administration Expenses	1116606	5971979
Security Charges	12474	62948
Directors' Sitting Fees	100000	100000
Membership & Subscription	51509	27575
Processing Fees	-	142134
<b>Auditors Remuneration</b>		
- For Audit	240000	240000
- For Legal Matters	35000	35000
- For Taxation	40000	40000
- Others	59000	59000
<b>Total</b>	<b>32380024</b>	<b>24464099</b>

**Schedule - 11  
Financial Expenses**

Interest on Car Loan HDFC	-	7131
Bank Charges	38679	33909
<b>Total</b>	<b>38679</b>	<b>41040</b>

**SCHEDULE "12"**  
**SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Accounting & Recognition of Income & Expenditure.**

1. The Financial Statements are prepared under the historical cost convention in accordance with the generally accepted Accounting principles and the provisions of the Companies Act, 1956.
2. The Company follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

**B. Fixed Assets**

1. Fixed assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and other attributable costs.
2. Till 31st March 2003 Depreciation on Fixed Assets has been provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.
3. Keeping in view the wear and tear and the actual realizable value of the fixed assets, the Company has provided depreciation from 1st April,2004 on Straight Line Method at the higher rates than as prescribed by the Companies Act. The depreciation as per Act and as per books in respect of the fixed assets is as under.

Particulars	Depreciation Rate as per Companies Act	Depreciation Rate as per Books	Depreciation as per Act	Depreciation as per Books
	%	%	(₹.)	(₹.)
Plant & Machinery	4.75	45.00	583/-	5,527/-
Electrical Installations	4.75	25.00	4,88,005/-	25,68,452/-
Furniture & Fittings	6.33	8.00	28,94,360/-	36,57,959/-
Office Equipment	4.75	25.00	12,851/-	67,639/-
Computer Accessories	16.21	50.00	11,389/-	35,130/-
Internet Portal	4.75	8.33	Nil	Nil
<b>Total</b>			<b>34,07,188/-</b>	<b>63,34,707/-</b>

**SCHEDULE “12”  
SIGNIFICANT ACCOUNTING POLICIES**

As a result of the above, the Depreciation provision for the year is higher by ₹.29,27,519/- and consequently the Profit for the year ended is lower by ₹.29,27,519/-. This change was made w.e.f. 1st April,2004 in case of the company and hence the Reserves to date of the company are lower by ₹.8,99,14,691/-

Further the Management has written off the Fixed Assets at the Rates higher than prescribed under the Schedule XIV of the Companies Act, 1956, keeping in view their impairment due to the technological obsolance prevalent in the Information Technology Sector, so as to make adequate provision for Impairment of the said Assets, as per the Accounting treatment prescribed under the Accounting Standard 26 on Impairment of Assets (AS 28) issued by the Institute of Chartered Accountants of India.

**C. Sundry Debtors and Advances**

Specific debts and advances identified as irrecoverable or doubtful are written-off or provided for respectively.

**D. Revenue Recognition**

- i. Income from Information Technology Solutions Services is recognized on dispatch/delivery of the concerned goods/services.
- ii. Other income is accounted on accrual basis, except in respect of income, which is not certain to realize.

**E. Foreign Exchange Transactions**

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated at the rates of exchange at the balance sheet date and resultant gain or loss is recognized in the profit and loss account.

**F. Miscellaneous expenditure/Amortization**

Miscellaneous Expenditure are fully written off during the year, which does not result into creation of any asset, in accordance with the Accounting Standard 26 (AS 26) issued by the Institute of Chartered Accountants of India.

**G. Employment benefits**

- i. The Company's contribution to provident fund is accounted on accrual basis and is charged to the profit and loss account.
- ii. No provision has been considered necessary towards gratuity since none of the employees have put in the qualified number of years of service with the Company.

**H. Provision for Deferred Tax**

Deferred tax assets and liabilities are recognized, subject to consideration of prudence, on timing difference, being the difference between taxable income and accounting income, that originated in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation/carry forward of losses under tax laws are recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized in terms of Para 17 of the Accounting Standard 22 issued by the Institute of Chartered Accountants of India.



**SCHEDULE "13"**

**NOTES FORMING PART OF ACCOUNTS**

1. The Company is engaged in the Information Technology Solutions Services, which cannot be expressed in any generic unit. Hence it is not possible to give quantitative details of sales and certain information as required under paragraphs 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956.
2. Earnings in Foreign Exchange during the year:

<b>Particulars</b>	<b><u>2010-11</u></b> ₹.	<b><u>2009-10</u></b> ₹.
Information Technology Solutions Services	9,46,05,691	6,30,37,765
<b>TOTAL</b>	<b>9,46,05,691</b>	<b>6,30,37,765</b>

3. Expenditure in Foreign Currency: Nil (Previous Year Nil)

4. Break up of Repairs & Maintenance is as under:

<b>Particulars</b>	<b><u>2010-11</u></b> ₹.	<b><u>2009-10</u></b> ₹.
Repairs & Maintenance – Fixed Assets	6,27,023/-	6,025/-
Repairs & Maintenance – Vehicles	17,000/-	96,911/-
Repairs & Maintenance – Others	7,36,291/-	6,93,598/-
<b>TOTAL</b>	<b>1380314/-</b>	<b>7,96,534/-</b>

5. **Managerial Remuneration:**

<b>Particulars</b>	<b><u>2010-11</u></b> ₹.	<b><u>2009-10</u></b> ₹.
Remuneration to Executive Director	NIL	NIL
Director's Sitting Fees	1,00,000/-	1,00,000/-
<b>TOTAL</b>	<b>1,00,000/-</b>	<b>1,00,000/-</b>

6. In the opinion of the management, Current Assets, Loans and advances are realizable at the values represented in accounts.
7. The balance of Sundry Debtors, Creditor, Loans and advances, Deposits, etc are subject to confirmation.
8. As per the information available with the Company, there are no small- scale industrial undertakings to whom an amount of Rupees one lakh or more was outstanding for more than 30 days.

**9. Related Party Disclosures :**

**A. Particulars of Related parties :**

Sr. No.	Name of Related Party	Nature of Relationship
I	IT People Pvt. Ltd.	Associate Company - Share Holding
II	Mr. Ketan Sheth	Key Managerial Person
III	<b>Subsidiaries</b>	As under
	IT Capital Services Pvt. Ltd.	Wholly Owned Subsidiary
	Universal Commodity Exchange	Subsidiary
	Orient Information Technology FZ LLC	Wholly Owned Subsidiary
	Orient Information Technology INC	Wholly Owned Subsidiary
	Orient Infotech Limited UK	Wholly Owned Subsidiary
	Information Technology People WLL	Wholly Owned Subsidiary

**SCHEDULE "13"  
NOTES FORMING PART OF ACCOUNTS**

**B. Transactions with Related Parties:**

Sr. No.	Name of Related Party	Relationship	Nature of Transaction	Transactions during Year Amt. ₹	Outstanding Balance as on 31.03.11 Amt. ₹	Outstanding Balance as on 31.03.10 Amt ₹
1	IT People Pvt. Ltd.	Associate Company – Share Holding	Unsecured Loan Loan taken Loan Repaid	27,33,75,000/- 25,11,75,000/-	3,17,00,000/-	NIL
2	Ketan Sheth	Chairman & Managing Director	Unsecured Loan Loan taken Loan Repaid	40,000 /- 1,30,650/-	3,35,90,956/-	3,36,81,606/-
3	Orient Information Technology FZ LLC	Wholly Owned Subsidiaries	Loan Given Loan Given Loan Repaid	19,69,19,914/- 21,57,75,000/-	25,01,70,687/-	26,90,25,774/-
4	IT Capital Service Pvt. Ltd	Wholly Owned Subsidiaries	Unsecured Loan Loan Given Loan Repaid	2,11,580/- -	2,16,080/-	4,500/-
5	Universal Commodity Exchange Ltd	Subsidiaries	Loan Given Loan Given Loan Repaid	29,99,97,000/- 29,83,65,489/-	17,00,000/-	68,489/-



## ELEVENTH ANNUAL REPORT 2010-2011

### 10. Earning per shares:

Particulars	31st March, 2011	31st March, 2010.
Net Profit attributable to Equity		
Share Holders	0.27	0.27
Nominal Value of Equity Share	2/-	2/-

### 11. Contingent Liabilities:

Value of unexpired Bank Guarantee issued by the Bankers in favour of the Commissioner of Customs and Excise, Government of India is ₹. 170,000/- (Previous Year ₹.170,000/-).

12. Previous Year's figures are regrouped/ restated wherever necessary to confirm with this year's classification.

### SIGNATURES TO SCHEDULE "1 To 13"

As Per Our Report of Even Date

For Gadgil & Co.

For & On Behalf of Board

Chartered Accountants

sd/-

sd/-

sd/-

(Dushyant A. Gadgil)

Ketan Sheth

Kishore Hegde

Proprietor

(Chairman & Managing Director)

(Director)

M.NO. : 17795

Firm Registration No. 102876W

DATE: 2<sup>nd</sup> September, 2011



## ELEVENTH ANNUAL REPORT 2010-2011

### THE COMPANIES ACT (1 OF 1956) SCHEDULE VI-PART IV BALANCE SHEET ABSTRACT AND COMPANIES GENERAL BUSINESS PROFILE

#### **I. Registration Details:**

Registration No.	11-123796
State Code	11
Balance Sheet Date	31 <sup>st</sup> March, 2011

#### **II. Capital raised during the year**

(Amt. ₹ Thousands)

Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

#### **III. Positions of Mobilization and Deployment of Funds:**

Total Liabilities	1208603
Total Assets	1208603

#### **Sources of Funds:**

Paid up Capital	310214
Reserves & Surplus	832598
Convertible Warrants (Application Money)	-
Secured Loans	-
Unsecured Loans	65791

#### **Application of Funds:**

Net Fixed Assets	241345
Capital W.I.P.	41792
Investments	578704
Deferred Tax Asset	7123
Net Current Asset	313930
Profit & Loss A/c Debit Balance	67502



## ELEVENTH ANNUAL REPORT 2010-2011

### IV. Performance of Company:

Turnover	119874
Total Expenditure	32380
Profit/(Loss) before tax	78095
Profit/(Loss) after tax	69810
Earnings per shares in Rs.	0.27
Dividend Rate @%	5.00

### V. Generic Names of Principal Products, Services of the Company

(as per monetary terms)

Item Code No. (ITC Code)	Not Applicable
Product Description	Not Applicable

**FINANCIAL INFORMATION OF SUBSIDIARIES PURSUANT TO SEC 212(8)  
OF THE COMPANIES ACT , 1956 FOR THE FINANCIAL YEAR ENDED 31.03.2011**

SR NO.	NAME OF SUBSIDIARY CO.	REPORTING CURRENCY	EXCHANGE RATE	CAPITAL	RESERVES	TOTAL ASSETS	TOTAL LIABILITIES
				₹.	₹.	₹.	₹.
1	IT CAPITAL SERVICES PVT LTD	INR	1.00	1,01,00,000	19,00,00,000	25,21,16,080	25,21,16,080
2	UNIVERSAL COMMODITY EXCHANGE LIMITED	INR	1.00	53,00,00,000	NIL	53,22,25,000	53,22,25,000
3	ORIENT INFOTECH LTD UK	GBP	72.60	3,84,64,526	(3,83,57,926)	1,06,600	1,06,600
4	ORIENT INFOTECH INC USA	USD	45.29	4,61,00,537	(4,58,27,466)	2,73,071	2,73,071
5	ORIENT INFOTECH FZ LLC USA – UAE	AED	12.33	7,40,78,995	26,41,24,401	33,82,03,396	33,82,03,396
6	INFORMATION TECHNOLOGY PEOPLE WILL - BAHARAIN	BHD	121.43	4,92,95,112	(4,88,67,325)	4,27,787	4,27,787

SR NO.	NAME OF SUBSIDIARY	DETAILS OF INVESTMENT	TURNOVER	PROFIT / LOSS BEFORE TAXATION	PROVISION FOR TAX	PROPOSED DIVIDEND
1	IT CAPITAL SERVICES PVT LTD	NIL	NIL	(2,16,756)	NIL	NIL
2	UNIVERSAL COMMODITY EXCHANGE LIMITED	15,00,00,000	38,660	(2,16,77,009)	NIL	NIL
3	ORIENT INFOTECH LTD UK	NIL	93,242	55,267	NIL	NIL
4	ORIENT INFOTECH INC USA	NIL	1,99,256	91,703	NIL	NIL
5	ORIENT INFOTECH FZ LLC USA – UAE	NIL	10,82,381	4,72,463	NIL	NIL
6	INFORMATION TECHNOLOGY PEOPLE WILL - BAHARAIN	NIL	9,47,131	2,62,889	NIL	NIL

**IT PEOPLE (INDIA) LIMITED**  
Regd. Office: 3A Udyog Nagar, S. V. Road,  
Goregaon (West), Mumbai 400 062.

**ATTENDENCE SLIP**

I/ We hereby record my/ our presence at the 11<sup>th</sup> Annual General Meeting of the Company at Event Banquet, Near Filmistan Studio, S.V.Road, Goregaon (West), Mumbai: 400062 on Thursday 29<sup>th</sup> September, 2011 at 10.00 AM.

DP ID No.*:	L. F. No.:
Client ID No.*:	No. of Shares held:
Name and address of the Shareholder( s)	
If Shareholder(s), Please sign here	If Proxy, Please sign here

**PROXY FORM**

DP ID No.*:	L. F. No.:
Client ID No.*:	No. of Shares held:

I/We being a Member/Members of IT People (India) Limited hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him  
\_\_\_\_\_ of \_\_\_\_\_ or failing him  
\_\_\_\_\_ of \_\_\_\_\_ as my/ our proxy to attend and vote for me /us and on my/our behalf at the 11<sup>th</sup> Annual General Meeting of the Company to be held on Thursday 29<sup>th</sup> September , 2011 at 10.00 AM and any adjournment thereof .

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

Affix Rupee 1  
Revenue Stamp

**NOTES:**

1. The form should be signed across the stamp as per specimen signature(s) registered with the Company.
  2. The proxy form must be deposited at the registered office of the company at registered office of the Company not less than forty-eight hours before the commencement of the meeting.
  3. A proxy need not be a member.
- \* Applicable for Investors holding shares in electronic form.