



TENTH ANNUAL REPORT 2009-10

BOARD OF DIRECTORS

Mr. Ketan Sheth

Mr. Suhas Ganpule

Mr. Kishore Hegde

Mr. Ranjit Prabhu *

(* Appointed w.e.f. 15th Day of May,2010)

Chairman & Managing Director

Non-Executive & Independent Director

Non-Executive & Independent Director

Non-Executive & Independent Director

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

Mondkar Computers Private Limited

21, Shakil Niwas, Opp. Satya Saibaba Temple,

Mahakali Caves Road, Andheri (East),

Mumbai-400093

Tel: 28257641/ 28366630 Fax: 28211996

Email: mondkar_computers@rediffmail.com

BANKERS

ICICI Bank Limited

HDFC Bank Limited

Abu Dhabi Commercial Bank

CORPORATE IDENTIFICATION NUMBER (CIN)

L72900MH2000PLC123796

Tenth Annual General Meeting on Tuesday, the 28th day of September, 2010 at 10.00 a.m. at Event Banquet, Near Filmistan Studio, S. V. Road, Goregaon (West) Mumbai 400062

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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.
- Update your address with Registrar/Depository Participants to ensure timely receipt of shareholder communication.

NOTICE

NOTICE is hereby given that the 10th (Tenth) Annual General Meeting of the Members of IT People (India) Limited will be held on Tuesday, 28th September, 2010 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 31st March 2010 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 Mr. Kishore Hegde, who retires by rotation and being eligible, offers himself for re-appointment.
3. 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:

4. Appointment of Mr. Ranjit Prabhu as a Director:

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

“RESOLVED THAT Mr. Ranjit Prabhu who was appointed by the Board of Directors as an Additional Director of the Company with effect from 15th Day of May, 2010 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.”

5. Raising capital by an International Offer of Equity Shares represented by Global Depository Receipts :

To consider and, if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:

“RESOLVED THAT in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (the said Act), Foreign Exchange Management Act, 1999, Foreign Exchange Management (Transfer or issue of securities by a person resident outside India) Regulations, 2000, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, as also of any other applicable Laws, Rules, Regulations, Guidelines, Notifications and Circulars etc. issued there under (including any modification or re-enactment thereof, for the time being in force) and in terms of the provisions of the Memorandum and Articles of Association of the Company and subject to the approval of Government of India (GOI), Foreign Investment Promotion Board (FIPB), Securities and Exchange Board of India

(SEBI), Reserve Bank of India (RBI), Stock Exchange and other authorities, if any, and subject to the consents, permissions and sanctions of the concerned authorities, if any, to the extent required to such conditions and modifications as may be prescribed or may be imposed while according such consents, which may be considered appropriate by the Board of Directors of the Company or any authorized committee thereof, (hereinafter referred to as "the Board") in its absolute discretion, and accordance with the SEBI (Issue of Capital and Disclosure Requirements Regulations) , 2009, the consent of the Company be and is hereby accorded to the Board to create, offer, issue, allot and deliver, at its sole discretion, Equity Shares / Warrants / Foreign Currency Convertible Bonds (FCCBs) / Partly Convertible Debentures (PCDs) / Optionally Convertible Debentures (OCDs) / Fully Convertible Debentures (FCDs), Debentures attached with warrants whether secured or unsecured / Global Depository Receipts (GDRs) / American Depository Receipts (ADRs) / Bonds / and any other Equity related instruments with or without warrants (herein after referred to as 'Security (ies)' or Any combination of such securities, whether rupee denominated or denominated in foreign currency for an aggregate sum of upto US\$ 100 Millions (United States Dollars One Hundred Millions only) or its equivalent in any other currency(ies) , inclusive of such premium as may be determined by the Board to be subscribed in Indian and/ or one or more foreign currencies, which, at the option of the holders of the security and /or at the option of the Company, may be converted into Equity Shares of the Company, such offer, issue and allotment of securities and conversion of such securities into equity shares of the Company to be made in one or more tranches, through Prospectus, Information Memorandum, Offering Circular, Offer Letter and any other mode, whether public or on private placement basis and combination thereof, to all eligible investors including Indian Public, Foreign Investors, Foreign Institutional Investors (FIIs), Non-Resident Indians (NRIs), Overseas Corporate Bodies (OCBs), Bodies Corporate, Association of Persons, Banks, Financial Institutions, Mutual Funds, Trusts ,promoters, person acting in concert of the Company and other entities/ authorities (herein after referred to as 'Investors'), whether such investors are existing equity shareholders of the Company or not, at such a price/ prices at discount or premium to market price or prices in accordance with the applicable law and otherwise on such terms and conditions as may be decided at the time of offer, issue and allotment, by the Board in accordance with the rules, regulations, terms, conditions as may be decided by the Board whenever necessary in consultation with the Lead Mangers, Underwriters and Advisors at the time of issue or allotment of such securities."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as the Board may in its absolute discretion consider necessary, proper, expedient, desirable or appropriate for making the said issue as aforesaid including without limitation signing of all applications, filings, deeds, documents and writings required to be filed with any statutory authority (ies) and to settle any question, doubt or difficulty that may arise in regard to the offer, issue and allotment of Securities."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to enter into and execute arrangements/ agreements with Lead Managers / underwriters/ Guarantors / Depository (ies)/ Registrars / Custodians / Advisors / Bankers and all such agencies as may be involved or concerned

and to remunerate all such Lead Managers / Underwriters/ Guarantors / Depository (ies)/ Registrars / Custodians / Advisors / Bankers and all other Advisors and agencies by way of commission, brokerage, fees, expenses incurred in relation to the issue of securities and other expenses, if any.”

“RESOLVED FURTHER THAT the Company and /or any agency or body authorized by the Company may issue Global Depository Receipts / American Depository Receipts and /or any other form of securities mentioned herein above representing the underlying Equity Shares issued by the Company in registered or bearer form with such features and attributes as are prevalent in capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the prevailing practices and regulations in the capital market.”

“RESOLVED FURTHER THAT without prejudice to the generality of the above, issue of securities in international offering may have all or any term or combination of terms in accordance with applicable regulations and prevalent international practice.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to dispose of such securities as are to be issued and are not subscribed on such terms and conditions as it may in its absolute discretion deem fit.”

“RESOLVED FURTHER THAT the Equity Shares to be allotted in terms of this resolution shall rank pari passu in all respects with the existing Equity Shares of the Company.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to finalize the mode , terms and timing of the issue (s) including the class of investors to whom the securities are to be offered , issued and allotted , to the exclusion of all other categories of investors, the number of securities to be allotted in each tranche, issue price, face value ,premium amounts on issue /conversion of securities /exercise of warrants /redemptions of securities, rates of interest, redemptions, period, listings on one or more Stock Exchanges in India and/or abroad , as the Board may in its absolute discretion deem fit and to issue and allot such number of Equity Shares upon conversion of any of the Securities referred to in paragraph(s) above in accordance with the terms of offering and also to seek the listing /admission of any or all of such Equity shares on the Stock Exchanges /Depositories in India where the existing Equity Shares of the Company are Listed /admitted.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate any or all the powers conferred upon it by this resolution, to any committee formed thereof or any one or more Directors of the Company or to any individual so authorized by the Board of the Company.”

6. Private Placement of Equity Shares/ any instrument convertible into Equity Shares to Qualified Institutional Buyers (QIB's)

To consider and, if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, the provision of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time (hereinafter referred to as the “SEBI ICDR Regulations”) , the provisions of the Foreign Exchange Management Act, 2000 (FEMA) ,the Foreign Exchange Management (Transfer or Issue of Security by a person resident outside India) Regulation 2000, as also of any other applicable Laws , Rules, Regulations, and Guidelines, (including any amendment thereto or re-enactment thereof) and the enabling provisions in the Memorandum and Articles of Association of the Company, and the Listing Agreements entered into by the Company with the concerned Stock Exchanges in India where the equity shares / securities of the Company are listed, as may be applicable, and subject to such approvals, permissions, sanctions and consents as may be necessary and required under applicable Laws, Rules, Regulations, Agreements and Contracts on such terms, conditions, alterations, modifications, corrections, changes and variations, if any, that may be stipulated or imposed or prescribed under such approvals, permissions, sanctions and consents, which may be agreed and accepted by the Board of Directors (which term shall include any duly constituted and authorized “Committee of Directors” thereof), the consent of the company be and is hereby accorded to the Board of Directors to create, offer, issue and allot in one or more tranches , Equity Shares or Fully Convertible Debentures (FCD) /Partially Convertible Debentures (PCD)/Optionally Convertible Debentures (OCD)/Non Convertible Debentures with warrants or any securities (other than warrants) or a combination thereof which are convertible into or exchangeable with Equity Shares of the Company at a later date to Qualified Institutional Buyers (QIBs) (as defined in the “SEBI ICDR Regulations”) by way of Qualified Institutional Placement , as provided under chapter VIII -of the SEBI ICDR Regulations for an aggregate amount not exceeding to Rs. 500 Crores (Rupees Five Hundred Crores only), inclusive of such premium as may be decided by the Board, at a price which shall not be less than the price determined in accordance with the pricing formula stipulated under chapter VIII of the “SEBI ICDR Regulations.”

“RESOLVED FURTHER THAT the relevant date for the purpose of arriving at the aforesaid minimum issue price of the Specified Securities shall be the date of the meeting in which the Board (or any committees thereof constituted /to be constituted), decides to open the issue of the Specified Securities, subsequent to the receipt of Shareholders' approval in terms of Section 81(1A) and other applicable provisions, if any, of the Companies Act,1956 as also of other applicable Laws, Regulations and Guidelines in relation to the proposed issue of the Specified Securities.”

“RESOLVED FURTHER THAT:

- i. The Specified Securities to be so created, offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company.
- ii. The Equity Shares proposed to be issued through the Qualified Institutional Placement or the Equity Shares that may be issued and allotted on conversion of Securities issued through Qualified Institutional Placement as aforesaid shall rank pari passu with the then existing Equity Shares of the Company in all respect including Dividend; and

- iii. The number and / or conversion price in relation to Equity Shares that may be issued and allotted on Conversion of Securities that may be issued through Qualified Institutional Placement shall be appropriately adjusted in accordance with the SEBI ICDR Regulations for corporate actions such as Bonus Issue, Right Issue, Split and Consolidation of Share Capital, Merger, Demerger, Transfer of Undertaking, Sale of Division or any such capital or Corporate Restructuring.”

“RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid Specified Securities may have such features and attributes or any terms and combination of terms that provide for the tradability and free transferability thereof in accordance with the prevailing practices in the capital markets and the Board subject to the applicable Laws, Regulations, Guidelines, be and is hereby authorized to dispose off such Specified Securities that are not subscribed in such manner as it may in its absolute discretion deem fit.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things including but not limited to finalization and approval of preliminary as well as final offer document(s), determining the form, manner and timing of issue, including the investors to whom the Specified Securities are to be issued and allotted, the number of Specified Securities to be allotted, issue price, face value, premium amount on issue/ conversion of securities , if any, rate of interest, execution of various Agreements /Deeds/Documents/Undertaking ,creation of mortgage/charge in accordance with the Section 293 (1) (a) of the Companies Act, 1956, in respect of any of the securities issued through the Qualified Institutional Placement, either on Pari Passu basis or otherwise, and to settle all questions, difficulties or doubts that may arise in regard to the issue , offer or allotment of the Specified Securities and utilization of the issue proceeds , as it may in its absolute discretion deem fit without being required to seek any further concern or approval of the Members to the end and intent that the Members shall be deemed to have given their approval thereto expressly by virtue of this resolution.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to appoint such Consultants, Lead Managers, Underwriters, Guarantors, Depositories, Custodians, Registrars , Trustee, Bankers , Solicitors, Lawyers, Merchant Bankers, and any such Agencies and Intermediaries as may be involved or concerned in such offerings of Specified Securities and to remunerate all such agencies by way of commission, brokerage, fees, or the like, and to enter into or execute Agreements/ Arrangements/MOUs with any such Agency or Intermediary and also to seek the listing of any /or all of such Specified Securities or Securities representing the same in one or more Stock Exchanges.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred, to any committee of Directors or any one or more Directors or Officers of the Company”.

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 items 4, 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 Thursday, 23rd September, 2010 to Tuesday, 28th September, 2010 (both days inclusive).
5. 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.
6. 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. Mondkar Computers Private Limited, directly quoting their full name, Folio No. and Name of the Company.
7. 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. Mondkar Computers Private Limited in respect of their physical share folios, if any.

Date: 28th August, 2010
Place: Mumbai

By order of the Board of Directors

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

Ketan Sheth
Chairman & Managing Director

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

Item No. 4:

Mr. Ranjit Prabhu was appointed as an Additional Director of the Company at the meeting of the Board of Directors held on 15th May, 2010, 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. Ranjit Prabhu.

A brief resume of Mr. Ranjit Prabhu including nature of his expertise in specific functional areas is provided in the Report on Corporate Governance forming part of the Annual Report.

Mr. Ranjit Prabhu may be deemed to be concerned or interested in the resolution as it relates to his own appointment.

The Board commends the Resolution set out at Item No. 4 of the Notice for your approval.

Item No. 5

The Company has planned to promote a commodity exchange named as "Universal Commodity Exchange Limited." UCX is a new initiative in the field of commodity exchange business in the country. UCX would be a full fledged commodity Exchange for Agro, Bullion, Energy & other Commodities for futures & derivatives markets.

The total cost of the project is estimated at US\$ 100 Millions (United States Dollar One Hundred Millions only) and in order to raise such means, it has been proposed to approach investors/lenders through Private Offers for External Commercial Borrowings, GDRs, Fully Convertible Debentures and/or other instruments as the Directors may find expedient. Such offer, issue and allotment of FCDs/GDRs/shares will be subject to the Memorandum and Articles of Association of the Company, the Companies Act, 1956, Rules, Regulations and guidelines formed by SEBI, Central Government, Reserve Bank of India and also the conditions of the Listing Agreement with the Bombay Stock Exchange limited.

As the shares resulting from the conversion of instruments may be issued and allotted to persons other than the existing equity shareholders, it is necessary to pass the resolution under this item, as compliance of Section 81 (1A) of the Companies Act, 1956.

Members approval is sought for raising this amount and also to authorize Board of Directors to mobilize adequate resources to implement the plan of investment of the Company and to finalise the detailed terms of issue including the pricing of the issue which may be fixed keeping in view of the capital market conditions,

practices and guidelines, if any, issued by Securities and Exchange Board of India (SEBI) and in consultation with Lead Managers, Merchant Bankers and other advisors subject to other regulatory requirements/ approvals.

The proposed resolution is an enabling resolution to authorize the Board of Directors to mobilize adequate resources to meet growing needs of the Company depending on market dynamics by way of issue of Equity Securities / ADR/ GDR etc.

The Board of Directors of your Company recommends the resolution for your approval. None of the Directors is in anyway concerned or interested in the proposed resolution.

Item No. 6

In order to strengthen the above goal of mergers, acquisition, expansion your management is of the opinion that apart from the GDR, the Company should try at QIP route also.

Accordingly, the Company is planning to raise around Rs.500 crores by way of QIP's. The proposed special resolution seeks the enabling authorization of the Members of the Company to the Board of Directors (Board), to undertake the Qualified Institutional Placement (QIP) with the Qualified Institutional Buyer in accordance with the Provisions of SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009.(SEBI ICDR Regulations)

Pursuant to the above, the Board may in one or more tranches issue and allot Equity Shares / Fully Convertible Debentures/ Partly Convertible Debentures/Non Convertible Debentures with Warrants /any (other Securities other than Warrants) which are convertible into or exchangeable with Equity Shares on such date as be determined by the Board by not later than 60 months from the date of allotment ("collectively referred to as QIP Securities").

The said QIP by the Board shall be subject to the provisions of the SEBI (ICDR) Regulations, as amended from time to time including the pricing, which will not be less than the average of weekly high and low of the closing prices of the related shares quoted on the Bombay Stock Exchange Limited (BSE) during the two weeks preceding the relevant date. The Relevant date for the determination of applicable price for the issue of QIP Securities shall be the date of the meeting in which the Board of the Company decide to open the proposed issue or in case of Securities which are convertible into or exchangeable with Equity Shares at a later date, the date on which the holder of Securities becomes entitled to apply for the said shares as the case may be. For the reasons aforesaid, an enabling resolution is therefore proposed to be passed to give adequate flexibility and discretion to the Board to finalize the terms of the issue. The securities issued pursuant to the offering would be listed on the Stock Exchange.

According to Section 81 (1A) of the Companies Act, 1956 and Listing Agreement entered with stock exchanges, provide, inter alia, that where it is proposed to increase the subscribed share capital of the Company by allotment of further shares, such further shares shall be offered to the persons who on the date of the offer are holders of Equity shares of the Company, in proportion to the capital paid up on those shares as of that date unless the Members decide otherwise. The Special resolutions seeks the consent and authorization of



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the members of the members to the Board of Directors to make the proposed issue of the securities, in consultation with lead managers, lead legal advisors and other intermediaries and in the event it is decided to issue securities convertible into equity shares, to issue to the holders of such convertible securities in such manner and such number of equity shares on conversion as may be required to be issued in accordance with the terms of the issue, keeping in view the then prevailing market condition and in accordance with applicable provisions of rules, regulations, or guidelines.

The Board of Directors of your Company recommends the Resolutions for your approval.

None of the Directors is in anyway concerned or interested in the proposed Resolution.

Date: 28th August, 2010

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) Limited

Ketan Sheth
Chairman & Managing Director

CHAIRMAN REVIEW

OVERVIEW:

At the outset I would like to thank the entire IT People team and all our esteemed clients and associates for the creative momentum, support, enterprise and commitment that has helped us to sustain during these testing times given the significant changes sweeping the overall economy as a result of the recent global economic crisis. Companies all across are adjusting to the new economic scenario through more economic distribution channels, cost efficiency and ever growing new generation of demanding consumers- all areas in which IT People has made a progress.

The company, through its subsidiary, has made significant progress in the development and research of cutting edge IT products with a focus on Exchange solutions for the Commodities & Capital Market. 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.

The company has ventured into exchange space through its proposed national level commodity exchange initiatives for the futures & derivatives market. Universal Commodity Exchange Limited (UCX) is a new initiative in the field of commodity exchange business in the country. UCX would be a full fledged commodity Exchange for Agro, Bullion, Energy & other Commodities for futures & derivatives markets. The company has also ventured into the spot markets, as an extension of its exchange focus. Apart from the sustained efforts to enhance the company's technology capabilities in the capital & commodities markets, 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.

Thank you for reposing your faith in the Company. I also 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 Tenth Annual Report of your company along with the consolidated Profit and Loss Account for the year ended on 31st March, 2010 and the Balance Sheet as on that date and Auditors' Report thereon.

Financial Highlights

The highlights of your company's consolidated financial results for the period ended March 31, 2010 are as follows:

Particulars	Financial Year Ended 31 st March 2010 (₹. in Lacs)	Financial Year Ended 31 st March 2009 (₹. in Lacs)
Income from Operations	680.67	926.30
Other Income	86.73	90.87
Total Income	767.39	1017.18
Less : Operating Expenses	251.84	750.72
Operating Profit	515.55	266.46
Less: Financial Expenses	0.44	15.36
Less: Depreciation	122.69	1189.44
Misc. Expenses Written off		87.76
Profit Before Tax	392.41	(1026.10)
Provision For Fringe Benefit Tax	-	1.17
Add: Deferred Tax credit	-	(13.30)
?? Income Tax (Interest on TDS)	0.20	0.34
Income Tax (Earlier Years)	0.89	3.13
Provision / Earlier Year Expenses W/off	(24.91)	(13.68)
Prior Period Income (Loss)	(0.11)	4.46
Provision for Diminution in Investment Value / (Written Back)	(3108.14)	3108.14
Profit/(Loss) after Tax	3524.08	(4656.88)
Profit/ (Loss) brought forward from previous year	(5370.21)	(713.33)
Balance carried to Balance Sheet	(1846.13)	(5370.21)

Operating Results and Profits:

During the financial year 2009-10, your Company earned total revenue of Rs. 767.39 lakhs compared with Rs.1017.18 lakhs during the previous financial year 2008-09. The Operating Profit for the financial year ended on 31st March, 2010 stood at Rs. 515.55 lakhs as against Rs. 266.46 Lakhs in the previous year, which has been increased by 93.49% over corresponding figures of the previous year. The Company incurred net profit of Rs. 3524.08 lakhs in the current year as against loss of Rs.4656.88 lakhs in the previous year. There was significant decline in the Income due to overall recession faced on global level.

Taking into consideration the present market conditions which is yet to recover from the impact of recent recession and to conserve the resources for future expansion of business, your Directors do not recommend any dividend on equity shares for the financial year under review.

Business Outlook:

IT People (India) Limited is a Company with a clear focus on exchange business which ranges from futures & derivatives market to spot markets. The company also promotes Software Products and Solutions to Capital and Commodities Markets and IT consulting services and solutions to companies worldwide. The Software Products include Products, Solutions and Services division for the Financial and Capital Markets addressing Stock and Commodities Exchanges and Financial Services in India and overseas.

The company has made significant progress in the development and research of cutting edge IT products with a focus on Exchange solutions for the Commodities & Capital Market. 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.

The company has ventured into exchange space through its proposed national level commodity exchange initiative: Universal Commodity Exchange Limited (UCX). UCX is a new initiative in the field of commodity exchange business in the country. UCX would be a full fledged commodity Exchange for Agro, Bullion, Energy & other Commodities for futures & derivatives markets.

As a part of its exchange initiatives, the company intends to launch state-of-the-art, Online – SPOT – trading platform for Gold & Silver: **Indian Bullion Spot Exchange Limited's (IBSX)**. Apart from the sustained efforts to enhance the company's technology capabilities in the capital & commodities markets, 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.

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 2009-2010. The Company had initiated the application process for listing at Premier Institute of National Stock Exchange (NSE) to enhance credibility of IT People (India) Limited. Your Company is expected to get the approval from NSE shortly

as the process is in its final stage. 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, 2010, 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, 2010 on a 'going concern' basis.

Cash Flow Statement:

The cash flow statement for the year 2009 – 2010 is attached to the Balance Sheet.

Directors:

Mr. Ranjit Prabhu was **appointed as an Additional Director of the Company** pursuant to section 260 of the Companies Act, 1956 with effect from 15th May, 2010. Mr. Ranjit Prabhu would hold office of directorship up to the date of ensuing Annual General Meeting and is eligible for appointment as Director.

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.

Dematerialization of Shares:

The shares of the Company are admitted with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). New shares issued by the Company pursuant to Scheme of Amalgamation and issue of GDR are also 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 – Notes forming a part of the Accounts.

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 the Practicing Company Secretaries, Mrs. Sweta Poddar, 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.



TENTH ANNUAL REPORT 2009-10

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 inspite of the prevailing market conditions.

Date: 28th August, 2010
Place: Mumbai

By order of the Board of Directors

Ketan Sheth
Chairman & Managing Director

Management Discussion and Analysis:

Industry Structure and Developments

India is currently one of the fastest growing economies in the world and is expected to be the third largest economy by 2050 according to Goldman Sachs' Research Report: "Dreaming with BRICS - The Path to 2050" India did well to weather the global financial crisis over the last year and a half, with GDP growing at 6% at the worst of times, compared to most of the other countries which showed negative growth in one or more quarters during this period.

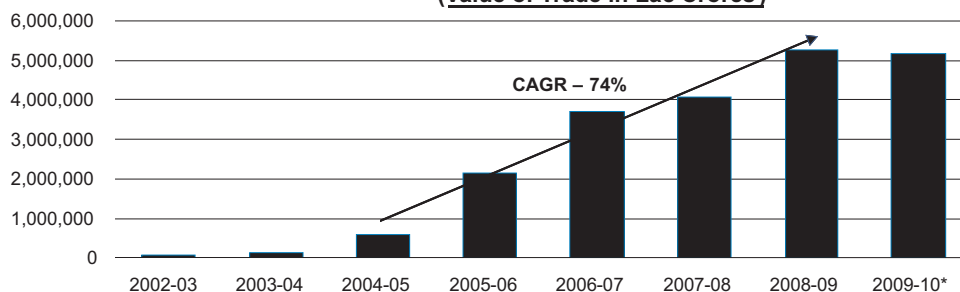
The macroeconomic parameters indicate the high potential for commodity exchanges in India. The growth of the overall economy in India is expected to drive the underlying demand for commodities and an increase in physical market volumes may increase the hedging requirements driving derivative volumes. 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 at a CAGR (FY2002 - 09) of 107 %. The market in FY 2008-09 was INR 52.49 lakh cr registering a growth of 29.1 %, 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.

Growth Paradigm of India's Commodity Exchange (Value of Trade in Lac Crores)



Note: *2009-10 data is the cumulative value of trades from 1st April, 2009 up to 15th December, 2009 Source: FMC website, PwC Analysis

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 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: 28th August, 2010
Place: Mumbai

By order of the Board of Directors

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 2009-2010 based on the disclosure requirements under Clause 49 of the Listing Agreement with the Stock Exchange existing as of 31st March, 2010.

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.

The Company is in compliance with the requirement of the revised guidelines on corporate governance stipulated under Clause 49 of the Listing Agreements with the Stock Exchange.

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, 2010 the composition of the Board and other related information are as given below :

Name	Category	Attendance at meetings		Directorships and Chairmanships/ Memberships in Other Companies*			Shareholding
		Board	General	No. of Directorships	Committee Positions *		
					Member	Chairman	
Mr. Ketan Sheth (Chairman and Managing Director)	Non-Independent, Executive Director	11	Yes	3	1	0	0
Mr. Kishore Hegde	Independent, Non-Executive Director	11	Yes	0	0	0	0
Mr. Suhas Ganpule	Independent, Non-Executive Director	11	Yes	0	0	0	0

** 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.

Brief resume of the Directors proposed to be appointed/re-appointed at the ensuing Annual General Meeting is as under:

Mr.Ranjit Prabhu, aged 41 years is B.sc-Physics, B.E.in Computers and Networks and has done Diploma in Industrial Electronics.He has exposure to international markets specifically in USA, Canada, Germany, UK, Japan and Australia. He has in-depth knowledge of IT, Digital Media and Animation, and IT Enabled, service Industry.

Mr.Kishore Hegde, aged 40 years, is B.com and Chartered Accountant and has more than 15 years of experience in Finance, Accounts & Taxation.

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 2009-2010, the Board of Directors met 11 times as under:

15/05/2009	30/06/2009	23/07/2009	01/08/2009	30/10/2009	25/03/2010
25/05/2009	22/06/2009	31 /07/2009	21/08/2009	30/01/2010	

The time gap between any two meetings was less than four months.

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.

3 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, debenture holders, 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

As on 31st March, 2010, the Audit Committee of the Board consisted of three Members including two Non-executive & Independent Directors, namely, Mr. Kishore Hegde, Chairman, and Mr. Suhas Ganpule, Member and one Executive Director Mr. Ketan Sheth, Member. 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, 2010 were as follows:

27.04.2009	20.07.2009	15.10.2009	15.01.2010
Members	Designation	Meetings held	Meetings attended
Mr. Kishore Hegde	Chairman	4	4
Mr. Ketan Sheth	Member	4	4
Mr. Suhas Ganpule	Member	4	4

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, 2010 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, 2010.

B Details of the remuneration to all the Directors:

The Directors' remuneration and sitting fees paid/payable during the financial year 2009-10 is given below:

Directors	Designation	Remuneration					
		Basic	HRA	Con. All.	Med. All	Sitting Fees	Total
Mr. Ketan Sheth	Chairman & Managing Director	Nil	Nil	Nil	Nil	Nil	Nil
Mr. Kishore Hegde	Director	Nil	Nil	Nil	Nil	50000	50000
Mr. Suhas Ganpule	Director	Nil	Nil	Nil	Nil	50000	50000

C Employee Stock Option Scheme

The Company does not have any Employee Stock Option Scheme.

Subsidiary Company

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 - Baharain

Chief Executive Officer (CEO)/CFO Certification:

As required under Clause 49(V) of the Listing Agreement, the CEO/CFO Certification given by Managing Director of the Company of the Financial Statements, the Cash Flow Statement and the Internal Control Systems for financial reporting was placed before the Board of Directors.

5. Investors' Grievance Committee
A. Name of the non-executive Directors heading the committee:

The Investors Grievance Committee consisted of Mr. Kishore Hegde, Non-executive Director & Chairman of the Committee, Mr. Suhas Ganpule, Non-Executive Director & Member. The Committee oversees the performance of the Registrar & Share Transfer Agent and recommends measures for overall improvement of the quality of investors' services.

B. Name & designation of Compliance officer:

Mr. Ajay Raut is the Compliance Officer.

C. Complaints received, resolved and pending during the year ended 31st March, 2010

Nature of Queries/Request	Received	Cleared	Pending
Non receipt of share certificates	Nil	Nil	Nil
Non receipt of annual reports	3	3	Nil
Non receipt of fully paid stickers	Nil	Nil	Nil

Outstanding Complaints as on 31st March, 2010 were Nil.

6. General Body Meeting

Location and time of general Meeting

Year	Date	Type of Meeting	Venue	Time
2006-07	September 21, 2007	AGM	Event Banquet, Near Filmistan Studio, S.V. Road, Goregaon West, Mumbai 400062	10.00 A.M.
2007-08	November 12, 2007	EGM		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.

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.

No Postal Ballot was conducted during the year.

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
September 21, 2007	No	N.A
November 12, 2007	Yes	? Preferential Allotment of 75, 00,000 warrants convertible in to equity Shares of the Company. ? Raising of Finance by way of GDRs/ ADRs/ FCCBs etc upto Rs. 100 Crores. ? Increase in FII Limits upto 49% of the paid-up Equity Share Capital of the Company.
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)

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

7. 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, 2010 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.

8 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	www.itpeopleltd.in
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

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).

Management Discussion and Analysis Report.

This has been separately attached to the Directors' Report.

9. General Shareholders Information

- i. Date, Time: Tuesday September, 28th 2010 at 10.00 A.M.,
Venue of AGM: Event Banquet, Near Filmistan Studio, S. V. Road, Goregaon (West) Mumbai 400062
- ii. The Financial Calendar for F. Y. 2010-2011 (tentative)

Unaudited Financial Results for the First Quarter Result	On or before 14 th August, 2010
Unaudited Financial Results for the Second Quarter Result	On or before 15th November, 2010
Unaudited Financial Results for the Third Quarter Result	On or before 15th February, 2011
Unaudited Financial Results for the Forth Quarter Result OR Audited Annual Result	On or before 15th May, 2011 or 30th May, 2011 (Audited)

- i. Date of Book Closure : Thursday, 23rd September 2010 to Tuesday 28th September, 2010 (both days inclusive)
- ii. The Shares of the Company are listed on Bombay Stock Exchange Limited, Mumbai.
- iii. Scrip Code:532342
ISIN code with NSDL and CDSL: INE354B01029
- iv. Stock Market Data
Monthly high & low of the closing price at BSE during financial year 2009-2010:

Month	Bombay Stock Exchange Limited		
	High Rs.	Low Rs.	Total Number of Shares Traded
April 2009	9.9	5.38	3,07,696
May 2009	15.5	9.3	3,84,423
June 2009	15.37	9.05	4,10,046
July 2009	10	6.86	11,54,945
August 2009	8.9	6.81	28,85,159
September 2009	8.3	6.74	7,38,533
October 2009	7.7	6.5	4,15,451
November 2009	8.4	6.26	33,66,485
December 2009	8.41	6.85	5,70,045
January 2010	7.74	5.16	61,99,239
February 2010	6.36	4.93	5,32,565
March 2010	7.5	3.95	1,18,25,907

Source:

BSE Website - www.bseindia.com

- vii. Registrar and Share Transfer Agent : **Mondkar Computers Pvt. Ltd.**
Unit: IT People (India) Limited
 21, Shakil Niwas,
 Opp. Satya Saibaba Temple,
 Mahakali Caves Road,
 Andheri (East), Mumbai 400 093.
 Ph: 022 28257641, Fax: 022 28207207.
- viii. As on March 31, 2010, 15,44,16,734 equity shares representing 99.55% of the paid up share capital of the Company have been dematerialized. The shares of the Company are frequently traded.
- ix. 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.
- x. Outstanding GDRs / ADRs/ Warrants or any Convertible instruments, Conversion date and likely impact on equity: There are 6,55,34,500 (Six Crores Fifty Five lacs Thirty Four Thousand Five Hundred Only) number of shares issued as GDR are outstanding as on 31st March, 2010.

xi Distribution Schedule:

As of 31st March, 2010, the distribution of shareholding was as follows:

Category	No. of Holders	%	No. of Shares	%
1-500	21369	85.81	2444164	1.58
501-1000	1574	6.32	1244413	0.80
1001-2000	891	3.58	1335091	0.86
2001-3000	355	1.43	912746	0.59
3001-4000	139	0.56	498610	0.32
4001-5000	150	0.60	723329	0.47
5001-10000	206	0.83	15512213	0.98
10001 - 25000	120	0.48	1959620	1.26
25001 - 50000	44	0.18	1577038	1.01
50001 - 100000	24	0.096	1820996	1.17
100001 - 200000	13	0.052	1768302	1.14
200001 - 500000	8	0.032	2445963	1.58
500001 - above	9	0.036	136864505	88.24
Total	24902	100	155106990	100

Xii Categories of Shareholders as on 31st March, 2010:

Category	No. of shares held	Percentage to total share capital
Promoters	45215453	29.15
Corporate Bodies	5797747	3.74
FIIs/ NRI/ OCBs	4058617	2.62
Indian Public	34500673	22.24
Any other	65534500	42.25
Total	155,106,990	100.00

xiii. 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.itpeopleltd.com

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 (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 2009-10

Place: Mumbai

Date: August 28, 2010

For and on behalf of the Board

Ketan Sheth
 Chairman & Managing Director

AUDITORS' REPORT ON CORPORATE GOVERNANCE

Certificate on compliance with the mandatory conditions as per Clause 49 of the Listing Agreement

To,

The Members of IT People (India) Ltd

I have examined the compliance of conditions of Corporate Governance by IT People (India) Limited for the year ended on **31st March, 2010** as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. My 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 my opinion and to the best of my information and according to the explanations given to us, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreements.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, I have to state that as per the records maintained by the Company, there were no investor grievances remaining by the Company, there were no investor grievances remaining unattended/pending as at 31st March, 2010 against the Company for more than 30 days.

I 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.

Date: August 28, 2010
Place: Mumbai

Sweta Poddar

(Practicing Company Secretary)
C.P. No: 8385

**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 2010, 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. Ltd., Universal Commodity Exchange 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.

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.

Subject to Note No.3 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 2010; 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: May 14, 2010

Dushyant A. Gadgil
Proprietor
M.No:17795
Firm Registration No.102876W

Consolidated Balance Sheet as on 31st March, 2010

Paticulars	Sch	Year Ended 31.03.2010 Amount (₹.)	Year Ended 31.03.2009 Amount (₹.)
Sources of Funds			
<u>Shareholder's Funds :</u>			
Equity Share Capital	1	310213980	119534977
Reserve & Surplus	2	854270122	685081141
Loan Funds	3	43893565	159467541
Total		1208377667	964083659
Application of Funds			
<u>Fixed Assets</u>			
Gross Block	4	1130898776	958776106
Less : Depreciation		(726702158)	(714432924)
Net Block		404196618	244343182
Add: Capital Work in progress		8352492	-
Net Fixed Assets		412549110	244343182
<u>Investments</u>			
	5	364529850	142500000
<u>Deferred Tax (Asset)</u>			
		12830011	12830011
<u>Current Assets, Loans & Advances</u>			
Sundry Debtors	6	41702726	5239997
Cash & Bank Balances	7	6123427	2613425
Loans & Advances	8	315955120	39687307
		363781273	47540729
Less : Current Liabilities & Provisions	9	(130136353)	(20151002)
Net Current Assets		233644920	27389727
Misc. Expenses (To the extent not written off)			
Preliminary Expenses		210889	-
Profit & Loss Account (Debit Balance)		184612887	537020738
Total		1208377667	964083659
Significant Accounting Policies	13		
Notes to Accounts	14		

For Gadgil & Co.
Chartered Accountants

Dushyant A. Gadgil
Proprietor

M. NO. 17795
FIRM REGISTRATION NO. 102876W
Place : Mumbai
Date : 14th May, 2010

For & On behalf of the Board

Ketan Sheth
(Chairman & Managing Director)

Kishore Hegde
(Director)

Consolidated Profit & Loss Account for the Year ended 31st March, 2010

	<u>Paticulars</u>	<u>Sch</u>	<u>Year Ended 31.03.2010 Amount (₹.)</u>	<u>Year Ended 31.03.2009 Amount (₹.)</u>
I	<u>Income</u>			
	Income From Operations		68066636	92630160
	Other Income		8672537	9087465
			76739174	101717625
II	<u>Expenditure</u>			
	Direct Operating Cost	10	25184295	75071693
	Operating Profit (EBITA)		51554878	26645932
	Less:			
	Financial Expenses	11	44280	1536069
	Depreciation		12269234	118944034
	Miscellaneous Expenditure Written Off	12	-	8775624
			12313514	129255727
	Profit Before Tax		39241365	(102609795)
	Less:-			
	Provision for Current Tax		18543	116839
	Deferred Tax (Credit)/Expense		-	(1330011)
	Income Tax (Interest on TDS)		20044	34205
	Income Tax (Earlier Years)		88924	312514
	Profit/(Loss) after tax before Extraordinary Items		39113854	(101743342)
	Provision/Earlier Year Expenses Written off		(2490585)	(1368171)
	Prior Period Income / (Loss)		(10713)	-
	Provision for Impairment/ Amortisation		-	54498485
	Provision for Diminution Value of Investments		(310814127)	310814127
	Profit/(Loss) after tax & Extraordinary Items		352407853	(465687783)
	Add: Balance brought Forward		(537020738)	(71332956)
	Balance Carried to Balance Sheet		(184612887)	(537020738)
	Significant Accounting Policies	13		
	Notes to Accounts	14		

For Gadgil & Co.
Chartered Accountants

Dushyant A. Gadgil
Proprietor

M. NO. 17795
FIRM REGISTRATION NO. 102876W
Place : Mumbai
Date : 14th May, 2010

For & On behalf of the Board

Ketan Sheth
(Chairman & Managing Director)

Kishore Hegde
(Director)

Consolidated Cash Flow Statement for the Year Ended 31st March, 2010

Particulars	31st March 2010		31st March 2009	
	₹.	₹.	₹.	₹.
A) CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit as per Profit & Loss		352407853		(465687783)
Adjustments for :				
Depreciation	12269234		91466606	
Deferred tax credit	-		(1330011)	
Transfer to General Reserves	(310814127)			
Interest and Other charges	44280		1536069	
		(298500613)		91672664
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES				374015120
Adjustments for Increase/Decrease in:				
Trade Receivables	(36462729)		78128605	
Loans and Advances	(276267813)		29567705	
Current Liabilities	109985351		(44571930)	
		(202745190)		63124380
CASH GENERATED FROM OPERATIONS (A)		(148837951)		(310890740)
B) CASH FLOW FROM INVESTING ACTIVITIES :				
Fixed Assets	(172122670)		156351451	
Capital WIP	(8352492)		-	
Investments	(222029850)		56076632	
Miscellaneous Expenditure/Preliminary Expenses	(210889)		2863366	
NET CASH USED IN INVESTING ACTIVITIES (B)		(402715901)		215291449
C) CASH FLOW FROM FINANCING ACTIVITIES:				
Interest and Other charges	(44280)		(1536069)	
Convertible Warrants (Application Money)	-		(27862500)	
Issue of GDR	190679000		-	
Premium Received on Issue of GDR	314620350		-	
Receipt/(Repayment) of Loans	(115573976)		(51397536)	
Increase / (Decrease) in Reserve & Surplus	165382760		176886415	
NET CASH FROM FINANCING ACTIVITIES (C)		555063854		96090310
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		3510002		491020
Opening Balance of Cash and Cash Equivalents		2613425		2122405
Closing Balance of Cash and Cash Equivalents		6123427		2613425

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

For Gadgil & Co.

Chartered Accountants

Dushyant A. Gadgil

Proprietor

M. NO. 17795

FIRM REGISTRATION NO. 102876W

Place : Mumbai

Date : 14th May, 2010

For & On behalf of the Board

Ketan Sheth

(Chairman & Managing Director)

Kishore Hegde

(Director)

Schedules forming Part of Consolidated Balance Sheet as on 31st March, 2010

Particulars	Year Ended 31.03.2010 Amount (₹.)	Year Ended 31.03.2009 Amount (₹.)
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Schedule - 1
Share Capital

<u>Authorised :</u> 262,500,000 Equity Shares of Rs. 2/- Each and Rs. 75,000,000 unclassified shares (P.Y. 75,000,000 Equity Shares of Rs. 2/- each and Rs.100000000 unclassified shares)	600000000	600000000
Total	600000000	600000000
<u>Issued and Subscribed & Paid-up :</u> 59,767,490 Equity Shares of Rs. 2/- Each Fully Paid-up, Out of above . Shares 6,489,990 Equity Shares of Rs. 2/- each fully paid-up issued to Equity Shareholders of Orient Information Technology Ltd. (As per Scheme of Amalgamation) (P.Y. 53,277,500 equity shares of Rs. 2/- each fully paid-up)	119534980	119534977
<u>Equity Share Capital (GDR)</u> 9,53,39,500 GDR of Rs. 2/- each	190679000	-
Total	310213980	119534977

Schedule - 2
Reserves and Surplus

Share Premium	628819968	628819970
Share Premium (GDR) 9,53,39,500 GDR @ Rs. 3.30 Each	314620350	-
Forfeited Shares A/c	27862500	27862500
General Reserve	172109750	-
Less : Provision for Diminution in Value of Investment Trfd.	(310814127)	
General Reserve On Consolidation	21671681	28398671
Total	854270122	685081141

Schedule - 3
Loan Funds

<u>Secured Loans</u> HDFC Bank Car Loan (Secured against Motor Vehicle)	-	267541
<u>Unsecured Loans</u> From Corporate	9761959	114400000
From Director	34131606	44800000
Total	43893565	159467541

Schedule - 4

Schedules forming Part of Consolidated Balance Sheet as on 31st March, 2010

FIXED ASSETS

SR	PARTICULARS	GROSS BLOCK				DEPRECIATION					NET BLOCK	
		As on 01.04.2009	Additions	Deductions	As on 31.03.2010	Opening 01.04.2009	For the Year	Deductions	Impairment/ Amortisation	As on 31.03.2010	As on 31.03.2010	As on 31.03.2009
1	Goodwill	13866411	-	-	13866411	-	-	-	-	-	13866411	13866411
2	Office Premises	85070725	-	-	85070725	23876252	2841362	-	-	26717614	58353111	61194473
3	Plant & Machinery	617166956	-	27890250	589276706	581196574	33424460	(27890250)	-	586730784	2545922	35970383
	Software Purchase	-	200000000	-	200000000	-	-	-	-	-	200000000	-
4	Motor Vehicles	3292939	-	-	3292939	2918783	183958	-	-	3102741	190198	374156
5	Furniture & Fixtures	49051639	-	-	49051639	24467498	3573172	-	-	28040670	21010969	24584141
6	Office Equipments	16462936	12921	-	16475857	16342095	136532	-	-	16478627	(2770)	120841
7	Internet Portal	173864499	-	-	173864499	65631722	-	-	-	65631722	108232777	108232777
	Total	958776105	200012921	27890250	1130898776	714432924	40159484	(27890250)	-	726702158	404196618	244343182
8	Capital WIP	-	8352492	-	8352492	-	-	-	-	-	8352492	-
	Grand Total	958776105	208365413	27890250	1139251268	714432924	40159484	(27890250)	0	726702158	412549110	244343182
	Previous Year	1115127557	60362806	216633759	958776105	622966318	118944035	81975914	54498485	714432924	244343183	4921616239

Schedules forming Part of Consolidated Balance Sheet as on 31st March, 2010

Particulars	Year Ended 31.03.2010 Amount (₹.)	Year Ended 31.03.2009 Amount (₹.)
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Schedule - 5
Investments

Long Term Investment:		
Unquoted Trade Investments: (At Cost):		
17,10,000 Equity Shares (Face Value of Rs. 1/- each)	142500000	142500000
-	-	
Euram Bank Money Market Mutual Fund Investment	222029850	-
Total	364529850	142500000

Schedule - 6
Sundry Debtors

(Unsecured Considered Good)		
Debts outstanding for a period exceeding six months		-
Sundry Debtors (Less than six months)	41702726	5239997
Total	41702726	5239997

Schedule - 7
Cash & Bank Balances

Cash on Hand (including Petty Cash) (As Certified by the Management)	-	4123261	767342
Balance in Current Account:	-		
With Scheduled Banks		554062	549050
With Other Banks		668496	519425
Balance in Fixed Deposit Account:	-		
With Scheduled Banks		528725	528725
With Other Banks		248883	248883
Total		6123427	2613425

Schedules forming Part of Consolidated Balance Sheet as on 31st March, 2010

**Schedule - 8
Loans & Advances**

Particulars	Year Ended 31.03.2010 Amount (₹.)	Year Ended 31.03.2009 Amount (₹.)
Advances recoverable in cash or in kind or value to be received	315749157	39043365
Deposits	205963	643942
Total	315955120	39687307

**Schedule - 9
Current Liabilities & Provisions**

Sundry Creditors	7470451	8050494
Other Liabilities	106398659	1227662
Unclaimed Dividends	394953	394953
Security Deposits	7500000	1800000
Statutory Liabilities	5655219	7732768
Provision for Expenses	2717071	945125
Total	130136353	20151002

Schedules forming Part of Consolidated P & L A/c. for the year ended 31st March, 2010

**Schedule - 10
Direct Operating Cost**

Particulars	Year Ended 31.03.2010 Amount (₹.)	Year Ended 31.03.2009 Amount (₹.)
Infrastructure & Incidental Costs	827967	16057703
Personnel Cost:-		
Salaries & Wages	7961629	47532456
Contribution to other funds	2921498	31109
Staff Welfare Expenses	34007	60166
<u>Business Promotion Expenses</u>	563867	392267
- <u>Legal & Secretarial Charges</u>	556090	864732
- <u>Administrative & Other Overheads</u>		
Communication Expenses	480255	906801
Commission		45000
Repairs & Maintenance	802704	574139
Internet Charges	275660	373119
Vehicle Expenses	234430	313307
Electricity Charges	586869	877002
Printing & Stationery	79629	163269
Postage & Courier Charges	49901	43232
Professional & Consultancy Fees	731158	2342650
Rent	232648	1135200
Rates & Taxes	1390277	367028
Travelling Expenses	644244	363607
Other Administration Expenses	6029554	2002146
Security Charges	62948	99536
Directors' Sitting Fees	100000	70000
Membership & Subscription	27575	72225
Preliminary Expenses Written Off	65252	
Processing Fees	142134	-
<u>Auditors Remuneration</u>		
- For Audit	250000	240000
- For Legal Matters	35000	35000
- For Taxation	40000	40000
- Others	59000	70000
Total	25184295	75071694

Schedules forming Part of P & L A/c. for the year ended 31st March, 2010

Particulars	Year Ended 31.03.2010 Amount (₹.)	Year Ended 31.03.2009 Amount (₹.)
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Schedule - 11
Financial Expenses

Interest on Car Loan HDFC	7131	19527
Bank Charges	37149	16542
Interest on Bond		1500000
Total	44280	1536069

Schedule - 12
Miscellaneous Expenses Written Off

M & A Expenses Written Off	-	8775624
Total	-	8775624

SCHEDULE "13"

SCHEDULES TO THE CONSOLIDATED ACCOUNTS 2009-10

SIGNIFICANT ACCOUNTING POLICIES

A. GENERAL INFORMATION:

1. Background:

IT People (India) Ltd. has consolidated the financial statements for the year ended 31-3-2010, along with its Six subsidiaries Viz, IT Capital Services Ltd. Universal Commodity Exchange Ltd' Orient Infotech. Ltd U.K., Orient Information Technology Inc. USA, Orient Information Technology FZ -LLC -UAE & Information Technology People WLL- Bahrain.

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 31-3-2010. 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, UCX (India) 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.

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 Dirhams & 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.
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	3,03,277	28,73,146
Electrical Installations	4.75	25.00	5,05,602	26,61,064
Furniture & Fittings	6.33	8.00	28,27,272	35,73,172
Office Equipment	4.75	25.00	14,667	77,194
Computer Accessories	16.21	50.00	19,379	59,338
Internet Portal	4.75	8.33	82,58,564	Nil
Total			1,19,28,761	92,43,914

SCHEDULES TO THE CONSOLIDATED ACCOUNTS 2009-10

SCHEDULE "13"

SIGNIFICANT ACCOUNTING POLICIES

As a result of the above, the Depreciation provision for the year is lower by RS.26,84,847/- and consequently the Profit for the year ended is higher by RS.26,84,847/-. 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 RS.8,69,87,172/-

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 obsolesce 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

Merger & Acquisition and GDR issue expenses 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.

SCHEDULES TO THE CONSOLIDATED ACCOUNTS 2009-10

SCHEDULE "13"

SIGNIFICANT ACCOUNTING POLICIES

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 2009-10

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:

Particulars	<u>2009-10</u> ₹.	<u>2008-09</u> ₹.
Information Technology Solutions Services	6,30,37,765	2,87,19,319
TOTAL	6,30,37,765	2,87,19,319

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

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

Particulars	<u>2009-10</u> ₹.	<u>2008-09</u> ₹.
Repairs & Maintenance – Fixed Assets	6,025/-	59,612/-
Repairs & Maintenance – Vehicles	96,911/-	30,344/-
Repairs & Maintenance – Others	6,93,598/-	4,81,183/-
TOTAL	7,96,534/-	5,71,139/-

5. Issue of Global Depository Receipt (GDR) during the Year:

During the Year the Company has made issue of 19,06,790 Global Depository Receipt (GDR) @ US \$ 5.24 Per GDR, representing 9,53,39,500 Equity Shares of Face Value of RS.2/- Per Share. On conversion of the said GDR in INR calculated @1USD=INR.50.53 works out to RS.5.30 Per Share forming part of the GDR. Accordingly the Company has received in aggregate a sum of USD 99,91,580/- (including Premium on GDR of USD 62,16,135/-) Subject to compliance with, and as permitted under, applicable laws and regulations, the Company intends to use the net proceeds of this offering for (i) Payment of current acquisitions (i.e. Marketplace Technologies Pvt. Ltd.) and investment & loan to subsidiary (ii) New Product Initiatives (iii) Investment in Exchange Business & New acquisitions and (iv) General Corporate Expenses & Long term working capital requirements.

Details of Use of Proceeds
Expansion Plans:

IT People plans to capitalize on its existing brand equity in the Capital & Commodities market & IT Consulting space and the fast changing dynamics of the IT sector with special reference to the Exchange & Broking domains. It intends to scale up to take advantage of the various opportunities in the sector across various geographies. The company intends to be at the fore-front of providing the entire gamut of services.

The company intends to use approximately INR 250 Millions towards investment in the Exchange Business and for new product development initiatives. The company also intends to use approximately INR 150 Millions towards payment for current acquisitions and to use approximately INR 100 Millions towards Long term and general working capital.

During the Year the company has utilized the GDR Proceeds as under.

PARTICULARS	Amount. (₹.)*	Amount. (US \$)
Investment/Loan to subsidiary	26,90,25,774	60,20,000
**Investment in Exchange Business & New Product Initiative* *	NIL	NIL
GDR Issue Expenses/Bank Charges	47,42,146	1,08,000
Liquid Funds	22,20,29,850	38,63,580
TOTAL	49,57,97,770	99,91,580

(*) Calculated based on an exchange rate on the various Dates of Transaction

6. Managerial Remuneration :

Particulars	<u>2009-10</u> ₹.	<u>2008-09</u> ₹.
Remuneration to Executive Director	NIL	15,80,645/-
Director's Sitting Fees	1,00,000/-	70,000/-
TOTAL	1,00,000/-	16,50,645/-

7. In the opinion of the management, Current Assets, Loans and advances are realizable at the values represented in accounts.
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	Subsidiaries	As under
	IT Capital Services Pvt. Ltd.	Wholly Owned Subsidiary
	Universal Commodity Exchange Ltd	Wholly Owned 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 during Year Amt. ₹.	Outstanding Balance as on 31.03.10 Amt. ₹.	Outstanding Balance as on 31.03.09 Amt. ₹.
1	IT People Pvt. Ltd.	Associate Company - Share Holding	Unsecured Loan Loan taken	5,03,55,000/-	95,00,000/-	11,44,00,000/-
			Loan Repaid	15,52,55,000/-		
2	Ketan Sheth	Chairman & Managing Director	Unsecured Loan Loan taken	43,31,606/-	3,36,81,606/-	4,48,00,000/-
			Loan Repaid	1,54,50,000/-		
3	Orient Information Technology FZ LLC	Wholly Owned Subsidiaries	Loan Given Loan Given Loan Repaid	27,84,25,222/- 93,99,449/-	26,90,25,774/-	NIL

10. Earning per shares:

Particulars	31 st March, 2010	31 st March, 2009.
Net Profit attributable to Equity Share Holders	0.27	N.A.
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 report of even date

For Gadgil & Co.

Chartered Accountants

Dushyant A. Gadgil

Proprietor

M. NO. 17795

FIRM REGISTRATION NO. 102876W

Place : Mumbai

Date : 14th May, 2010

For & On behalf of the Board

Ketan Sheth

(Chairman & Managing Director)

Kishore Hegde

(Director)

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, 2010, 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. 3 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, 2010 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, 2010;
- 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)
Proprietor
M.NO.17795
Firm Registration No. 102876W
DATE: 14th May, 2010
PLACE: Mumbai

ANNEXURE TO AUDITOR'S REPORT 2009-10

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 2010**.

- 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 RS. 26,90,25,773/ -to one of it's wholly owned subsidiary. The maximum amount involved during the year was RS.26,90,25,773/- .The said amount is advanced in the course of business of the Company to make acquisitions of new business overseas, in pursuance of the utilization of the proceeds received on issue of Global Depository Receipt. 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 RS.16,52,90,000/- and the year end balance of loans taken from such parties is RS.3,36,31,606/-.

(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 Rs.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 its 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 RS.47,33,860/- in arrears, as at 31st March, 2010 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, 2010 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 RS. 7,74,23,057/-. 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.** During the Year the Company has made issue of 19,06,790 Global Depository Receipt (GDR) @ US \$ 5.24 Per GDR, representing 9,53,39,500 Equity Shares of Face Value of RS.2/- Per Share. On conversion of the said GDR in INR calculated @1USD=INR.50.53 works out to RS.5.30 Per Share forming part of the GDR. The management has disclosed the end use of the proceeds received from the issue of GDR as per Note. **No.6, Schedule 14** forming Part of Accounts. Pending the end use of the Money as disclosed by the Company, part of the money has been kept in liquid funds.
- xviii.** 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.
- xix.** According to the information and explanations given to us, the company has not issued any debentures during the year covered by our audit report.
- xx.** 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.
- xxi.** 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)
Proprietor
M.NO.17795
Firm Registration No. 102876W
DATE: 14th May, 2010
PLACE: Mumbai

Standalone Balance Sheet as on 31st March, 2010

	Paticulars	Sch	As at 31.03.10 Amount (₹.)	As at 31.03.09 Amount (₹.)
I	Sources of Funds			
	Shareholder's Funds :			
	Equity Share Capital	1	310213980	119534977
	Reserve & Surplus	2	832598441	656682470
	Loan Funds	3	43181606	159467541
	Total		1185994027	935684988
II	Application of Funds			
	Fixed Assets	4		
	Gross Block		615073517	642950846
	Less : Depreciation		(410876896)	(398607666)
	Net Block		204196621	244343180
	Add: Capital Work in progress		8352492	-
	Net Fixed Assets		212549113	244343180
	Investments	5	653233574	221603724
	Deferred Tax (Asset)		12830011	12830011
	Current Assets, Loans & Advances			
	Sundry Debtors	6	41702726	5239997
	Cash & Bank Balances	7	4782167	2154691
	Loans & Advances	8	313575955	39543568
			360060848	46938256
	Less : Current Liabilities & Provisions	9	(130102576)	(20151002)
	Net Current Assets		229958272	26787254
	Profit & Loss Account (Debit Balance)		77423057	430120819
	Total		1185994027	935684988
	Significant Accounting Policies	13		
	Notes to Accounts	14		

For Gadgil & Co.
Chartered Accountants

Dushyant A. Gadgil
Proprietor

M. NO. 17795
FIRM REGISTRATION NO. 102876W
Place : Mumbai
Date : 14th May, 2010

For & On behalf of the Board

Ketan Sheth
(Chairman & Managing Director)

Kishore Hegde
(Director)

Standalone Profit & Loss Account for the Year ended 31st March, 2010

	<u>Particulars</u>	<u>Sch</u>	Year Ended 31.03.2010 Amount (₹.)	Year Ended 31.03.2009 Amount (₹.)
I	<u>Income</u>			
	Income From Operations		67173313	92630160
	Other Income		8672537	5252099
			75845850	97882259
II	<u>Expenditure</u>			
	Direct Operating Cost	10	24464099	73044970
	Operating Profit (EBITA)		51381752	24837289
	Less:			
	Financial Expenses	11	41040	1536069
	Depreciation		12269234	106555806
	Miscellaneous Expenditure Written Off	12	-	8775624
			12310273	116867499
	Profit Before Tax		39071478	(92030210)
	Less:-			
	Provision for Fringe Benefit Tax		-	116839
	Deferred Tax (Credit)/Expense		-	(1330011)
	Income Tax (Interest on TDS)		20044	34205
	Income Tax (Earlier Years)		88924	312514
	Profit/(Loss) after tax before Extraordinary Items		38962511	(91163757)
	Provision/Earlier Year Expenses Written off		(2931837)	(1368171)
	Prior Period Income / (Loss)		(10713)	-
	Provision for Impairment/Amortisation		-	-
	Provision for Diminution Value of Investments		-	310814127
	Transfer to General Reserve		310814127	-
	Profit/(Loss) after tax & Extraordinary Items		352697761	(400609713)
	Add: Balance brought Forward		(430120819)	(29511106)
			(77423058)	(430120819)
	Balance Carried to Balance Sheet			
	Significant Accounting Policies	13		
	Notes to Accounts	14		

For Gadgil & Co.
Chartered Accountants

Dushyant A. Gadgil
Proprietor

M. NO. 17795
FIRM REGISTRATION NO. 102876W
Place : Mumbai
Date : 14th May, 2010

For & On behalf of the Board

Ketan Sheth
(Chairman & Managing Director)

Kishore Hegde
(Director)

Standalone Cash Flow Statement for the Year Ended 31st March, 2010

Particulars	31st March 2010		31st March 2009	
	₹.	₹.	₹.	₹.
A) CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit as per Profit & Loss		352697761		(40060911)
Adjustments for :				
Depreciation	12269233		24579892	
Deferred tax credit	-		(1330011)	
Transfer to General Reserves	(310814127)		-	
Interest and Other charges	41040		1536069	
		(298503855)		24785950
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES				375823761
Adjustments for Increase/Decrease in:				
Trade Receivables	(36462729)		75297259	
Loans and Advances	(274032387)		29711444	
Current Liabilities	109951574		(27614073)	
		(200543542)		77394630
CASH GENERATED FROM OPERATIONS (A)		(146349636)		298429131
B) CASH FLOW FROM INVESTING ACTIVITIES :				
Fixed Assets	199987079		152135518	
Capital WIP	(8352492)		0	
Investments	(431629850)		197000640	
Miscellaneous Expenditure	-		2863366	
NET CASH USED IN INVESTING ACTIVITIES (B)		(239995263)		351999524
C) CASH FLOW FROM FINANCING ACTIVITIES:				
Interest and Other charges	(41040)		(1536069)	
Issue of GDR	190679000		0	
Premium Received on Issue of GDR	314620350		0	
Receipt/(Repayment) of Loans	(116285935)		(51397536)	
NET CASH FROM FINANCING ACTIVITIES (C)		388972375		(52933605)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		2627477		636789
Opening Balance of Cash and Cash Equivalents		2154690		1517901
Closing Balance of Cash and Cash Equivalents		4782167		2154690

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

For Gadgil & Co.
Chartered Accountants

Dushyant A. Gadgil
Proprietor

M. NO. 17795
FIRM REGISTRATION NO. 102876W

Place : Mumbai
Date : 14th May, 2010

For & On behalf of the Board

Ketan Sheth
(Chairman & Managing Director)

Kishore Hegde
(Director)

Schedules forming Part of Standalone Balance Sheet as on 31st March, 2010

Particulars	Year Ended 31.03.2010 Amount (₹.)	Year Ended 31.03.2009 Amount (₹.)
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Schedule - 1
Share Capital

<u>Authorised :</u> 262,500,000 Equity Shares of Rs. 2/- Each and Rs. 75,000,000 unclassified shares (P.Y. 75,000,000 Equity Shares of Rs. 2/- each and Rs.100000000 unclassified shares)	600000000	600000000
Total	600000000	600000000
<u>Issued and Subscribed & Paid-up :</u> 59,767,490 Equity Shares of Rs. 2/- Each Fully Paid-up, Out of above . Shares 6,489,990 Equity Shares of Rs. 2/- each fully paid-up issued to Equity Shareholders of Orient Information Technology Ltd. (As per Scheme of Amalgamation) (P.Y. 53,277,500 equity shares of Rs. 2/- each fully paid-up)	119534980	119534977
<u>Equity Share Capital (GDR)</u> 9,53,39,500 GDR of Rs. 2/- each	190679000	-
Total	310213980	119534977

Schedule - 2
Reserves and Surplus

Share Premium	628819968	628819970
Share Premium (GDR) 9,53,39,500 GDR @ Rs. 3.30 Each	314620350	-
Forfeited Shares a/c	27862500	27862500
General Reserve	172109750	-
Provision of Diminution in Value of investments	(310814127)	-
Total	832598441	656682470
<u>Secured Loans</u> HDFC Bank Car Loan (Secured against Motor Vehicle)	-	267541
<u>Unsecured Loans</u> From Corporate	9500000	114400000
From Director	33681606	44800000
Total	43181606	159467541

Schedules forming Part of the Standalone Balance Sheet for the Year 2009-10

Schedule - 4

FIXED ASSETS

SR.	PARTICULARS	Dep. Rate	GROSS BLOCK				DEPRECIATION				NET BLOCK		
			As on 01.04.2009	Additions	Deductions	As on 31.03.2010	Opening 01.04.2009	For the Year	Deductions	Impairment/ Amortisation	As on 31.03.2010	As on 31.03.2010	As on 31.03.2009
1	Goodwill	Nil	13866411	-	-	13866411	-	-	-	-	13866411	13866411	
2	Office Premises	3.34%	85070725	-	-	85070725	23876252	2841362	-	-	26717614	58353111	61194473
3	Plant & Machinery	45%	278496118	-	27890250	250605868	247732722	30763396	(27890250)	-	250605868	-	35970383
	Electrical Installation	25%	10644255	-	-	10644255	5440039	2661064	-	-	8101103	2543152	-
	Software Development	45%	19354580	-	-	19354580	19354580	-	-	-	19354580	-	-
	Software Purchase	45%	478335	-	-	478335	478335	-	-	-	478335	-	-
4	Motor Vehicles	9.50%	1936395	-	-	1936395	1562239	183958	-	-	1746197	190198	374156
5	Furniture & Fixtures	8%	44664653	-	-	44664653	20080512	3573172	-	-	23653684	21010969	24584141
6	Office Equipments	25%	4410911	8501	-	4419412	4342218	77194	-	-	4419412	-	120841
	Computers	50%	9745284	-	-	9745284	9742514	2770	-	-	9745284	-	-
	Computer Accessories	50%	418680	4420	-	423100	366532	56568	-	-	423100	-	-
7	Internet Portal	8.33%	173864499	-	-	173864499	65631722	-	-	-	65631722	108232777	108232777
	Total		642950846	12921	27890250	615073517	398607665	40159484	(27890250)	-	410876899	204196618	244343182
8	Capital WIP		-	8352492	-	8352492	-	-	-	-	-	8352492	-
	Grand Total		642950846	8365413	27890250	623426009	398607665	40159484	(27890250)	0	410876899	212549110	244343182
	Previous Year		795086362	42045665	194100683	642950846	374027771	106555806	81975914	0	398607663	244343183	421058591

Schedules forming Part of Standalone Balance Sheet as on 31st March, 2010

Particulars	Year Ended 31.03.2010 Amount (₹.)	Year Ended 31.03.2009 Amount (₹.)
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Schedule - 5
Investments

Long Term Investment:		
Unquoted Trade Investments: (At Cost):		
17,10,000 Equity Shares (Face Value of Rs. 1/- each)	142500000	142500000
Investment in Overseas Subsidiary		
Orient Information Technology FZ LLC-UAE (60 Shares of USE Dirhams 1,00,000 each)	79103724	79103724
-		
Investment in Indian Subsidiary		
IT People Capital Services Private Limited (Equity Shares)	200100000	-
Universal Commodity Exchange Ltd (Equity Shares) (950000 Shares of 10/- each (Face Value of RS.10/-))	9500000	-
Euram Bank Money Market Mutual Fund Investment	222029850	-
Total	653233574	221603724

Schedule - 6
Sundry Debtors

(Unsecured Considered Good)		
Debts outstanding for a period exceeding six months	-	-
Sundry Debtors (Less than six months)	41702726	5239997
Total	41702726	5239997

Schedule - 7
Cash & Bank Balances

Cash on Hand (including Petty Cash) (As Certified by the Management)	3289274	764228
Balance in Current Account:		
With Scheduled Banks	529898	559050
With Other Banks	185387	53805
Balance in Fixed Deposit Account:		
With Scheduled Banks	528725	528725
With Other Banks	248883	248883
Total	4782167	2154691

Schedules forming Part of Standalone Balance Sheet as on 31st March, 2010

Particulars	Year Ended 31.03.2010 Amount (₹.)	Year Ended 31.03.2009 Amount (₹.)
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**Schedule - 8
Loans & Advances**

Advances recoverable in cash or in kind or value to be received	44271229	39043365
Advances to Subsidiaries	269098763	-
Deposits	205963	500203
Total	313575955	39543568

**Schedule - 9
Current Liabilities & Provisions**

Sundry Creditors	7470451	8050494
Other Liabilities	106398659	1227662
Unclaimed Dividends	394953	394953
Security Deposits	7500000	1800000
Statutory Liabilities	5655219	7732768
Provision for Expenses	2683294	945125
Total	130102576	20151002

Schedules forming Part of the Standalone P&L A/C for the Year Ended 31st March, 2010
**Schedule - 10
Direct Operating Cost**

Particulars	Year Ended 31.03.2010 Amount (₹.)	Year Ended 31.03.2009 Amount (₹.)
Infrastructure & Incidental Costs	827967	16057703
Personnel Cost: -		
Salaries & Wages	7768410	46453850
Contribution to other funds	2914661	31109
Staff Welfare Expenses	27392	51848
<u>Business Promotion Expenses</u>	563867	392267
-		
<u>Legal & Secretarial Charges</u>	543960	864732
-		
<u>Administrative & Other Overheads</u>		
Communication Expenses	329292	635282
Commission	-	45000
Repairs & Maintenance	796532	571139
Internet Charges	275660	373119
Vehicle Expenses	215698	258651
Electricity Charges	562776	839040
Printing & Stationery	79629	163269
Postage & Courier Charges	49901	43232
Professional & Consultancy Fees	690984	2305321
Rent	232648	1135200
Rates & Taxes	1285481	261645
Travelling Expenses	620604	230061
Other Administration Expenses	5971979	1705741
Security Charges	62948	99536
Directors' Sitting Fees	100000	70000
Membership & Subscription	27575	72225
Processing Fees	142134	-
<u>Auditors Remuneration</u>		
- For Audit	240000	240000
- For Legal Matters	35000	35000
- For Taxation	40000	40000
- Others	59000	70000
Total	24464099	73044970

Schedules forming Part of the Standalone P&L A/C for the Year Ended 31st March, 2010

Particulars	Year Ended 31.03.2010 Amount (₹.)	Year Ended 31.03.2009 Amount (₹.)
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Schedule - 11
Financial Expenses

Interest on Car Loan HDFC	7131	19527
Bank Charges	33909	16542
Interest on Bond	-	1500000
Total	41040	1536069

Schedule - 12
Miscellaneous Expenses Written Off

M & A Expenses Written Off	-	8775624
Total	0	8775624

IT PEOPLE (INDIA) LIMITED

SCHEDULE "13"

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	3,03,277	28,73,146
Electrical Installations	4.75	25.00	5,05,602	26,61,064
Furniture & Fittings	6.33	8.00	28,27,272	35,73,172
Office Equipment	4.75	25.00	14,667	77,194
Computer Accessories	16.21	50.00	19,379	59,338
Internet Portal	4.75	8.33	82,58,564	Nil
Total			1,19,28,761	92,43,914

IT PEOPLE (INDIA) LIMITED

As a result of the above, the Depreciation provision for the year is lower by RS.26,84,847/- and consequently the Profit for the year ended is higher by RS.26,84,847/-. 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 RS.8,69,87,172/-

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

Merger & Acquisition and GDR issue expenses 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.

IT PEOPLE (INDIA) LIMITED
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:**

Particulars	<u>2009-10</u> ₹.	<u>2008-09</u> ₹.
Information Technology Solutions Services	6,30,37,765	2,87,19,319
TOTAL	6,30,37,765	2,87,19,319

3. **Expenditure in Foreign Currency: Nil (Previous Year Nil)**
4. **Break up of Repairs & Maintenance is as under:**

Particulars	<u>2009-10</u> ₹.	<u>2008-09</u> ₹.
Repairs & Maintenance – Fixed Assets	6,025/-	59,612/-
Repairs & Maintenance – Vehicles	96,911/-	30,344/-
Repairs & Maintenance – Others	6,93,598/-	4,81,183/-
TOTAL	7,96,534/-	5,71,139/-

5. **Issue of Global Depository Receipt (GDR) during the Year:**

During the Year the Company has made issue of 19,06,790 Global Depository Receipt (GDR) @ US \$ 5.24 Per GDR, representing 9,53,39,500 Equity Shares of Face Value of RS.2/- Per Share. On conversion of the said GDR in INR calculated @1USD=INR.50.53 works out to RS.5.30 Per Share forming part of the GDR. Accordingly the Company has received in aggregate a sum of USD 99,91,580/- (including Premium on GDR of USD 62,16,135/-) subject to compliance with, and as permitted under, applicable laws and regulations, the Company intends to use the net proceeds of this offering for (i) Payment of current acquisitions (i.e. Marketplace Technologies Pvt. Ltd.) and investment & loan to subsidiary (ii) New Product Initiatives (iii) Investment in Exchange Business & New acquisitions and (iv) General Corporate Expenses & Long term working capital requirements.

Details of Use of Proceeds
Expansion Plans:

IT People plans to capitalize on its existing brand equity in the Capital & Commodities market & IT Consulting space and the fast changing dynamics of the IT sector with special reference to the Exchange & Broking domains. It intends to scale up to take advantage of the various opportunities in the sector across various geographies. The company intends to be at the forefront of providing the entire gamut of services.

The company intends to use approximately INR 250 Millions towards investment in the Exchange Business and for new product development initiatives. The company also intends to use approximately INR 150 Millions towards payment for current acquisitions and to use approximately INR 100 Millions towards Long term and general working capital.

During the Year the company has utilized the GDR Proceeds as under.

PARTICULARS	Amount. (₹.)*	Amount. (US \$)
Investment/Loan to subsidiary	26,90,25,774	60,20,000
**Investment in Exchange Business & New Product Initiative* *	NIL	NIL
GDR Issue Expenses/Bank Charges	47,42,146	1,08,000
Liquid Funds	22,20,29,850	38,63,580
TOTAL	49,57,97,770	99,91,580

(*) Calculated based on an exchange rate on the various Dates of Transaction

6. Managerial Remuneration:

Particulars	2009-10 ₹.	2008-09 ₹.
Remuneration to Executive Director	NIL	15,80,645/-
Director's Sitting Fees	1,00,000/-	70,000/-
TOTAL	1,00,000/-	16,50,645/-

7. In the opinion of the management, Current Assets, Loans and advances are realizable at the values represented in accounts.
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	Subsidiaries	As under
	IT Capital Services Pvt. Ltd.	Wholly Owned Subsidiary
	Universal Commodity Exchange	Wholly Owned 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

B. Transactions with Related Parties:

Sr. No	Name of Related Party	Relationship	Nature of Transaction	Transactions during Year Amt. ₹.	Outstanding Balance as on 31.03.10 Amt. ₹.	Outstanding Balance as on 31.03.09 Amt. ₹.
1	IT People Pvt. Ltd.	Associate Company - Share Holding	Unsecured Loan Loan taken	5,03,55,000/-	NIL	11,44,00,000/-
			Loan Repaid	15,52,55,000/-		
2	Ketan Sheth	Chairman & Managing Director	Unsecured Loan Loan taken	43,31,606/-	3,36,81,606/-	4,48,00,000/-
			Loan Repaid	1,54,50,000/-		
3	Orient Information Technology FZ LLC	Wholly Owned Subsidiaries	Loan Given Loan Given Loan Repaid	27,84,25,222/- 93,99,449/-	26,90,25,774/-	NIL

10. Earning per shares:

Particulars	31st March, 2010	31st March, 2009.
Net Profit attributable to Equity Share Holders	0.27	N.A.
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"

For Gadgil & Co.
Chartered Accountants

Dushyant A. Gadgil
Proprietor

M. NO. 17795
FIRM REGISTRATION NO. 102876W
Place : Mumbai
Date : 14th May, 2010

For & On behalf of the Board

Ketan Sheth
(Chairman & Managing Director)

Kishore Hegde
(Director)

IT People (India) Limited

The Companies Act (1 of 1956) SCHEDULE VI - PART IV

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details :

Registration No.	11-123796
State Code	11
Balance Sheet Date	31ST MARCH 2010

II Capital raised during the year :

(Amt. Rs. Thousands)

Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	190679

III Position of Mobilisation and Deployment of Funds:

Total Liabilities	1185994
Total Assets	1185994

Sources of Funds :

Paid up Capital	119,535
Reserves & Surplus	832598
Convertible Warrants (Application Money)	-
Secured Loans	-
Unsecured Loans	43182

Application of Funds :

Net Fixed Assets	212549
Capital W.I.P.	8352
Investments	653234
Deferred Tax Asset	12830
Net Current Assets	229958
Profit & Loss A/c Debit Balance	77423

IV Performance of Company:

Turnover	75846
Total expenditure	24464
Profit / (Loss) before tax	39071
Profit / (Loss) after tax	38962
Earnings per Share in Rs.	0.27
Dividend Rate @ %	-

V Generic Names of Principal Products, Services of the company

(as per monetary terms)

Item Code No. (ITC Code)

Product Description

Not Applicable

Not Applicable

IT CAPITAL SERVICES PRIVATE LIMITED

DIRECTORS REPORT

TO THE MEMBERS,

The Directors hereby present their Annual Report on the business and operations of the Company and the financial accounts for the year ended 31st March, 2010:

1. Financial Results

Particulars	Financial year ended March 31,2010 (₹.)	Financial year ended March 31,2009 (₹.)
Income	25500	18000
Less : Total Expenditure	(6915)	(1060)
Net Profit/(Loss)	18586	16940
		-
Provision for Income Tax	(5743)	(5234)
Net Profit/(Loss) After Tax	12843	11706
Profit/Loss Brought Forward	11706	-
Profit/(Loss) Carried Forward	24548	11706

2. Operations

The Company had earned a total income of Rs. 25,500/- as compared to last year of Rs.18,000/- .The Net Profit after tax stood at Rs. 12,843/-as compared to Rs.11,706/- in previous year.The Balance carried forward to Balance sheet is Rs.24,548/-

3. Dividend:

No dividend is being recommended by the Directors for the year 2009-2010 in view of the cash requirements for establishing the company in its formative years and growth plan.

4. Director's Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representations received from the Operating Management, confirm that:-

- (1) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- (2) they have, in the selection of the Accounting Policies, consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the period;
- (3) they have taken proper and sufficient care to the best of their knowledge and ability 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;

(4) they have prepared the annual accounts on a going concern basis.

5 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.

6. Foreign Exchange Earnings And Outgo

The foreign earnings and expenditure both are nil during the year.

7. Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Suhas Ganpule retires by rotation and being eligible offers himself for re-appointment.

None of the Directors of the Company is disqualified under section 274(1)(g) of the Companies Act, 1956.

8. Auditors

M/s Gadgil & Co. are the existing Statutory Auditors of the Company and it has been decided that M/s Gadgil & Co shall be re- appointed as the Statutory Auditors of the Company.

M/s Gadgil & Co have also expressed their willingness to act as Auditors of the Company, if re-appointed and have further confirmed that the said appointment would be in conformity with the provisions of Section 224(1B) of the Companies Act, 1956.

9. EMPLOYEES

Particulars of the employees as required under section 217(2A) of the companies Act, 1956 read with the companies (Particulars of the Employees) Rules, 1975 are not applicable since, none of the employee of the Company is drawing more than Rs. 24,00,000 p.a. or Rs. 2,00,000 p.m. for the part of the year.

10. ACKNOWLEDGMENTS

Yours Directors wish to place on record their sincere appreciation and acknowledge with gratitude the support and consideration extended by the bankers, shareholders and employees and look forward for their continued support & cooperation.

For and on behalf of the Board of Directors

Ketan Sheth
Chairman

Place: Mumbai
Date: 25th August, 2010

AUDITORS REPORT

TO THE MEMBERS OF IT Capital Services Pvt. Ltd..

We have audited the attached Balance sheet of IT Capital Services Pvt. Ltd. as at 31ST MARCH, 2010, and the Profit and Loss Account for the year ended on that date annexed thereto and report that:

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 (Auditor's Report) Order, 2003, issued by the Central Government of India in terms Sub Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on matters specified in paragraph 4 and 5 of the above said order.
4. Further to our comments in the annexure referred to in paragraph 1 above, we report that:
 - (a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of accounts as required by law, have been kept by the company so far as appears from our examinations of such books.
 - (c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account of the company.
 - (d) In our opinion, the Balance Sheet & Profit & Loss Account dealt with this report are in compliance with the Accounting Standards referred to in Section 211(3C) 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 take record by the Board of Directors we report that none of the Directors are disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (9) 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 Balance Sheet and the Profit & Loss Account read together with Notes referred to in Schedule G forming part of accounts, give the information required by the Companies Act, 1956 in the manner so required:
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at MARCH 31st, 2010 and
 - ii) In the case of the Profit and Loss Account, of the Loss for the year ended on that date.

For Gadgil & Co.

Chartered Accountants

Dushyant A. Gadgil

Proprietor

M. NO. 17795

FIRM REGISTRATION NO. 102876W

Place : Mumbai

Date : 14th May, 2010

ANNEXURE TO AUDITOR'S REPORT

Statement referred to in paragraph 3 of our report of even date to the members of **IT Capital Services Pvt. Ltd.** on the accounts for the Year ended 31st March 2010.

- i. (a) The Company has maintained proper records showing full particulars including quantitative details & situation of Fixed Assets.
(b) All the assets have been physically verified by the management during the year and 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 major part of the Fixed Assets.
- ii. The Company being in the business of Software Development, is not having any inventory the question of it's physical verification and maintenance of records does not arise.
- iii. The Company has not taken loan from the company covered in the register maintained under section 301 of the Companies Act, 1956.
- 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, I have not observed any continuing failure to correct major weaknesses in the internal controls.
- v. According to information and explanation given to us, there are no transactions entered into by the Company with the party listed in the register maintained under section 301 of the Companies Act, 1956.
- 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 are no dues of sale tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2010 for a period of more than sixmonths 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 not having any accumulated losses. The Company has incurred cash losses during the financial year covered under the audit, and had not incurred cash losses in the immediately preceding financial year.
- xi. The company has not taken any loans from financial institutions, bank or issued any debentures.
- xii. The Company has not granted unsecured loans and advances.
- 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. 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. Therefore the provisions of clause 4 (xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xvii. During the Year the Company has not raised any funds by making public issue during the period covered by our audit. Therefore the provisions of clause 4 (xvii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xviii. According to the information and explanations given to us, the company has not made any preferential allotment to the parties and companies covered in the register maintained under section 301 of the Act.
- xix. According to the information and explanations given to us, the company has not issued any debentures during the period covered by our audit report.
- xx. The Company has not made any public issue during the period covered by our audit and therefore the provisions of clause 4 (xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xxi. 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)
Proprietor

M.NO. 17795

Firm Registration No.102876W

Place: MUMBAI

Date: 14th May, 2010

IT Capital Services Private Limited
Balance Sheet as on 31st March, 2010

	<u>Particulars</u>	<u>Sch</u>	<u>As At</u> <u>31-Mar-10</u> <u>(₹.)</u>	<u>As At</u> <u>31-Mar-09</u> <u>(₹.)</u>
I	<u>Sources of Funds</u>			
	Shareholder's Funds	A	10100000	100000
	Reserve & Surplus	B	190000000	-
	Loan Funds	C	15940	-
	Total		200115940	100000
II	<u>Application of Funds</u>			
	<u>Fixed Assets</u>	D		
	Gross Block		200000000	-
	Less: Depreciation		-	-
	Net Block		200000000	-
	<u>Current Assets, Loans & Advances</u>			
	Cash & Bank Balances	E	151922	112700
	Loans & Advances	F	-	4240
	Less: Current Liabilities & Provisions		151922	116940
			15977	5234
	<u>Net Current Assets</u>		135944	111706
	<u>Misc. Expenses (To the extent not written off)</u>			
	Preliminary Expenses		4544	-
	Profit & Loss Account (Debit Balance)		(24548)	(11706)
	Total		200115940	100000

Accounting Policies & Notes
In terms of our report of even date

FOR Gadgil & Co.
Chartered Accountants
(Dushyant A. Gadgil)
(Proprietor)

Membership No. 17795
Firm Registration No. 102876W
Place : Mumbai
Date: 14th May, 2010

H

For & on behalf of the Board

Mr. Ketan Sheth
(Director)

Mr. Suhas S. Ganpule
(Director)

IT Capital Services Private Limited
Profit & Loss Account for the Year ended 31st March, 2010

	<u>Particulars</u>	<u>Sch</u>	<u>For the year</u> <u>Ended</u> <u>31-Mar-10</u> <u>(₹.)</u>	<u>For the year</u> <u>Ended</u> <u>31-Mar-09</u> <u>(₹.)</u>
	-	-		
	-	-		
	-	-		
I	<u>Income</u>			
	<u>Other Income</u>		25500	18000
	-			
	Total Income		25500	18000
II	<u>Expenditure</u>			
	Administrative Overheads	G	1136	1060
	Financial Expenses		5779	-
	Total Expenditure (II)		6915	1060
III	Net Profit / (Loss)(I-II)		18586	16940
V	Provision for Taxation (Current Tax)		5743	5234
VI	Profit / (Loss) After Tax after Extraordinary Items		12843	11706
	Profit/Loss Brought Forward		11706	-
VII	Profit/(Loss) Carried Forward		24548	11706

Accounting Policies & Notes
In terms of our report of even date

FOR Gadgil & Co.
Chartered Accountants
(Dushyant A. Gadgil)
(Proprietor)

Membership No. 17795
Firm Registration No. 102876W
Place : Mumbai
Date: 14th May, 2010

H

For & on behalf of the Board

Mr. Ketan Sheth
(Director)

Mr. Suhas S. Ganpule
(Director)

IT Capital Services Private Limited		
Schedules forming Part Of Accounts for the year ended 31st March, 2010		
<u>Particulars</u>	<u>Current Year Amount (₹.)</u>	<u>Previous Year Amount (₹.)</u>
<u>Schedule A</u>		
<u>Share Capital</u>		
<u>Shareholder's Funds</u>		
<u>Authorised :</u>		
10,50,000 Equity Shares of Rs. 10/- each	10500000	100000
<u>Issued and Subscribed & Paid-Up :</u>		
10,10,000 Equity Shares of Rs. 10/- (Out of which 10,00,000 shares are issued at premium of Rs. 190/- each)	10100000	100000
Total	10100000	100000

<u>Schedule B</u>		
<u>Reserve and Surplus</u>		
Share Premium A/c.	190000000	-
Total	190000000	-

<u>Schedule C</u>		
<u>Loan Funds</u>		
<u>Unsecured Funds</u>		
-		
From Corporates	15940	-
Total	15940	-

IT Capital Services Pvt. Ltd.

Schedule "D"

Schedule of Fixed Assets as on 31st March, 2010

SR.	PARTICULARS	Opening	GROSS BLOCK		DEPRECIATION			NET BLOCK	
			Additions/ Dedc.	Total	Opening	For the Year	Total	As On 31 Mar 10	As On 31 Mar 09
1	Plant & Machinery (IBSX Software)	-	200000000	200000000	-	-	-	200000000	-
	Grand Total	-	200000000	200000000	-	-	-	200000000	-
	Previous Year	-	-	-	-	-	-	-	-

<u>Schedule E</u> <u>Cash & Bank Balances</u>		
Cash On Hand (including Petty Cash) (As Certified by the Management)	138200	112700
<u>Balance in Current Accounts:</u>		
With Scheduled Banks	13722	-
Total	151922	112700

<u>Schedule F</u> <u>Loans & Advances</u> <u>(Unsecured Considered Good unless otherwise stated)</u>		
Adv. Recoverable in Cash or in kind or for value to be Recd.	-	4240
Total	-	4240

<u>Schedule G</u> <u>Administrative Overheads</u>		
Auditors Remuneration	5000	-
Bank Charges	779	-
Preliminary Expenses written off	1136	1060
	<u>6915</u>	<u>1060</u>

SCHEDULE "H"

IT Capital Services Pvt. Ltd..

ACCOUNTING POLICIES AND

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010

1. SIGNIFICANT ACCOUNTING POLICIES

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

The Financial Statements are prepared under the historical cost convention on an accrual basis and are in accordance with the requirements of the Companies Act, 1956.

B. Fixed Assets

All fixed assets are stated at historical cost less accumulated depreciation. All costs relating to acquisition and installation of fixed assets are capitalized.

C. Depreciation

Depreciation on Fixed assets is calculated on written down value method, pro rata for the period of use of assets in the manner specified in Schedule XIV to the Companies Act 1956, at the rates prescribed therein.

D. Contingent Liabilities

Contingent Liabilities are not provided for in the Accounts.

2. NOTES FORMING PART OF ACCOUNTS

A. The Company has not provided for any depreciation on IBSX Software as it is in the process of upgrading it and during the year the said Software is not been commercially exploited for the purposes of the business of the Company.

B. The Figures of Sundry Creditors/Debtors are subject to confirmation.

C. Information with regard to the other matters specified in Clauses 3,4, 4C, 4D of Part II of Schedule VI to the Companies Act, 1956, are either NIL or not applicable to the Company for the year under Audit.

D. The Company is incorporated on 9th July, 2008 and therefore the previous figures are not strictly comparable with the current Year. Previous Year's figures have been re-arranged and re-cast wherever necessary.

Signature to Schedule A to H
As per my report of even date

FOR **Gadgil & Co.**
Chartered Accountants

(Dushyant A. Gadgil)
(Proprietor)
Membership No. 17795
Firm Registration No. 102876W

Place : Mumbai
Date: 14th May, 2010

For & on behalf of the Board

Mr. Ketan Sheth
(Director)

Suhas S. Ganpule
(Director)

UNIVERSAL COMMODITY EXCHANGE

Directors Report

Dear Members,

Your Directors have pleasure in presenting the Second Annual Report of your company along with the Profit and Loss Account for the year ended on 31st March, 2010 and the Balance Sheet as on that date and Auditors' Report thereon.

Financial Highlights

The highlights of your company's financial results for the period ended March 31, 2010 are as follows:

Particulars	Financial year ended March 31,2010 ₹.	Financial year ended March 31,2009 ₹.
Income	115000	100000
Less : Expenditure	(73577)	(55458)
Net Profit/(Loss)	41423	44542
Provision for Income Tax	(12800)	-
Profit/(Loss) After Tax	28623	44542
Profit/Loss Brought Forward	44542	-
Profit/(Loss) Carried Forward	73165	44542

Operating Results and Profits:

The Company has earned income of Rs. 1,15,000/- as compared to 100,00 in the previous year 2008-09. Net profit of the Company for the year 2009-10 after tax stood at Rs.28,623/- as compared to Net profit of Rs.44,542/- for the previous year. The profit carried forward to Balance sheet was Rs. 44,542/-.

Dividend:

In order to conserve resources your directors do not recommend any dividend for the financial year under review

Directors:

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association of the Company, Mr. Ranjit Prabhu retires by rotation. Mr.Ranjit Prabhu being eligible offers himself for re-appointment.

Director's Responsibility Statement

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

- i. In preparation of the accounts for the financial year ended 31st March, 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. 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;
- iii. 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;
- iv. The Directors have prepared the accounts for the financial year ended 31st March, 2010 on a 'going concern' basis.

Particulars of Employees

Particulars of the employees as required under section 217(2A) of the companies Act, 1956 read with the companies (Particulars of the Employees) Rules, 1975 are not applicable since, none of the employee of the Company is drawing more than Rs. 24,00,000 p.a. or Rs. 2,00,000 p.m. for the part of the year.

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.

Messrs Gadgil & Co have also expressed their willingness to act as Auditors of the Company, if re-appointed and have further confirmed that the said appointment would be in conformity with the provisions of Section 224(1B) of the Companies Act, 1956.

The observations made by the Auditors in their 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 foreign earnings and expenditure both are nil during the year.

Acknowledgments

Your directors take this opportunity to thank all the members and employees of the Company, for their continued support during the year.

Your Directors place on record their appreciation of all the employees of the company for

By order of the Board of Directors

Date: 2nd August, 2010
Place: Mumbai

Ketan Sheth
Chairman

AUDITORS REPORT

TO THE MEMBERS OF Universal Commodity Exchange Ltd.

We have audited the attached Balance sheet of **Universal Commodity Exchange Ltd** as at 31ST MARCH, 2010, and the Profit and Loss Account for the year ended on that date annexed thereto and report that:

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 (Auditor's Report) Order, 2003, issued by the Central Government of India in terms Sub Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on matters specified in paragraph 4 and 5 of the above said order.
4. Further to our comments in the annexure referred to in paragraph 1 above, we report that:
 - (a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of accounts as required by law, have been kept by the company so far as appears from our examinations of such books.
 - (c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account of the company.
 - (d) In our opinion, the Balance Sheet & Profit & Loss Account dealt with this report are in compliance with the Accounting Standards referred to in Section 211(3C) 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 record by the Board of Directors we report that none of the Directors are disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (9) 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 Balance Sheet and the Profit & Loss Account read together with Notes referred to in Schedule F forming part of accounts, give the information required by the Companies Act, 1956 in the manner so required:
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at MARCH 31st, 2010 and
 - (ii) In the case of the Profit and Loss Account, of the Loss for the year ended on that date.

For Gadgil & Co.
Chartered Accountants

(Dushyant A. Gadgil)
Proprietor
M.No. 17795
Firm Registration No.102876W
Place: MUMBAI
Date: 14th May, 2010

ANNEXURE TO AUDITOR'S REPORT

Statement referred to in paragraph 3 of our report of even date to the members of Universal Commodity Exchange Ltd. on the accounts for the Year ended 31st March 2010.

- i. The Company does not have any fixed assets.
- ii. The Company being in the process of setting up a Commodity Exchange, is not having any inventory the question of it's physical verification and maintenance of records does not arise.
- iii. The Company has taken loan from the two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year is 6,68,519/- and the amount remaining outstanding at the year end in respect of these loans is RS.6,68,519/-
- 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, I have not observed any continuing failure to correct major weaknesses in the internal controls.
- v. According to information and explanation given to us, there are no transactions entered into by the Company with the party listed in the register maintained under section 301 of the Companies Act, 1956.
- 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 are no dues of sale tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2010 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 not having any accumulated losses. The Company has incurred cash losses during the financial year covered under the audit, and had also incurred cash losses in the immediately preceding financial year.
- xi. The company has not taken any loans from financial institutions, bank or issued any debentures.
- xii. The Company has not granted unsecured loans and advances.
- 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. 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. Therefore the provisions of clause 4 (xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xvii. During the Year the Company has not raised any funds by making public issue during the period covered by our audit. Therefore the provisions of clause 4 (xvii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xviii. According to the information and explanations given to us, the company has not made any preferential allotment to the parties and companies covered in the register maintained under section 301 of the Act.

- xix. According to the information and explanations given to us, the company has not issued any debentures during the period covered by our audit report.
- xx. The Company has not made any public issue during the period covered by our audit and therefore the provisions of clause 4 (xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xxi. 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)
Proprietor
M.No. 17795
Firm Registration No.102876W

Place: MUMBAI
Date: 14th May, 2010

Universal Commodity Exchange Limited

Balance Sheet as on 31st March, 2010

	<u>Particulars</u>	<u>Sch</u>	<u>As At</u> <u>31-Mar-10</u> <u>(₹)</u>	<u>Previous</u> <u>Year</u> <u>(₹)</u>
I	<u>Sources of Funds</u>			
	Shareholder's Funds	A	10000000	500000
	Reserves & Surplus		73165	44542
	Profit & Loss Account		819079	750590
	Loan Funds	B		
	Total		10892244	1295132
II	<u>Application of Funds</u>			
	<u>Current Assets, Loans & Advances</u>			
	Cash & Bank Balances	C	706199	597160
	Loans & Advances	D	9500000	-
			10206199	597160
	Less: Current Liabilities & Provisions		22800	5000
	<u>Net Current Assets</u>		10188399	592160
	<u>Misc. Expenses (To the extent not written off)</u>			
	Preliminary Expenses		206345	200472
	Pre-Operative Expenses		502500	502500
	Total		10892244	1295132

Accounting Policies & Notes
In terms of our report of even date

F

FOR **Gadgil & Co.**
Chartered Accountants

For & on behalf of the Board

(Dushyant A. Gadgil)
(Proprietor)
Membership No. 17795
Firm Registration No.102876W

Mr. Ketan Sheth
(Director)

Place : Mumbai
Date: 14th May, 2010

Mr. Praveen Pillai
(Director)

Universal Commodity Exchange Limited

Profit & Loss Account for the Year ended 31st March, 2010

	<u>Particulars</u>	<u>Sch</u>	<u>As At</u> <u>31-Mar-10</u> <u>(₹)</u>	<u>Previous</u> <u>Year</u> <u>(₹)</u>
I	<u>Income</u>			
	Other Income		115000	100000
	Total Income		115000	100000
II	<u>Expenditure</u>			
	Administrative Overheads	E	73577	55458
	Total Expenditure (II)		73577	55458
III	Net Profit / (Loss)(I-II)		41423	44542
IV	Provision for Income Tax (Current Tax)		12800	-
VI	Profit / (Loss) After Tax		28623	44542
	Profit/Loss Brought Forward		44542	-
VII	Profit/(Loss) Carried Forward		73165	44542

Accounting Policies & Notes
In terms of our report of even date

F

FOR **Gadgil & Co.**
Chartered Accountants

For & on behalf of the Board

(Dushyant A. Gadgil)
(Proprietor)
Membership No. 17795
Firm Registration No.102876W

Mr. Ketan Sheth
(Director)

Place : Mumbai
Date: 14th May, 2010

Mr. Praveen Pillai
(Director)

<u>Universal Commodity Exchange Limited</u>		
<u>Schedules forming Part Of Accounts for the year ended 31st March, 2010</u>		
<u>Particulars</u>	<u>Current Year</u> <u>Amount (₹)</u>	<u>Previous Year</u> <u>Amount (₹)</u>
<u>Schedule A</u> <u>Share Capital</u>		
<u>Shareholder's Funds</u>		
<u>Authorised :</u>		
2000000 Equity Shares of Rs. 10/- Each	20000000	20000000
<u>Issued and Subscribed & Paid-Up :</u>		
1000000 Equity Shares of Rs. 10/- Each	10000000	500000
Total	10000000	500000
<u>Schedule B</u> <u>Loan Funds</u>		
<u>Unsecured Funds</u>		
From Corporates	319079	250590
From Directors	500000	500000
Total	819079	750590
<u>Schedule C</u> <u>Cash & Bank Balances</u>		
<u>Cash On Hand (including Petty Cash)</u> (As Certified by the Management)	695757	597160
<u>Balance in Current Accounts:</u> With Scheduled Banks	10442	-
Total	706199	597160

Universal Commodity Exchange Limited		
Schedules forming Part Of Accounts for the year ended 31st March, 2010		
<u>Particulars</u>	<u>Current Year</u> <u>Amount (₹)</u>	<u>Previous Year</u> <u>Amount (₹)</u>
Schedule D		
Loans & Advances		
(Unsecured Considered Good unless otherwise stated)		
Adv. Recoverable in Cash or in kind or for value to be Recd.	9500000	-
Total	9500000	-
Schedule E		
Administrative Overheads		
Auditors Remuneration	5000	-
FMC Application Fees	-	500000
ROC Charges	2000	2500
Preliminary Expenses Written Off	64116	50118
Bank Charges	2461	-
Printing & Stationery	-	340
	73577	552958

SCHEDULE "F"

Universal Commodity Exchange Ltd.

ACCOUNTING POLICIES AND

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010

1. SIGNIFICANT ACCOUNTING POLICIES

- A. Basis of Accounting & Recognition of Income & Expenditure.
The Financial Statements are prepared under the historical cost convention on an accrual basis and are in accordance with the requirements of the Companies Act, 1956.
- B. Contingent Liabilities**
Contingent Liabilities are not provided for in the Accounts.

2. NOTES FORMING PART OF ACCOUNTS

- A. Information with regard to the other matters specified in Clauses 3,4, 4C, 4D of Part II of Schedule VI to the Companies Act, 1956, are either NIL or not applicable to the Company for the year under Audit.
- B. Previous Year's figures have been re-arranged and re-cast wherever necessary.

SIGNATURES TO SCHEDULE "A" TO "F"

As per my report of even date

For **Gadgil & Co**
Chartered Accountants

(Dushyant A. Gadgil)
Proprietor
M.NO. 17795
Firm Registration No.102876W

For & on behalf of the Board

Ketan Sheth
Director

Praveen Pillai
Director

Place: Mumbai
Date: 14th May, 2010

ORIENT INFORMATION TECHNOLOGY FZ-LLC-UAE**DIRECTORS' REPORT**

The Board of Directors of the Company, are presenting the Tenth Annual report for the accounting year 2009-2010, along with Balance Sheet, Profit and Loss Account for the year ended 31-3-2010

(Figures in UAE Dirhams)

Financial Results	31st March,2010	31st March,2009
Income	25,500	-
Expenditure	23750	3320340
Profit / (Loss) before Tax	1750	(3320340)
Provision for tax	-	-
Provision for Dividend	-	-

Operations of the Company:

The company recorded net profit of 1750 Dirhams.

Dividend:

In order to conserve the resources, Board of Directors of the Company do not recommend any dividend for the financial year 2009-10

Acknowledgement:

The Directors wish to place on record their appreciation and acknowledge with gratitude the support and cooperation extended by their clients, vendors, employees and banks and look forward to their continued support.

For and on behalf of the Board of Directors

Ketan Sheth
Director

Date : 5th May, 2010

ORIENT INFORMATION TECHNOLOGY FZ-LLC-UAE

AUDITORS' REPORT

TO THE SHARE HOLDERS OF ORIENT INFORMATION FZ. LLC

We have audited the attached Balance Sheet of ORIENT INFORMATION TECHNOLOGY FZ LLC as at 31st March 2010 and the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that:

- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b. Proper books of accounts have been kept by the Company so far as it appears from our examination of these books:
- c. The Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the books of account:

In our opinion and to the best of our information and according to the explanations given to us the said accounts give the information, in the manner so required and give a true and fair view:

- a. In the case of the Balance Sheet, of the State of affairs of the Company as on 31st March 2010 and
- b. In the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date.

For Gadgil & Co.
Chartered Accountants

Dushyant A. Gadgil
Proprietor

Dated: 5th May, 2010

ORIENT INFORMATION TECHNOLOGY FZ-LLC-UAE

Balance Sheet as at March 31, 2010

(Figures in UAE Dirhams)

Particulars	Sch.	31st March,2010	31st March,2009
Sources of Funds :			
Share Capital		6009101	6009101
Loan Fund		21386477	-
TOTAL		27395578	6009101
Application of Funds :			
Fixed Assets -Gross Block	1	-	12490452
Less Depreciation		-	12490452
Fixed Assets Net Block		-	-
Capital Work In Progress		-	-
Current Assets, Loans and Advances :			
A. Current Assets	2	15622	5612
B. Loans and Advances		21378217	-
C. Sundry Debtors		-	-
Sub-Total		21393839	5612
Less :Current Liabilities and Provisions	3		
Profit & Loss Account (Dr. Balance)		6001739	6003489
Net Current Assets		27395578	6009101

As per our Report of even date attached herewith

For Gadgil & Co.

Chartered Accountants

Dushyant A. Gadgil

Proprietor

M. No. 17795

Date: 5th May, 2010

Firm Registration No.102876W

For and on behalf of the Board of Directors

Ketan Sheth

Director

ORIENT INFORMATION TECHNOLOGY FZ-LLC-UAE

Profit and Loss Account for the year ended March 31,2010

(Figures in UAE Dirhams)

	31st March,2010	31st March,2009
<u>INCOME</u>		
Income from Software Services	25,500	-
Total Income	25,500	-
<u>EXPENDITURE</u>		
Operating Expenses	23750	78511
Depreciation	0	674434
Impairment / Amortization	0	2567395
Sub Total	23750	3320340
PROFIT BEFORE TAX	1750	(3320340)
Provision for Tax	-	-
Net Profit / (Loss) for the year	1750	(3320340)
Profit/(Loss) A/c Balance Carried Forward	1750	(3320340)

As per our Report of even date attached herewith

For Gadgil & Co.

Chartered Accountants

Dushyant A. Gadgil

Proprietor

M. No. 17795

Date: 5th May, 2010

Firm Registration No.102876W

For and on behalf of the Board of Directors

Ketan Sheth

Director

ORIENT INFORMATION TECHNOLOGY INC.

DIRECTORS' REPORT

TO THE MEMBERS,

The Board of Directors of the Company, has pleasure in submitting its Ninth Annual Report for the accounting year 2009-10, along with Balance Sheet, Profit and Loss Account for the year ended 31-3-2010

Financial Results	31st March,2010	31st March,2009
	USD	USD
Operating Income	-	-
Non-operating Income	3000	-
Total Income	3000	-
Operating Expenses	1750	0
Depreciation	-	-
Profit before Tax/(Loss)	1250	27396
Provision for tax	-	-
Dividend	-	-

Operations of the Company:

The net profit of the company stood at 1250 USD,as it earned a non-operating income of USD 3000 during the year.

Dividend:

In order to conserve the resources, the Board of Directors of the Company do not recommend any dividend for the financial year 2009-10

Audit:

Since the Company is not listed on any stock exchanges in USA or elsewhere, audit is not mandatory under the local laws.

Acknowledgement:

Your directors acknowledge its indebtedness to the Federal as well as the State Governments and regulating authorities,

the employees and the customers of the Company for their valued support and encouragement.

For and on behalf of the Board of Directors

Ketan Sheth

Director

Date : 5th May, 2010

Orient Information Technology Inc.

Balance Sheet as on March 31,2010

	31st March,2010	31st March,2009
	USD	USD
Assets		
Current Assets		
Cash & cash equivalents	1,250	-
Other current assets	2755	2755
Total current assets	4005	2755
Total assets	4005	2755
Liabilities & stockholders' equity		
Current liabilities		
Accounts payable	-	-
Other current liabilities	-	-
	-	-
Stockholders' equity		
Common stock, no par shares, 100000 authorized, 100000 shares issued and outstanding	1000000	1000000
Share application money	18000	18000
Accumulated deficit	(1013995)	(1015245)
Total stockholders' equity	4005	2755
Total liabilities & stockholders' equity	4005	2755

For and on behalf of the Board of Directors

Ketan Sheth
Director

Date : 5th May, 2010

Orient Information Technology Inc.

Statement of income and accumulated deficit

For the year ended March 31,2010

	31st March,2010	31st March,2009
	USD	USD
Income		
Net Operating Revenue	-	-
Non-Operating Revenue	3000	27530
Total revenues	3000	27530
Expenditure		
Cost of Revenue		
Selling, general & administrative expenses	1750	134
Depreciation & amortization	-	-
Total expenditure	1750	134
Net Profit /(loss)	1250	27396
Beginning accumulated deficit	(1015245)	(1042641)
Ending accumulated deficit	(1013995)	(1015245)

For and on behalf of the Board of Directors

Ketan Sheth
Director

Date : 5th May, 2010

ORIENT INFOTECH LIMITED, UK

DIRECTORS' REPORT

The director submit his report and accounts for the year ended 31st March 2010

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to 715 UK Pounds due to non-operating income of 1000 UK Pounds

STATEMENT OF DIRECTORS RESPONSIBILITIES

The Company law requires the director to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the Company and of the profit and loss of the company for that period. In the preparing those financial statements, the director is required to:

Select suitable accounting policies and then apply them consistently;

make judgments and estimates that are reasonable and prudent;

state whether applicable accounting standards have been followed, subject to any material departures

disclosed and explained in the financial statement

prepare the financial statements on the going concern basis unless it is inappropriate to presume that

the company will continue in business

the director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act, 1985. He is also responsible for taking reasonable steps for the prevention and detection of fraud and other irregulars.

For and on behalf of the Board of Directors

Ketan Sheth

Director

Date : 4th May, 2010

ORIENT INFOTECH LIMITED, UK
BALANCE SHEET AS AT 31ST MARCH 2010

(Figures in UK Pound)

	31st March,2010	31st March,2009
Fixed Assets		
Intangible	-	-
Tangible assets	-	-
Current Assets		
Debtors	-	-
Cash at bank and in hand	757	42
	757	42
Creditors: amounts falling due within one year		
Net Current Assets	-	-
Total assets less current liabilities	757	42
Capital and reserves		
Called up share capital	567223	567,223
Profit and loss account	(566,466)	(567,181)
Shareholders' funds	757	42

The director confirms that for the year ended 31st March 2010, the company was entitled to the exemption conferred by subsection (1) of Section 249A and no notice has been deposited under subsection(2) of Section 249B in relation to the accounts for the financial year.

The director acknowledges his responsibility for:

- (i) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
- (ii) preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of the financial period in accordance with the requirements of Section 226, and which otherwise, comply with the requirements of the Act relating to accounts, as far as applicable to the Company.

The financial statements were approved by the Board on

For and on behalf of the Board of Directors

Ketan Sheth

Director

Date : 4th May, 2010

PROFIT AND LOSS ACCOUNT

YEAR ENDED	(Figures in UK Pound)	
	31st March,2010	31st March,2009
Sale	-	-
Total Revenue	-	-
Cost of sales	-	-
Gross profit	-	-
Other Income	1,000	32,351
Administration expenses	285	2,551
Loss on ordinary after taxation	715	29,800
Dividends	0	-
Profit/(Loss) for the period	715	29,800
Profit/ (loss) brought forward	(567,181)	(596,981)
Accumulated loss carried forward	(566,466)	(567,181)

The company had no recognised gains or losses other than the loss for the year as shown above.

For and on behalf of the Board of Directors

Ketan Sheth
Director

Date : 4th May, 2010

**INFORMATION TECHNOLOGY PEOPLE WLL
DIRECTORS REPORT**

To The Members

The Board of Directors of Information Technology People WLL., are presenting the Eight Annual Report for the accounting year 2009-10, along with Balance Sheet, Profit and Loss Account for the year ended 31-3-2010.

Financial Results	(Figures in Bah Dinar)	
	31st March, 2010	31st March, 2009
Income	2000	-
Operating Expenditure	3,350	6,835
Depreciation	-	33,972
Impairment/ Amortisation	-	-
Profit before Tax	(1,350)	(40,807)
Provision for Tax	-	-
Dividend	-	-

Operations of the Company:

During the year under review, the company has recorded Net Loss of BD 3350

Acknowledgement:

The Company acknowledge its indebtedness to the Government of Bahrain and regulating authorities, the employees and the customers of the Company for their valued support and encouragement.

For and on behalf of the Board of Directors

Ketan Sheth

Director

Date : 10 th May, 2010

INFORMATION TECHNOLOGY PEOPLE WLL

AUDITORS' REPORT

TO THE SHARE HOLDERS OF INFORMATION TECHNOLOGY PEOPLE WLL

We have audited the attached Balance Sheet of ORIENT INFORMATION TECHNOLOGY PEOPLE WLL as at 31st March 2010 and the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that:

- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b. Proper books of accounts have been kept by the Company so far as it appears from our examination of these books:
- c. The Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the books of account:

In our opinion and to the best of our information and according to the explanations given to us the said accounts give the information, in the manner so required and give a true and fair view:

- a. In the case of the Balance Sheet, of the State of affairs of the Company as on 31st March 2010 and
- b. In the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date.

For Gadgil & Co.
Chartered Accountants

Dushyant A. Gadgil
Proprietor.

Dated: 10th May 2010

Balance Sheet as at 31st March,2010
(Figures in Bah Dinar)

Particulars	31st March,2010	31st March,2009
<u>Sources of Funds :</u>		
Share Capital	405,965	405,965
Reserves	(404,607)	(403,257)
Secured Loan	-	-
TOTAL	1,358	2,708
<u>Application of Funds :</u>		
Fixed Assets -Gross Block	-	821,465
Less Depreciation	-	821,465
Fixed Assets Net Block	-	-
Investments	-	-
Current Assets, Loans and Advances :		
A. Current Assets	1,358	2,708
B. Loans and Advances	-	-
C. Sundry Debtors	-	-
Sub-Total	1,358	2,708
Less :Current Liabilities and provisions	-	-
Net Current Assets	1,358	2,708
TOTAL	1,358	2,708

As per our Report of even date attached herewith
For Gadgil & Co
 Chartered Accountants

For and on Behalf of the Board of Director

Dushyant A. Gadgil
 Proprietor
 M. No. 17795
 Firm Registration No. 102876W
 Date : 10th May 2010

Ketan Sheth
 Director

INFORMATION TECHNOLOGY PEOPLE WLL

Profit and Loss Account for the year ended 31st March,2010

(Figures in Bah Dinar)

	31st March,2010	31st March,2009
<u>INCOME</u>		
Income from Software Services	-	-
Other Income(Interest)	2,000	-
Total	2,000	
<u>EXPENDITURE</u>		
Operating Expenses	3,350	6,835
Depreciation	-	33,972
Impairment/ Amortization	-	148,443
Sub Total	3,350	189,250
PROFIT BEFORE TAX	(1,350)	(189,250)
Provision for Tax	-	-
Net Profit/ (Loss) for the year	(1,350)	(189,250)
Profit/ (loss) brought forward	(403,257)	(214,007)
Profit & Loss balance carried forward	(404,607)	(403,257)

As per our Report of even date attached herewith

For Gadgil & Co.,
Chartered Accountants

Dushyant A. Gadgil
Proprietor
M. No. 17795
Firm Registration No. 102876W
Date : 10th May 2010

For & on behalf of the Board
of Directors

Ketan sheth
Director

ATTENDENCE SLIP FOR ANNUAL GENERAL MEETING

I/ We hereby record my/ our presence at the 10th Annual General Meeting held at Event Banquet, Near Filmistan Studio, S.V.Road, Goregaon (West), Mumbai: 400062 on 28th September, 2010

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

IT PEOPLE (INDIA) LIMITED

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



PROXY FORM

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

I/We _____ of _____ 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 Annual General Meeting of the Company scheduled to be held on Tuesday, the 28th September, 2010 at 10.00 A.M. and at any adjournment thereof .

Signed this _____ day of _____ 2010.

Signature

Affix 1 Rupee 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.

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