

## REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2001

Your Directors submit their Report and Accounts for the Financial Year ended 31st March, 2001.

## CHANGE OF NAME AND STATUS

The name of your Company was changed from ITC Threadneedle Trustees Ltd. to Contemporary Information Technology Limited with effect from 17th April, 2000 and thereafter to ITC Infotech India Limited with effect from 10th August, 2000.

During the year under review I.T.C. Limited acquired the entire Share Capital of the Company and accordingly your Company became a wholly owned subsidiary of I.T.C. Limited with effect from 21st August, 2000.

## ISSUE OF SHARES

Your Company issued and allotted 1,00,00,000 Equity Shares of Rs. 10/- each, for cash at par, on a Rights Basis, to the Shareholders of the Company whose names appeared on the Register of Members as on 23rd September, 2000, in the ratio of 50 Equity Shares for every 1 Equity Share held as on that date. As a result, the paid up Capital of the Company increased from Rs. 20,00,000/- to Rs. 10,20,00,000/- with effect from 28th September, 2001.

## PROFITS AND RETENTION

	(Rs. lakhs)	
Year ending March 31,	2001	2000
Total Revenue	1,360.55	10.98
Total Expenditure	1,280.63	13.30
Operating Profit - PBIDT	79.92	(2.32)
Interest	-	-
Depreciation	71.89	-
Profit Before Tax	8.03	(2.32)
Provision For Tax	0.70	-
Profit After Tax	7.33	(2.32)
Loss Brought Forward	(11.21)	(8.89)
Balance Carried To Balance Sheet	(3.88)	(11.21)

## DIVIDEND

In view of the losses brought forward from earlier years (relating to the period when the Company was operating as ITC Threadneedle Trustees Ltd.) and the need to preserve resources your Directors do not recommend any dividend for the year.

## BUSINESS REVIEW

With a view to exploit the exploding global opportunities offered by the IT business, the shareholders of I.T.C. Limited (ITC) approved in July 2000 the restructuring of its IT Division into a wholly owned subsidiary, ITC Infotech India Limited (I3L). ITC's existing wholly owned U.K. subsidiary, ITC Infotech Limited (I2B) and I2B's existing wholly owned U.S. subsidiary, ITC Infotech (USA) Inc. (I2A) are in the process of becoming wholly owned subsidiaries of I3L. As part of the restructuring exercise, ITC sold its IT assets and transferred its IT employees to your Company. Your Company commenced IT business with effect from 1st October, 2000. In the first 6 months of operations, your Company achieved a turnover of Rs. 13.61 crores, including an export turnover of Rs. 8.44 crores, and a profit before depreciation, interest and tax of Rs. 79.92 lakhs.

The Bangalore Development Centre of the Company was awarded SEI CMM Level 5 certification, the highest quality certification for an IT Company. This supplements the existing ISO 9001 TickIT certification and places your Company in the highest bracket of global quality.

Your Company is in the process of setting up a high-end 'Learning Centre' at Bangalore with commensurate software development infrastructure for training its engineers in high-end technologies. Your Company has created several centre of excellence in select high growth technologies, including the first Microsoft Centre of Excellence for e-commerce in South Asia. Your Company, through strategic alliances with Sun Microsystems, Microsoft Corporation, Parametric Technologies Corporation and other global technology leaders, has created several high-end technical competencies, including those relating to e-business integration, collaborative content management, collaborative product commerce and Internet application servers. Your Company continues to actively pursue partnerships with industry leaders in various emerging technology areas in order to enrich its offerings.

The proposed acquisition of ITC's subsidiaries in U.K. and U.S.A. gives access to your Company to the European and North American markets. Your Company has also drawn up aggressive go-to market strategies for various business and technology segments in several markets.

The early part of the year witnessed resurgent growth in the IT services business. Belying predictions of a slowdown in the wake of huge Y2K spends and the consequent cut back in IT expenditure, the market continued to be buoyant. In the first half of the year, leading Indian

software companies achieved growth rates in excess of 100% quarter on quarter. However, the closing months of the year under review witnessed unprecedented turbulence in the technology sector following the slowdown in the U.S. economy. Your Company was also adversely affected by the slowdown, and consequently the full potential of the Company's investments in infrastructure and people could not be realised this year.

While being cautiously optimistic, your Company is well positioned to exploit business opportunities.

## HUMAN RESOURCES

Your Company recognises that the quality of human resources is the key success factor in the IT business. Accordingly, your Company has put in place comprehensive human resource management systems and processes, with particular focus on training and development.

## STRATEGIC INVESTMENTS

Your Company has, subsequent to the close of the year under review, received approvals from the Reserve Bank of India for :

1. Purchase from I.T.C. Limited of the entire share capital of ITC Infotech Limited, U.K. comprising of 6,85,815 ordinary shares of GBP 1.00 each at a price of GBP 1.50 per ordinary share aggregating to GBP 10,28,722.50.
2. Purchase from ITC Infotech Ltd., U.K., of the entire share capital of ITC Infotech (USA), Inc., comprising of 2,000 shares at a price of US\$ 200 each aggregating to US\$ 4,00,000.
3. Investment of upto US\$ 2 Million in the equity share capital of ITC Infotech (USA), Inc. after it becomes a wholly owned subsidiary of the Company.

## AUDIT COMMITTEE

Your Company constituted an Audit Committee during the year with Messrs. B. B. Chatterjee, A. Nayak and K. Vaidyanath, all Non-Executive Directors, as Members. The Managing Director and the Head of Finance are Permanent Invitees to the Committee. The Company Secretary serves as the Secretary of the Committee.

## OTHER INFORMATION

The particulars of Conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo in terms of Section 217(1)(e) are given in Annexures 'A' and 'B'. The particulars of employees in terms of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, are given in Annexure 'C'. The Director's Responsibility Statement as required in terms of Section 217(2AA) is given in Annexure 'D'.

## DIRECTORS

Since the date of the last Report, Messrs. S. Bandyopadhyay, J. C. Basu, S. Mukherjee, and P. Chatterjee, resigned from the Board. The Board places on record its appreciation of the services rendered by them during their tenure as Directors of the Company.

Messrs. A. Singh, S. Verma, A. Nayak, B. B. Chatterjee, and S. Sivakumar were appointed additional Non-Executive Directors of your Company on 21st August, 2000.

Further, Mr. A. Singh was appointed Chairman of the Board of Director of your Company and Mr. Sanjay Verma was appointed Managing Director of your Company.

In accordance with the provisions of Article 143 of the Articles of Association of the Company, Mr. K. Vaidyanath will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-election.

## AUDITORS

Messrs. Price Waterhouse, Chartered Accountants, were appointed as Auditors of the Company, to fill the casual vacancy caused by the resignation of Messrs. Basu, Chatterjee & Co., Chartered Accountants, until the conclusion of the ensuing Annual General Meeting of the Company.

The Auditors, Messrs. Price Waterhouse retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

## ACKNOWLEDGMENT

Your Directors place on record their appreciation of the contribution made by employees at all levels in the organisation, and thank them for their demonstrated competence, hard work, co-operation and support throughout the year.

Dated : 15th May, 2001  
Virginia House  
37 Chowringhee  
Kolkata 700 071  
India

On Behalf of the Board

Anup Singh *Chairman*

## ANNEXURE 'A' TO THE REPORT OF DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2001

INFORMATION AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTOR) RULES, 1998

## A. CONSERVATION OF ENERGY

Since the Company is engaged in software development, it is not a major consumer of energy.

## B. TECHNOLOGY ABSORPTION

## I. RESEARCH AND DEVELOPMENT (R &amp; D) : NOT APPLICABLE

1. Specific areas in which R & D carried out by the Company
2. Benefits derived as a result of the above R & D
3. Future plan of action
4. Expenditure on R. & D for
  - (a) Capital
  - (b) Recurring
  - (c) Total
  - (d) Total R & D expenditure as a percentage of Total Turnover

On Behalf of the Board

Kolkata, 15th May, 2001

Anup Singh *Chairman*

## II. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

## 1. Efforts in brief made towards technology absorption, adaptation and innovation

The Company operates in various state-of-the-art technology areas and has developed the necessary related skills.

The Company has constituted a Technology Change Management Group. The key focus of this Group is to constantly scan the market for new technologies, design systems and processes to induct such new technologies and institute appropriate training systems to ensure effective absorption and deployment of such technologies within the organisation.

## 2. Benefit derived as a result of the above efforts

Expansion of business in various new technology areas and productivity improvements through the use of contemporary software tools.

On Behalf of the Board

maintaining constant contact with prospective customers, focussed business development and participation in international exhibitions to promote its services.

## (b) Total foreign exchange used and earned

The foreign exchange earnings (FOB-realisation basis) of the Company during the year were Rs. 114.59 lakhs while the outgoings were Rs. 29.27 lakhs.

On Behalf of the Board

Kolkata, 15th May, 2001

Anup Singh *Chairman*

## ANNEXURE 'B' TO THE REPORT OF DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2001

Information as per the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1998

## FOREIGN EXCHANGE EARNINGS AND OUTGO

(a) Activities related to exports; initiative taken to increase exports, development of new export markets for products and services; and export plans

The Company has exported computer software services and professional services to North America, Europe and Middle East. The Company aims to maximise its exports by

## ANNEXURE 'C' TO THE REPORT OF DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2001

Particulars of Employees under Section 217(2A) of the Companies Act, 1956 and forming part of the Directors' Report

Name	Age	Designation/ Nature of duties	Gross Remuneration	Qualifications	Exp(Yrs)	DOJ	Previous Employ- ment
Employed for a part of the year and in receipt of remuneration aggregating Rs. 100,000/- or more per month							
Babu V.V.R.	46	Sr. V.P., Operations	1,130,517	B.Sc., M.Sc(Tech) M.Phil	24	1st Oct. 2000	I.T.C. Ltd. Divisional Head, India Operations (ISD)
Basu K.S.	36	Chief Technology Officer	405,655	B.Tech, P.G.D.M. Ph.D, Post Doctoral	7	1st Dec. 2000	Array Solutions (India) Ltd. Vice President (Technical)
Garewal H.S.	37	V.P., Business Development	1,009,810	B.Tech., M.B.A.	13	1st Oct. 2000	I.T.C. Ltd. Divisional Head, Business Development (ISD)
Janardhanan S.	43	V.P., Systems Management Group	689,823	B.Sc., M.Sc.	21	1st Oct. 2000	I.T.C. Ltd. Head, Corporate I.T. Services
Lakshminara- yanan G.	44	G.M., Software Development	640,229	B.Sc.	24	1st Oct. 2000	I.T.C. Ltd. Software Development Manager (ISD)
Mitra A.K.	49	G.M., Information Technology	695,750	B.E., M.Tech	24	1st Oct. 2000	I.T.C. Ltd. G.M., Information Technology (ISD)

Mitter A.	45	G.M., Systems Management Group	442,616	B.E.(Hons.)	21	1st Dec. 2000	I.T.C. Ltd. Corporate MIS Manager
Murugesh K.R.	37	V.P., Finance	728,888	B.Com.(Hons.) A.C.A.	16	1st Oct. 2000	I.T.C. Ltd. Divisional Head, Finance (ISD)
Rajasekhar V.V.	36	G.M., Systems Management Group	562,221	B.E., M.B.A.	12	1st Dec. 2000	I.T.C. Ltd. Manager, I.T. Projects (ITD)
Singh K.K.	54	G.M., Systems Management Group	484,486	Dip. in Elect. Engg.	34	1st Dec. 2000	I.T.C. Ltd. Operations Manager (ITD)
Sreenivasan V.	38	G.M., Software Development	835,276	B.E.	16	1st Oct. 2000	I.T.C. Ltd. Head, Software Development Centre (ISD)
Trivedi A.	27	Business Analyst	117,400	B.E.	4	1st Dec. 2000	I.T.C. Ltd. Business Analyst (ITD)
Hiremath S.	39	Software Development Manager	459,990	B.E., M.Tech.	14	1st Oct. 2000	I.T.C. Ltd. Software Development Manager (ISD)

Notes:

- Gross remuneration comprises salary, allowances, medical reimbursements, leave travel assistance, Company's contribution to provident, pension and gratuity funds, monetary value of other perquisites on the basis of the Income Tax Act and Rules and leave encashment.
- All appointments are/were contractual, other terms and conditions are as per Company's Rules.
- None of the aforesaid employees is a relative of any Director of the Company.

On behalf of the Board

Kolkata, 15th May, 2001

Anup Singh *Chairman*

## ANNEXURE 'D' TO THE REPORT OF DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2001

INFORMATION AS REQUIRED IN TERMS OF SECTION 217(2AA) OF THE COMPANIES ACT, 1956

## DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors states :

- That in the preparation of the Annual Accounts for the year ended 31st March, 2001, the applicable accounting standards have been followed and there are no material departures.
- That the Directors have selected such accounting policies and applied them consistently and made judgements 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 ended 31st March, 2001 and of the Profit of the Company for that period;

- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That the Directors have prepared the Annual Accounts for the year ended 31st March, 2001 on a going concern basis.

On behalf of the Board

Kolkata, 15th May, 2001

Anup Singh *Chairman*

## REPORT OF THE AUDITORS TO THE MEMBERS OF ITC INFOTECH INDIA LIMITED

We report that we have audited the Balance Sheet of ITC Infotech India Limited (Formerly ITC Threadneedle Trustees Limited) as at March 31, 2001 and the related Profit and Loss Account for the year ended on that date both of which we have signed under reference to this report and the above mentioned accounts 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 Balance Sheet and Profit and Loss Account together with the notes attached thereto and the Statement on Significant Accounting Policies give in the prescribed manner the information required by the Companies Act, 1956, and also give respectively, a true and fair view of the state of the Company's affairs as at March 31, 2001 and its profit for the year ended on that date.

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for our audit. In our opinion, proper books of account have been kept as required by law so far, as appears from our examination of the books.

In our opinion these accounts have been prepared in compliance with the applicable accounting standards referred to in Section 211(3C) of the Companies Act, 1956.

On the basis of the written representations received from the directors, and taken on record by the Board of Directors, we report that none of the director is disqualified as on March 31, 2001 from being appointed as a director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that :

A.

- The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets. The management has physically verified all tangible fixed assets of the Company and no material discrepancies were noticed on such physical verification.
- The fixed assets of the Company have not been revalued during the year.
- The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In terms of sub-section (6) of Section 370 of the Companies Act, 1956, provisions of the Section 370 are not applicable to a company.
- The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In terms of sub-section (6) of Section 370 of the Companies Act, 1956, provisions of the Section 370 are not applicable to a company.
- The parties to whom the loans or advances in the nature of loans have been given are repaying the principal amounts as stipulated and interest regularly, where applicable.
- In our opinion the Company has adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of computer hardware and software, consumables, plant and machinery, equipment and other assets. The activities of the Company do not involve sale of goods.
- There are no contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and hence requirement of reporting regarding transactions

of purchase of goods and materials and sale of goods, materials and services made in pursuance of such contracts aggregating during the year to Rs. 50,000/- or more in respect of each party does not arise.

- The Company has not accepted any deposits from the public.
- In our opinion, the Company's present internal audit system is commensurate with its size and nature of business.
- The Central Government of India has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of any of the products of the Company.
- The Company has regularly deposited, during the year, the Provident Fund dues with the appropriate authorities in India. According to the information given to us, Employees' State Insurance Schemes are not applicable to the Company.
- At the last day of the financial year there was no amount outstanding in respect of undisputed Income Tax, Wealth Tax, Customs Duty, Excise Duty and Sales Tax which were due for more than six months from the date they became payable.
- During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have not come across any personal expenses which have been charged to Profit and Loss Account, nor have we been informed of such case by the management other than those payable under contractual obligations or normally accepted business practices.
- The Company is not a Sick Industrial Company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 of India.

B.

- The nature of the services rendered is such that it does not involve consumption of materials and stores.
- In our opinion, the Company has a reasonable system of allocating man-hours utilised to the relative jobs, commensurate with its size and nature of its business.
- In our opinion, there is a reasonable system of authorisation at proper levels and an adequate system of internal control commensurate with the size of the Company and the nature of its business for allocation of labour to jobs.

The other clauses of the order namely 4A (iii), (iv), (v), (vi), (xii), (xiv), 4C and 4D are not applicable to the Company since in our opinion there is no matter which arises to be reported as per the aforesaid order.

Place : Kolkata  
Date : 15th May, 2001

S. Gopalakrishnan  
For and on behalf of  
Price Waterhouse  
Chartered Accountants

## BALANCE SHEET AS AT 31ST MARCH, 2001

	Schedule	As at 31st March, 2001 (Rs.)	As at 31st March, 2000 (Rs.)
<b>I. SOURCES OF FUNDS :</b>			
1. SHAREHOLDERS' FUNDS			
(a) Share Capital	1	102,000,000	2,000,000
		<u>102,000,000</u>	<u>2,000,000</u>
2. LOAN FUNDS			
(a) Unsecured Loans	2	70,000,000	—
Total		<u>172,000,000</u>	<u>2,000,000</u>
<b>II. APPLICATION OF FUNDS :</b>			
1. FIXED ASSETS	3		
(a) Gross Block		50,197,798	—
(b) Less : Depreciation		<u>7,148,313</u>	—
(c) Net Block		43,049,485	—
(d) Capital Work-in-Progress		<u>4,653,131</u>	—
		<u>47,702,616</u>	—
2. CURRENT ASSETS, LOANS AND ADVANCES			
(a) Sundry Debtors	4	105,109,227	—
(b) Cash and Bank Balances	5	21,273,121	761,043
(c) Loans and Advances	6	<u>27,376,697</u>	<u>134,649</u>
		<u>153,759,045</u>	<u>895,692</u>
Less : Current Liabilities and Provisions			
(a) Current Liabilities	7	29,449,260	83,982
(b) Provisions	8	<u>456,056</u>	—
		<u>29,905,316</u>	<u>83,982</u>
Net Current Assets		123,853,729	811,710
3. MISCELLANEOUS EXPENDITURE	9	55,907	67,090
4. PROFIT AND LOSS ACCOUNT		387,748	1,121,200
Total		<u>172,000,000</u>	<u>2,000,000</u>

NOTES TO THE ACCOUNTS

13

SIGNIFICANT ACCOUNTING POLICIES

14

The Schedules Referred To Above Form An Integral Part Of The Balance Sheet.

This Is The Balance Sheet Referred To In Our Report Of Even Date.

S. Gopalakrishnan  
For and on behalf of Price Waterhouse  
Chartered Accountants  
Kolkata, May 15, 2001

For and on behalf of the Board of Directors

S. Verma      *Managing Director*  
B. B. Chatterjee      *Director*  
S. V. Shah      *Company Secretary*

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2001

	Schedule	For the year ended 31st March, 2001 (Rs.)	For the year ended 31st March, 2000 (Rs.)
<b>I. INCOME</b>			
Services			
— Exports		84,379,032	—
— Domestic		51,341,600	—
Other Income	10	<u>334,390</u>	<u>1,098,033</u>
		<u>136,055,022</u>	<u>1,098,033</u>
<b>II. EXPENDITURE</b>			
Personnel Expenses	11	58,740,230	—
Operating and Administration Expenses	12	69,311,482	1,318,944
Depreciation		7,188,675	—
Preliminary Expenditure Written Off		11,183	11,183
		<u>135,251,570</u>	<u>1,330,127</u>
<b>III. PROFIT BEFORE TAXATION</b>		803,452	(232,094)
Provision for Taxation		70,000	—
<b>IV. PROFIT AFTER TAXATION</b>		733,452	(232,094)
Add : Loss Brought Forward		<u>(1,121,200)</u>	<u>(889,106)</u>
<b>V. BALANCE CARRIED TO BALANCE SHEET</b>		<u>(387,748)</u>	<u>(1,121,200)</u>

NOTES TO THE ACCOUNTS

13

SIGNIFICANT ACCOUNTING POLICIES

14

The Schedules Referred To Above Form An Integral Part Of The Profit And Loss Account.

This Is The Profit And Loss Account Referred To In Our Report Of Even Date.

S. Gopalakrishnan  
For and on behalf of Price Waterhouse  
Chartered Accountants  
Kolkata, May 15, 2001

For and on behalf of the Board of Directors

S. Verma      *Managing Director*  
B. B. Chatterjee      *Director*  
S. V. Shah      *Company Secretary*

## SCHEDULES TO THE ACCOUNTS

	As at 31st March, 2001 (Rs.)	As at 31st March, 2000 (Rs.)	As at 31st March, 2001 (Rs.)	As at 31st March, 2000 (Rs.)
<b>1. SHARE CAPITAL</b>				
<b>AUTHORISED :</b>				
1,50,00,000 Equity Shares of Rs. 10 each (2000 – 20,00,000)	<u>150,000,000</u>	<u>20,000,000</u>		
<b>ISSUED, SUBSCRIBED &amp; PAID-UP :</b>				
1,02,00,000 Equity Shares of Rs. 10 each Fully Paid-up ; (2000 – 2,00,000)			<u>70,000,000</u>	<u>—</u>
(All Equity Shares Are Held By The Holding Company I.T.C. Limited; 2000 – Nil)	<u>102,000,000</u>	<u>2,000,000</u>		
	<u>102,000,000</u>	<u>2,000,000</u>		
<b>2. UNSECURED LOANS</b>				
<b>Other Loans</b>				
Interest Free Loan From The Holding Company			<u>70,000,000</u>	<u>—</u>
			<u>70,000,000</u>	<u>—</u>

## 3. FIXED ASSETS

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 31st March, 2000 (Rs.)	Additions (Rs.)	Deletions (Rs.)	Cost as at 31st March, 2001 (Rs.)	Up to 31st March, 2000 (Rs.)	For the year (Rs.)	On Withdrawals (Rs.)	Up to 31st March, 2001 (Rs.)	As at 31st March, 2001 (Rs.)	As at 31st March, 2000 (Rs.)
Plant & Machinery (Including Computers)	—	43,694,420	255,670	43,438,750	—	5,248,624	40,362	5,208,262	38,230,488	—
Furniture and Fixtures	—	6,759,048	—	6,759,048	—	1,940,051	—	1,940,051	4,818,997	—
Capital Work-in-Progress	—	50,453,468	255,670	50,197,798	—	7,188,675	40,362	7,148,313	43,049,485	—
	—	—	—	—	—	—	—	—	4,653,131	—
<b>Total</b>	—	<u>50,453,468</u>	<u>255,670</u>	<u>50,197,798</u>	—	<u>7,188,675</u>	<u>40,362</u>	<u>7,148,313</u>	<u>47,702,616</u>	—
Previous Year	—	—	—	—	—	—	—	—	—	—

	As at 31st March, 2001 (Rs.)	As at 31st March, 2000 (Rs.)	As at 31st March, 2001 (Rs.)	As at 31st March, 2000 (Rs.)
<b>4. SUNDRY DEBTORS</b>				
Considered Good and Unsecured				
Over Six Months Old	—	—		
Other Debts (Includes Dues From The Holding Company Rs. 26,397,108; 2000 – Nil) (Also Includes Unbilled Revenues Rs. 1,875,000; 2000 – Nil)	<u>105,109,227</u>	—		
	<u>105,109,227</u>	—		
<b>5. CASH AND BANK BALANCES</b>				
Cash On Hand	211,659	—		
Balances With Scheduled Banks On Current Accounts	<u>21,061,462</u>	<u>761,043</u>		
	<u>21,273,121</u>	<u>761,043</u>		
<b>6. LOANS AND ADVANCES</b>				
Considered Good and Unsecured				
Loan To Employees	20,245,274	—		
Advances Recoverable In Cash Or In Kind Or For Value To Be Received	5,818,225	—		
Deposits With Government, Public Bodies And Others	50,000	—		
Advance Tax (Net Of Provision For Income Tax)	<u>1,263,198</u>	<u>134,649</u>		
	<u>27,376,697</u>	<u>134,649</u>		
<b>7. CURRENT LIABILITIES</b>				
Sundry Creditors				
– Dues To Small Scale Industrial Undertakings	—	—		
– Dues To Other Than Small Scale Industrial Undertakings	25,584,764	—		
Other Liabilities	<u>3,864,496</u>	<u>83,982</u>		
	<u>29,449,260</u>	<u>83,982</u>		
<b>8. PROVISIONS</b>				
Provision For Pension	<u>456,056</u>	—		
	<u>456,056</u>	—		
<b>9. MISCELLANEOUS EXPENDITURE</b> (To The Extent Not Written Off Or Adjusted)				
Preliminary Expenses	<u>55,907</u>	<u>67,090</u>		
	<u>55,907</u>	<u>67,090</u>		
<b>10. OTHER INCOME</b>				
Trusteeship Fees	—	1,055,707		
(Tax Deducted At Source Rs. Nil; 2000 – Rs. 56,337)				
Interest on Deposits – Gross (Tax Deducted At Source Rs. 28,413; 2000 – Rs. 5,132)	129,210	23,326		
Interest – Others	151,914	—		
Miscellaneous Income	<u>53,266</u>	<u>19,000</u>		
	<u>334,390</u>	<u>1,098,033</u>		
<b>11. PERSONNEL EXPENSES</b>				
Salaries And Bonus			49,031,523	—
Contribution To Provident And Other Funds			7,114,717	—
Staff Welfare Expenses			<u>2,593,990</u>	—
			<u>58,740,230</u>	—
<b>12. OPERATING AND ADMINISTRATION EXPENSES</b>				
Rent			1,224,681	—
Rates And Taxes			723,786	—
Insurance			28,384	—
Travelling And Conveyance			14,613,296	1,021,195
Communication			5,891,966	—
Power And Fuel			2,043,593	—
Outsourcing Charges			12,252,122	—
Cost Of Software			2,457,662	—
Advertising And Business Development Expenses			12,462,721	—
Repairs And Maintenance				
Buildings			1,922,213	—
Machinery			586,273	—
Others			1,425,979	—
Legal And Professional Charges			4,638,076	142,035
Fixed Assets Written Off			215,308	—
Directors' Sitting Fees			—	26,000
Auditors' Remuneration			420,000	3,000
Training And Development			1,903,675	—
Loss On Exchange Fluctuations (Net)			1,190,133	—
Miscellaneous Expenses			<u>5,311,614</u>	<u>126,714</u>
			<u>69,311,482</u>	<u>1,318,944</u>
<b>13. NOTES TO THE ACCOUNTS</b>				
<b>1. Nature of Operations</b>				
ITC Infotech India Limited ("the Company") is a wholly owned subsidiary of I.T.C. Limited ("the Holding Company") providing information technology solutions and software development services.				
The name of the Company was changed from ITC Threadneedle Trustees Limited to Contemporary Information Technologies Limited with effect from 17th April 2000 and to ITC Infotech India Limited with effect from 10th August 2000.				
Consequent to acquisition of 100% equity of the Company by I.T.C. Limited, the Company has become its wholly owned subsidiary with effect from 21st August 2000.				
The Holding Company has transferred some of its employees and the assets of its Information Systems Division to the Company with effect from 1st October 2000, as a part of restructuring of its information services business.				
<b>2. Commitments and Contingencies</b>				
i. Estimated amount of contracts remaining to be executed on capital account, net of advance is Rs. 322,231 (2000 – Rs. Nil).				
ii. The Company made applications to the Reserve Bank of India to acquire the share capital of ITC Infotech Limited, United Kingdom and ITC Infotech (USA) Inc. and for making further investment in ITC Infotech (USA) Inc., for which approvals have been received subsequent to 31st March 2001 and are being effected. Estimated amount of investment to be made in these two companies is Rs. 180,277,472 (2000 – Rs. Nil).				
<b>3. Quantitative details</b>				
The Company is engaged in the development of computer software. The production and sale of such software can not be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and the information as required under Paragraphs 3 and 4C of Part II of Schedule VI of the Companies Act, 1956.				

	For the year ended 31st March, 2001 (Rs.)	For the year ended 31st March, 2000 (Rs.)
4. Auditors Remuneration		
Statutory Audit	420,000	3,000
Other Services	—	—
	<u>420,000</u>	<u>3,000</u>
5. Expenditure in Foreign Currency (On Payment Basis)		
Foreign Travelling	2,603,500	—
Others	323,929	—
	<u>2,927,429</u>	<u>—</u>
6. Earnings in Foreign Exchange (F.O.B. – Realisation Basis)		
Sale of Services	11,458,974	—
7. The carried forward loss relates to the period when the Company was operating as ITC Threadneedle Trustees Limited.		
8. As the Company has commenced the information services business with effect from 1st October 2000, figures of the current year are not comparable with the figures of the previous year. Comparative figures of the previous year, where necessary, have been regrouped to conform to those of the current year.		

14. SIGNIFICANT ACCOUNTING POLICIES  
IT IS CORPORATE POLICY

Convention

To prepare financial statements in accordance with applicable Accounting Standards in India. A summary of important accounting policies, which have been applied consistently, is set out below. The financial statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 1956.

Basis of Accounting

To prepare financial statements in accordance with the historical cost convention.

Revenue Recognition

To recognize revenues from services performed on a "time and material" basis, as and when the services are performed.

To recognize revenues from services performed on "time bound fixed-price engagements" using the percentage of completion method of accounting, if work completed can be reasonably estimated. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the period in which the change becomes known. Provisions for estimated losses on such engagements are made during the period in which a loss becomes probable and can be reasonably estimated.

To treat amounts received or billed in advance of services performed as unearned revenue. Unbilled revenue, included in debtors, represents amounts recognised based on services performed in advance of billing in accordance with contract terms.

Fixed Assets

To state fixed assets at actual cost less accumulated depreciation. The actual cost capitalised includes material cost, freight, installation cost, duties and taxes, finance charges and other incidental expenses incurred during the construction/installation stage.

Capital Work in Progress

To treat cost of assets not put to use before the year-end as capital work in progress.

Depreciation

To calculate depreciation on fixed assets on the straight-line method over their estimated useful lives at the rates, which are not less than those prescribed under Schedule XIV of the Companies Act, 1956.

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

The estimated useful lives of fixed assets are as follows :

Buildings	25 years
P&M – Computers/Computer Accessories	3 years
Other Equipment	5 years
Furniture & Fixtures	5 years
Motor Vehicles	5 years
Leasehold Improvements	Shorter of lease period or estimated useful lives

Investments

To state long-term investments at cost. Where applicable, provision is made where there is a permanent diminution in the value of long-term investments.

Proposed Dividend

To provide for Dividends as proposed by the Directors in the books of accounts, pending approval at the Annual General Meeting.

Research and Development

To charge off all revenue expenditure incurred on research and development in the year it is incurred. Assets purchased for research and development activities are included in fixed assets.

Foreign Currency Translation

To account for transactions in foreign currency at the exchange rate prevailing on the date of transactions. Gains/losses arising out of fluctuations in the exchange rates are recognized in the Profit and Loss in the period in which they arise except in respect of Fixed Assets where exchange variance is adjusted in the carrying amount of the respective Fixed Assets.

To account for differences between the forward exchange rates and the exchange rates at the date of transactions, as income or expense over the life of the contracts, except in respect of liabilities incurred for acquiring Fixed Assets, in which case such differences are adjusted in the carrying amount of the respective Fixed Assets.

To account for profit/loss arising on cancellation or renewal of forward exchange contracts as income/expense for the period, except in case of forward exchange contracts relating to liabilities incurred for acquiring Fixed Assets, in which case such profit/loss are adjusted in the carrying amount of the respective Fixed Assets.

To account for gains/losses on foreign exchange rate fluctuations relating to current assets and liabilities at the Balance Sheet date.

Employee Benefits

To make regular monthly contributions to various Provident Funds, Pension Funds and Gratuity Funds which are charged to revenue. To administer through duly constituted and approved independent trusts, various Funds in respect of Employee Benefit Schemes.

To provide for leave encashment based on actuarial valuation made by independent actuaries as at the Balance Sheet date.

Claims

To disclose claims against the Company not acknowledged as debts after a careful evaluation of the facts and legal aspects of the matter involved.

For and on behalf of the Board of Directors

S. Gopalakrishnan  
For and on behalf of Price Waterhouse  
Chartered Accountants  
Kolkata, 15th May, 2001

S. Verma *Managing Director*  
B. B. Chatterjee *Director*  
S. V. Shah *Company Secretary*

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE  
(As per Schedule VI, Part IV of the Companies Act, 1956)

I. Registration Details

Registration No.  State Code   
Balance Sheet Date     
Date Month Year

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

Public Issue  Rights Issue   
Bonus Issue  Private Placement

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities  Total Assets   
Sources of Funds  
Paid-up Capital  Reserves & Surplus   
Secured Loans  Unsecured Loans

Application of Funds

Net Fixed Assets  Investments   
Net Current Assets  Misc. Expenditure   
Accumulated Losses

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

Turnover (Including other Income)  Total Expenditure   
Profit/Loss before Tax   Profit/Loss after Tax    
(Please tick appropriate box + for Profit, - for Loss)

Earning per Share in Rs.  Dividend Rate %

V. Generic Names of Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)   
Product Description

\* No item code has been assigned to "Computer Software Services" under the Indian Trade Classification.